

# **DYSON CAPITAL ADVISORS, LLC**

## **FIRM BROCHURE**

**March 30, 2021**

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**This brochure provides information about the qualifications and business practices of Dyson Capital Advisors, LLC, an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this brochure, please contact Pat Hanson at 703-518-6133. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.**

**Additional information about Dyson Capital Advisors, LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.**

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**Item 2. Material Changes**

Since Dyson Capital Advisors, LLC's ("Dyson") last annual update of the brochure, which was filed on March 27, 2020, Dyson has made routine updates and the following changes to the brochure:

- On October 29, 2020, Dyson updated the brochure to disclose a new investment strategy, the Digital Infrastructure Strategy, and related changes to some of its business practices, including trade aggregation and proxy voting.
- Dyson updated the brochure in this annual update to include disclosures regarding a newly formed affiliated entity, Dyson Capital Partners, LLC ("DCP"), and DCP's intention to provide advice to the sponsor of a special purpose acquisition company.

Dyson's clients and prospective clients should read the brochure in its entirety.

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**Item 4. Advisory Business**

Dyson is a Virginia limited liability company with its principal place of business in Alexandria, Virginia. Dyson commenced operations as an investment adviser on May 8, 2007 and has been registered with the SEC as an investment adviser since July 26, 2010. Dyson is primarily owned by Nicholas Perrins.

Dyson provides the following services to its clients, which include high net worth individuals and charitable organizations:

- various wealth management, investment advisory (discretionary and non-discretionary), financial planning and reporting services; and
- family office operations support (bill pay, employee payroll management, etc.), concierge service, coordination of other professional services (legal, tax, etc.), financial reporting, coordination of philanthropy and other similar services (e.g., furnishing advice to clients on matters not involving securities).

In addition to its wealth management and investment advisory services, Dyson provides discretionary investment advisory services to certain clients through its Digital Infrastructure Strategy (“DIS”). DIS seeks to provide exposure to the communication network theme through a globally diversified set of companies across network infrastructure, operators and technology. DIS may not be suitable for all Dyson clients and should be considered within the context of the client’s overall investment objective.

Dyson also provides advisory services to private funds, KLD Investors LLC and Dyson Capital Series Fund LLC (together the “Funds”), special purpose vehicles created to make private investments.

Dyson tailors its advisory services to meet the individual needs of each client. Clients may impose restrictions on investing in certain securities or certain types of securities. In providing services to each client and subject to the terms of the agreement with the client, Dyson assists the client in formulating the client’s investment objectives, directs and manages the investment and reinvestment of the client’s assets, and provides reports to the client.

In performing any of its services, Dyson is not required to verify any information received from the client or from the client’s other professionals and is expressly authorized to rely thereon. If requested by the client, Dyson may recommend the services of other professionals. The client is under no obligation to engage the services of any such recommended professional. Each client is advised that it remains his or her responsibility to promptly notify Dyson if there is ever any change in his or her financial situation or investment objectives for the purpose of reviewing, evaluating, and/or revising Dyson’s previous recommendations and/or services.

As of December 31, 2020, Dyson had approximately \$2,779 million client assets under management. As of that date, Dyson managed \$491 million on a discretionary basis and \$2,288 million on a non-discretionary basis.

**Item 5. Fees and Compensation**

Dyson charges management fees to its clients as follows:

- A fixed annual fee, determined by the services to be provided and negotiated on a case by case basis; and/or
- Based on a percentage of assets under management.

The fee and the manner in which the management fee is calculated depend on the services provided to the client, but does not exceed 1.25% of assets under management for variable fee clients. Fees based on assets under management are calculated primarily by using values provided by custodians and managers as of the last day of the prior quarter, and for certain private investments, from values provided by clients. Clients are required to pay management fees quarterly, in advance. Dyson prepares invoices at the beginning of each quarter. Depending on the terms included in

the client agreement, clients can remit payment by check, authorize deduction from client accounts in response to the invoice or have fees automatically deducted from client accounts.

A client agreement may be terminated at any time, by either party, for any reason upon written notice. If the agreement is terminated during a quarter, the pro-rata fee paid in advance to Dyson is refunded to the client.

In addition to paying management fees to Dyson, client accounts are subject to other investment expenses such as custodial charges, brokerage fees, commissions and related costs; interest expenses; taxes, duties and other governmental charges; transfer and registration fees or similar expenses; costs associated with foreign exchange transactions (if applicable); other portfolio expenses; and costs, expenses and fees (including, investment advisory, performance based and other fees charged by investment advisers with, or funds in, which the client's account invests) associated with products or services that may be necessary or incidental to such investments or accounts. See Item 12 for more information on Dyson's brokerage practices.

Client assets may be invested in pooled investment vehicles managed by unaffiliated investment advisers. In these cases, clients will bear their pro rata share of the underlying fund's operating and other expenses including, in addition to those listed above: sales and legal expenses; internal and external accounting, audit and tax preparation expenses; and organizational expenses. Client assets may be invested in mutual funds, exchange traded funds ("ETFs") or other registered investment companies. In these cases, the client will bear its pro rata share of the investment management fee and other fees and expenses of the fund, which are in addition to the investment management fee paid to Dyson.

Dyson receives management fees for services provided to the Funds. Dyson does not charge management fees in the capital accounts of Fund investors who are advisory clients of Dyson, as such clients pay management fees directly to Dyson. Investors in the Funds bear operating expenses incurred in connection with the management, operations and liquidation of the Funds, including, without limitation, all out-of-pocket costs and expenses incurred in the holding, purchase, sale or exchange of securities, all legal, tax, and audit fees and expenses, tax returns and other tax forms and statements, any taxes, fees or other governmental charges levied against the Funds, all liquidation costs, fees and expenses, expenses for consulting services, out-of-pocket fees and expenses relating to outsourced finance, accounting, administrative and back-office services, out-of-pocket fees and expenses related to regulatory compliance, and all fees, costs and expenses relating to arbitration, litigation and threatened litigation involving the Funds, including the Funds' indemnification obligations, and all other expenses properly chargeable to the activities of the Funds (as reasonably determined by Dyson). All expenses of each Fund are allocated to investors pro rata based on the investor's interest in the Fund.

Dyson is entitled to receive incentive compensation from a private fund to which it provides certain administrative support services. Dyson has recommended from time to time that certain of its clients invest in the fund, which is neither a related person or client of Dyson.

#### **Item 6. Performance-Based Fees and Side-by-Side Management**

Dyson does not charge performance-based fees. As of the date of this brochure, however, certain of Dyson's affiliates have formed a new entity, Dyson Capital Partners, LLC ("DCP"), which has not yet commenced operations. DCP is under common control with Dyson. DCP intends to provide advice to the sponsor ("Sponsor") of a special purpose acquisition company (the "SPAC"), for which DCP expects to receive compensation from the Sponsor. The Sponsor may be considered an affiliate of DCP and will receive founder shares in the SPAC, which shares will have value only if the SPAC completes a business combination.

When it exercises discretionary authority to purchase or sell a security for more than one client account, Dyson will generally complete a separate transaction for each client account, although trades for accounts for which Dyson employs DIS may be aggregated. The transaction sequencing may affect the price of the security paid or received by the accounts in connection with any one transaction.

Dyson may recommend to clients private investments which have limited investment capacity. Prior to its investment recommendations, Dyson will consider liquidity, suitability, investment objectives, risk tolerance and other factors deemed appropriate in making investment recommendations for each client. Aggregated interests obtained in private investments with limited investment capacity will be allocated pro-rata to participating clients.

## **Item 7. Types of Clients**

Dyson's clients consist of high net worth individuals, charitable organizations, and private funds. Dyson does not have requirements for opening or maintaining an account.

## **Item 8. Methods of Analysis, Investment Strategies, and Risk of Loss**

As noted above, Dyson assists each client in formulating the client's investment objectives and strategies based on the client's unique circumstances and needs. In providing advisory services to clients and subject to each client's prescribed investment restrictions or limitations, Dyson evaluates and considers managers, securities and investments across all asset classes. Clients should recognize that all investments involve the risk of loss and that they should be prepared to bear such risk.

Dyson focuses primarily on evaluating and recommending to clients investment vehicles to implement their objectives and strategies. In recommending or selecting investment vehicles to implement all or a portion of a client's objectives, Dyson generally considers either passive ETFs or top quartile managers who have a consistent investment style, are deemed to have appropriate volatility for the respective asset class, and invest in a tax efficient manner.

Dyson performs initial and ongoing due diligence of any manager it recommends. Dyson believes that superior investment managers share many of the same characteristics. Dyson evaluates specific criteria (including, but not limited to, investment philosophy, investment strategy, investment process, management team, portfolio construction, risk management, performance and administrative functions) as a way to gauge a manager's strengths and weaknesses. Due diligence includes quantitative and qualitative considerations, which are used to understand how each manager executes its strategy and generates returns. The same due diligence procedures are conducted for prospective managers under consideration for Dyson's manager pool. In addition, if requested by a client, Dyson will perform limited due diligence on select managers that clients choose to employ without Dyson's recommendation.

While Dyson endeavors to analyze a manager's strategy, philosophy and decision-making process, proprietary models, research and portfolio management systems, the quality of its investment professionals, and its organizational structure, Dyson's due diligence of an investment manager may not reveal all of a manager's weaknesses. In addition, Dyson requests information from each manager regarding the manager's historical performance and investment strategy. Dyson also receives detailed portfolio information on a continuing basis from managers retained on behalf of a client. However, Dyson may not always be provided with such information because certain of this information may be considered proprietary information by the particular manager. This lack of access to information may make it more difficult for Dyson to recommend, select and monitor managers. Furthermore, Dyson has no control over the day-to-day operations of any of the selected managers. As a result, there can be no assurance that every manager engaged by a client will invest on the basis expected by Dyson.

*Digital Infrastructure Strategy.* The investments that Dyson intends to make through DIS will be concentrated in communications infrastructure, services and technologies. Concentration in a single type of business may involve risks greater than those generally associated with broader investment strategies diversified across businesses. Investments in the communications sector have numerous risks, including (without limitation): rapidly changing market conditions, and/or participants; new competing products and services; construction; environmental; regulatory; permitting; commissioning; operating; economic; commercial; contractual; political; innovation; and financial risks. Additional sector risks include (i) the risk that technology employed will be not be effective or efficient; (ii) the risk of equipment failures, fuel interruptions, loss of sale and supply contracts; bankruptcy of or defaults by key customers, suppliers or other counterparties, and tort liability; (iii) risk of changes of values of infrastructure sector companies; (iv) risks associated with employment of personnel and unionized labor; and (v) political and regulatory considerations and popular sentiments that could affect the ability of the strategy to buy or sell investments on favorable terms. The occurrence of events related to any of the foregoing could have a material adverse effect on investments in the infrastructure sector. There is no assurance that such investments will be profitable. In addition, the strategy will hold securities listed in foreign exchanges and be subject to risks related to currency, political uncertainty or local regulatory changes, shareholder governance, among others.

Dyson evaluates and recommends investment vehicles from all asset classes. Risks associated with various asset classes include, but are not limited to, the following:

- *Equity Securities.* The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short term as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geo-political risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.
- *Exchange Traded Funds ("ETFs").* ETFs represent shares of ownership in either funds or unit investment trusts that hold portfolios of common stocks, bonds or other instruments, which are designed to generally correspond to the price and yield performance of an underlying index. A primary risk factor relating to ETFs is that the general level of stock or bond prices may decline, thus affecting the value of an equity or fixed income ETF, respectively. An ETF may also be adversely affected by the performance of the specific sector or group of industries on which it is based. Moreover, although ETFs are designed to provide investment results that generally correspond to the price and yield performance of their underlying indices, ETFs may not be able to exactly replicate the performance of the indices because of various sources of tracking error, including their expenses and a number of other factors.
- *Fixed-Income and Debt Securities.* Investment in fixed-income and debt securities, such as asset-backed securities, residential mortgage backed securities, commercial mortgage backed securities, investment grade corporate bonds, non-investment grade corporate bonds, loans, sovereign bonds and U.S. government debt securities and financial instruments that reference the price or interest rate associated with these fixed income securities subject a client's portfolio to the risk that the value of these securities overall will decline because of rising interest rates. Similarly, a portfolio that holds such securities is subject to the risk that the portfolio's income will decline because of falling interest rates. Investments in these types of securities will also be subject to the credit risk created when a debt issuer fails to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that debt to decline. Dyson or a client may also invest in debt securities which are not protected by financial covenants or limitations on additional indebtedness. Most fixed-income instruments trade in over-the-counter transactions and lack the benefit of transparent exchange pricing. Bid and asks for these instruments are generally wider than equity securities, and trading is less frequent. These factors may cause distortions and/or volatility in the prices of fixed income-related instruments. Lastly, investments in debt securities will also subject the investments to the risk that the securities may fluctuate more in price, and are less liquid than higher-rated securities because issuers of such lower-rated debt securities are not as strong financially, and are more likely to encounter financial difficulties and be more vulnerable to adverse changes in the economy.
- *Hard Assets.* The production and marketing of hard assets may be affected by actions and changes in governments. In addition, hard assets and hard asset securities may be cyclical in nature. During periods of economic or financial instability, hard asset securities may be subject to broad price fluctuations, reflecting volatility of energy and basic materials prices and possible instability of supply of various hard assets. In addition, hard asset companies may also be subject to the risks associated with extraction of natural resources as well as the risks of the hazards associated with natural resources, such as fire, drought, and increased regulatory and environmental costs. Hard asset securities may also experience greater price fluctuations than the relevant hard asset.
- *Illiquid Instruments.* Certain instruments may have no readily available market or third-party pricing. Reduced liquidity may have an adverse impact on market price and Dyson's or a client's ability to sell particular securities when necessary to meet liquidity needs or in response to a specific economic event, such as the deterioration of creditworthiness of an issuer. In some cases, the relevant portfolio may be contractually prohibited from disposing of certain securities for a specified period of time. Reduced liquidity in the secondary market for certain securities may also make it more difficult for Dyson to obtain market quotations based on actual trades for the purpose of valuing a client's portfolio.
- *Non-U.S. Securities.* Foreign securities, foreign currencies, and securities issued by U.S. entities with substantial foreign operations can involve additional risks relating to political, economic, or regulatory conditions in foreign countries. These risks include fluctuations in foreign currencies; withholding or other

taxes; trading, settlement, custodial, and other operational risks; and the less stringent investor protection and disclosure standards of some foreign markets. All of these factors can make foreign investments, especially those in emerging markets, more volatile and potentially less liquid than U.S. investments. In addition, foreign markets can perform differently from the U.S. market.

- *Private Funds.* The securities of privately placed investment vehicles may not be registered under the Securities Act of 1933 and are likely to be subject to legal or other restrictions on transfer. Because sales of interests in private funds are generally restricted to certain qualifying purchasers, it may be difficult for a client to sell its interests at an advantageous price and time. Further, because private funds are not registered investment companies, they are not subject to the same regulatory reporting or oversight as registered investment companies.
- *REITs.* REITs in which Dyson may invest client accounts or recommend for investment are affected by underlying real estate values, which may have an exaggerated effect to the extent that REITs in which Dyson invests concentrate investments in particular geographic regions or property types. Investments in REITs are also subject to the risk of interest rate volatility. Further, rising interest rates will cause investors in REITs to demand a higher annual yield from future distributions, which will in turn decrease market prices for equity securities issued by REITs. REITs are subject to risks inherent in operating and financing a limited number of projects because they are dependent upon specialized management skills, and have limited diversification. REITs depend generally on their ability to generate cash flow to make distributions to investors.

*Market Risk.* The market values of securities or other investments that Dyson recommends to or selects for clients may fall, sometimes rapidly or unpredictably, or fail to rise for various reasons including changes or potential or perceived changes in U.S. or foreign economies, financial markets, interest rates, the liquidity of investments and other factors including terrorism, war, natural disasters and public health events and crises, including disease/virus outbreaks and epidemics. The resulting short-term and long-term effects and consequences of such events and factors on global and local economies and specific countries, regions, businesses, industries and companies cannot necessarily be foreseen or predicted.

*Effects of Health Crises and Other Catastrophic Events.* Health crises, such as pandemic and epidemic diseases, as well as other catastrophes that interrupt the expected course of events, such as natural disasters, war or civil disturbance, acts of terrorism, power outages and other unforeseeable and external events, and the public response to or fear of such diseases or events, have and may in the future have an adverse effect on clients' investments and Dyson's operations. For example, any preventative or protective actions that governments may take in respect of such diseases or events may result in periods of business disruption, inability to obtain raw materials, supplies and component parts, and reduced or disrupted operations for client portfolio companies. In addition, under such circumstances the operations, including functions such as trading and valuation, of Dyson and other service providers could be reduced, delayed, suspended or otherwise disrupted. Further, the occurrence and pendency of such diseases or events could adversely affect the economies and financial markets either in specific countries or worldwide.

*Cybersecurity Risk.* Dyson's information and technology systems and those of key service providers to Dyson and its clients may be vulnerable to potential damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although Dyson has implemented various measures designed to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, it may be necessary for Dyson to make a significant investment to fix or replace them and to seek to remedy the effect of these issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Dyson's operations or its client accounts and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information.

*Systems and Operational Risk.* Dyson relies on certain financial, accounting, data processing and other operational systems and services that are employed by Dyson and/or by third party service providers, including prime brokers, the third party administrator, market counterparties and others. Many of these systems and services require manual input and are susceptible to error. These programs or systems may be subject to certain defects, failures or interruptions. For example, Dyson and its clients could be exposed to errors made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or related to other similar disruptions in the clients' operations. In addition, despite certain measures established by Dyson and third party service providers to safeguard



information in these systems, Dyson, clients and their third party service providers are subject to risks associated with a breach in cybersecurity which may result in damage and disruption to hardware and software systems, loss or corruption of data and/or misappropriation of confidential information. Any such errors and/or disruptions may lead to financial losses, the disruption of the client trading activities, liability under applicable law, regulatory intervention or reputational damage.

*Special Purpose Acquisition Companies.* A special purpose acquisition company (a “SPAC”) is a publicly traded company formed for the purpose of raising capital through an initial public offering to fund the acquisition, through a merger, capital stock exchange, asset acquisition or other similar business combination, of one or more undervalued operating businesses. Following the acquisition of a target company, a SPAC typically would exercise control over the management of such target company in an effort to increase the value of such target company. Capital raised through the initial public offering of securities of a SPAC is typically placed into a trust until the target company is acquired or a predetermined period of time elapses. Investors in a SPAC would receive a return on their investment in the event that a target company is acquired and such target company’s value increased. In the event that a SPAC is unable to locate and acquire target companies by the deadline, the SPAC would be forced to liquidate its assets, which may result in losses due to the expenses and liabilities of the SPAC. Investors in a SPAC are subject to the risk that, among other things, (i) such SPAC may not be able to locate or acquire target companies by the deadline, (ii) assets in the trust may be subject to third-party claims against such SPAC, which may reduce the per share liquidation price received by the investors in the SPAC, (iii) such SPAC may be exempt from the rules promulgated by the SEC to protect investors in “blank check” companies, such as Rule 419 promulgated under the Securities Act, so that investors in such SPAC may not be afforded the benefits or protections of those rules, (iv) such SPAC may only be able to complete one business combination, which may cause it to be solely dependent on a single business, (v) the value of any target company may decrease following its acquisition by such SPAC, (vi) the value of the funds invested and held in the trust decline, (vii) the inability to redeem due to the failure to hold the securities in the SPAC on the record date or the failure to vote against the acquisition and (viii) if the SPAC is unable to consummate a business combination, public stockholders will be forced to wait until the deadline before liquidating distributions are made. In addition, most SPACs are illiquid and have a concentrated shareholder base that tends to be comprised of hedge funds (at least at inception). Dyson may recommend that clients invest in a SPAC that, at the time of investment, has not selected or approached any prospective target businesses with respect to a business combination. In such circumstances, there may be limited basis for Dyson to evaluate the possible merits or risks of such SPAC’s investment in any particular target business. To the extent that a SPAC completes a business combination, it may be affected by numerous risks inherent in the business operations of the acquired company or companies. For these and additional reasons, investments in SPACs are speculative and involve a high degree of risk.

Certain of Dyson’s clients may invest in SPACs in which Dyson, its affiliates and/or their respective principals, officers or employees (each, an “Affiliated Party”) have an interest, or that are sponsored by entities in which one or more Affiliated Parties have an interest. These situations create a number of conflicts of interest, including that:

- Such investments may provide direct or indirect benefit to the applicable Affiliated Parties or otherwise affect their financial and/or business interests. For example, such an investment may increase the value of the interests held by the Affiliated Parties in the applicable SPAC or sponsor and lead to increased compensation of such persons in their capacities as officers and/or directors of the applicable SPAC, and such profits and compensation will not offset any fees paid to Dyson or its affiliates.
- SPAC sponsor investments and investments in private placement units/warrants and founders shares will only be profitable if the SPAC completes its initial business combination; otherwise, they will be worthless. Accordingly, Dyson will be particularly incentivized to recommend that its clients make (or cause its clients to make) investments intended to facilitate a SPAC’s ability to close its initial business combination when Dyson or an Affiliated Party has an interest in the applicable sponsor or holds private placement units/warrants and founders shares.
- If an Affiliated Party is an officer or director of a SPAC, it will owe certain duties to the SPAC, and those duties may conflict with its duties to Dyson and its clients from time to time.
- The applicable Affiliated Parties will have incentives to allocate their time and attention to their personal duties to the SPAC at the expense of Dyson and its clients.
- The applicable SPAC’s pursuit of business combination targets may limit the investment universe for Dyson’s clients.
- If an Affiliated Party has an interest in a SPAC sponsor or is an officer or director of a SPAC, it will likely acquire material, non-public information about the SPAC and its business combination targets from time to

time, which will prevent Dyson from trading the securities of the SPAC during such times. This could materially and adversely affect Dyson's clients who have invested in the SPAC if Dyson could not sell such clients' investments at the time when Dyson would otherwise take such action due to such restrictions.

Dyson may, through a sub-advisory agreement or other arrangement, periodically engage a sub-adviser to assist with the performance of the services described in Item 4. Dyson is responsible for the supervision and oversight of the services provided by sub-advisers.

**Item 9. Disciplinary Information**

This Item is not applicable.

**Item 10. Other Financial Industry Activities and Affiliations**

Nicholas Perrins, managing member of Dyson, has an interest in the general partner of several private investment partnerships (collectively, "Funds") in which some clients were solicited to invest but are now closed for new investors. He does not participate in the management of these Funds. A member of Mr. Perrins' immediate family works in the financial services industry. Currently, no arrangement exists between Dyson and the family member's firm. Dyson has adopted compliance policies and procedures, including its Code of Ethics and Insider Trading Policy, which are designed to mitigate these and other conflicts of interest. See Items 11, 12 and 16 for more information on these policies and procedures.

As described in Item 6 above, as of the date of this brochure, certain of Dyson's affiliates have formed a new entity, DCP, which has not yet commenced operations. DCP is under common control with Dyson. It is expected that DCP will provide advice to the sponsor of the SPAC (the "Sponsor"), for which DCP expects to receive compensation from the Sponsor. The relationship between Dyson and DCP is expected to give rise to conflicts of interest.

In implementing its investment strategy, from time to time, Dyson retains the services of consultants, including Strategic Financial Management, LLC ("SFM") and its affiliates. SFM is an investment adviser registered with the SEC, is independent from Dyson, and provides services related to the diligence of investments. In its capacity as a consultant, SFM does not have discretion with regard to Dyson's clients' investments. Dyson compensates SFM for its consulting services.

**Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Dyson has adopted a Code of Ethics, or Code, and an insider trading policy that obligates Dyson and its supervised persons to put the interests of clients before their own interests and to act honestly and fairly in all respects in their dealings with clients. Dyson personnel are also required to comply with applicable federal securities laws. Clients or prospective clients may obtain a copy of the Code by contacting Pat Hanson, Chief Compliance Officer ("CCO"), by email at [Pat.Hanson@dysoncapital.com](mailto:Pat.Hanson@dysoncapital.com) or by telephone at (703) 518-6133. Subject to certain exceptions, the Code requires, among other things, Dyson's supervised persons to:

- pre-clear personal securities transactions in initial public offerings and private placements with the CCO, who may deny permission to execute the transaction if such transaction will have any adverse economic impact on one of Dyson's clients;
- report personal securities transactions on at least a quarterly basis; and
- provide Dyson with information regarding personal securities holdings (both initially upon commencement of employment and annually thereafter).

Dyson and its related persons may from time to time buy or sell securities that Dyson recommends to its clients. In addition, Dyson and its related persons may recommend investments in which Dyson or its related persons have a financial or other interest. Dyson's employees may have a material investment in certain Funds or in the general partner or managing member of Funds recommended to clients for investment. Clients are under no obligation to invest in these Funds.

Such practices present a conflict where, because of the information it has, Dyson or its related persons are in a position to trade in a manner that could adversely affect clients (e.g., place their own trades before or after client trades are executed in order to benefit from any price movements due to the clients' trades). In addition to affecting Dyson's or

its related persons' objectivity, these practices by Dyson or its related persons may also harm clients by adversely affecting the price at which the client trades are executed. As noted above, Dyson has adopted certain policies and procedures in an effort to address such conflicts.

In addition, Dyson's insider trading policies and procedures prohibit Dyson or its supervised persons from executing personal securities transactions of any kind in securities listed on a prohibited securities list maintained by the CCO. Personal trading by supervised persons is reviewed by the CCO and compared with transactions for the client accounts and reviewed against the prohibited securities list.

Dyson and its related persons, in the course of their investment management and other activities (e.g., board or creditor committee service), may come into possession of confidential or material nonpublic information about issuers, including issuers in which Dyson or its related persons have invested or seek to invest on behalf of clients. Dyson is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a client. Dyson maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that Dyson is meeting its obligations to its clients and remains in compliance with applicable law. In certain circumstances, Dyson may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but Dyson will be prohibited from communicating such information to the client or using such information for the client's benefit. In such circumstances, Dyson will have no responsibility or liability to the client for not disclosing such information to the client (or the fact that Dyson possesses such information), or not using such information for the client's benefit, as a result of following Dyson's policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

See Items 10, 12 and 16 for more information about Dyson's relationships, brokerage practices and practices concerning its exercise of investment discretion, and Dyson's policies and procedures in connection with those practices.

## **Item 12. Brokerage Practices**

In recommending or selecting an executing broker-dealer and determining the reasonableness of the broker-dealer's compensation, Dyson considers, among other things, the broker-dealer's execution capabilities, reputation and access to the markets for the securities being traded. In selecting broker-dealers, Dyson does not consider client referrals from a broker-dealer. In selecting a broker-dealer to execute transactions (or series of transactions) for discretionary accounts and determining the reasonableness of the broker-dealer's compensation, Dyson need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not Dyson's practice to negotiate "execution only" commission rates, thus a client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate. Dyson has not entered into "soft dollar" arrangements with brokerage firms.

Under certain circumstances, Dyson may permit a client to direct, in writing, that Dyson execute the client's trades with a specified broker-dealer. When a client directs Dyson to use a specified broker-dealer to execute all or a portion of the client's securities transactions, Dyson treats the client direction as a decision by the client to retain, to the extent of the direction, the discretion Dyson would otherwise have in selecting broker-dealers to effect transactions and in negotiating commissions for the client's account. In such circumstances, the client is responsible for negotiating the terms and arrangements with that broker or dealer. Dyson will not seek better execution services or prices from other broker-dealers. As a result, Dyson may not obtain best execution on behalf of the client.

A client who directs Dyson to use a particular broker-dealer to effect transactions should consider whether such direction may result in certain costs or disadvantages to the client. Such costs may include higher brokerage commissions, less favorable execution of transactions, and the potential of exclusion from the client's portfolio of certain foreign ordinary shares and/or small capitalization or illiquid securities due to the inability of the particular broker-dealer in question to provide adequate price and execution of all types of securities transactions. By permitting a client to direct Dyson to execute the client's trades through a specified broker-dealer, Dyson will make no attempt to negotiate commissions on behalf of the client and, as a result, in some transactions such clients may pay materially disparate commissions depending on their commission arrangement with the specified broker-dealer and upon other factors such as number of shares, round and odd lots and the market for the security. The commissions charged to a client that directs Dyson to execute the client's trades through a specified broker-dealer may in some transactions be materially different than those of clients who do not direct the execution of their trades. A client that directs Dyson to

execute the client's trades through a specified broker-dealer may also lose the ability to negotiate volume commission discounts on batched transactions that may otherwise be available to other clients of Dyson.

In providing investment advisory services to both discretionary and non-discretionary accounts, if Dyson contemporaneously exercises its discretionary authority to purchase or sell a security for its discretionary accounts and communicates a corresponding investment recommendation with respect to the security to its non-discretionary accounts, the transaction sequencing resulting from this practice may affect the price of the security paid or received by discretionary and non-discretionary accounts.

Other than for DIS, Dyson does not generally aggregate client orders for the purchase or sale of the same security submitted contemporaneously/at or near the same time for execution using the same executing broker. Rather, Dyson typically places client trades on an individual basis and does not attempt to group orders for multiple clients for the same security and type of trade in a single, combined order. Because Dyson generally does not engage in the practice of aggregating client orders, clients may not receive the potential benefits of aggregation, such as lower commission rates and uniform/favorable pricing. As a result, the client may pay a higher commission rate and receive less favorable prices than if Dyson aggregated client orders.

Dyson may aggregate purchase and sale orders of investments held by client accounts participating in DIS if, in Dyson's reasonable judgment, such aggregation is reasonably likely to result in an overall economic benefit to clients based on an evaluation that they will be benefited by relatively better purchase or sale prices, lower commission expenses or beneficial timing of transactions, or a combination of these and other factors. In many instances, the purchase or sale of investments for clients will be effected simultaneously with the purchase or sale of like investments for other accounts or entities. Such transactions may be made at slightly different prices, due to the volume of securities purchased or sold. In such event, the average price of all securities purchased or sold in such transactions may be determined, at Dyson's sole discretion, and the client account may be charged or credited, as the case may be, with the average transaction price.

### **Item 13. Review of Accounts**

Client accounts are reviewed informally on a continuous basis by members of the investment management team to determine whether securities positions should be maintained in view of current market conditions. Matters reviewed include adherence to investment guidelines and the performance of each client account. Monthly financial statements (balance sheet and income statement) and quarterly financial statements (balance sheet, income statement, performance, significant transactions and asset allocation) for all financial reporting clients are reviewed by a manager within the accounting department and by the assigned member of the client service team. These reviews are designed to monitor and analyze client transactions, positions, and investment levels, and to monitor manager selection.

Additional reviews may be triggered by material changes in a client's financial situation, significant market events affecting the prices of one or more securities in client accounts, changes in the investment objectives or guidelines of a particular client or specific arrangements with particular clients.

Dyson, depending on the contracted services for which it has been engaged, generally furnishes each client with:

- Monthly: balance sheet and income statement; and
- Quarterly: balance sheet, income statement (budget vs. actual), performance report, significant transactions report, and asset allocation analysis.

Dyson generally does not independently value any securities held in client accounts or in recommended private investment funds. The periodic financial and performance information provided by the private investment funds themselves is used as the basis for client reporting.

In addition, clients or an unaffiliated independent representative receive statements from custodians at least quarterly. Clients should compare the statements they receive from their custodian with those provided by Dyson.

**Item 14. Client Referrals and Other Compensation**

Dyson makes cash payments to third-party solicitors for client referrals whereby the third-party solicitor receives compensation attributable to the client solicited and referred by the third-party solicitor, provided that, to the extent required, each such solicitor has entered into a written agreement with Dyson pursuant to which the solicitor will provide each prospective client with a copy of Dyson's Form ADV Part 2, and a disclosure document setting forth the terms of the solicitation arrangement, including the nature of the relationship between the solicitor and Dyson and any fees to be paid to the solicitor.

**Item 15. Custody**

Dyson is deemed to have custody of client assets due to the administrative use by Dyson's employees of online access to client accounts and due to the authority to directly debit client management fees per client instruction. In addition, Dyson is deemed to have custody of the accounts associated with certain client trusts for which Mr. Perrins serves as a trustee. Accounts for which Dyson is deemed to have custody are subject to an annual surprise verification audit performed by an independent accounting firm.

Clients will receive account statements from their broker-dealer, bank or other qualified custodian, and clients should carefully review those statements. Dyson also sends periodic statements directly to clients in addition to those sent by the qualified custodian. Clients should compare any statements they receive from the custodian with those received from Dyson.

In addition, Dyson is deemed to have custody of client assets due to its affiliation with the Funds. Investors in the Funds do not receive statements from a custodian. Each Fund is subject to an annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board and the audited financial statements are distributed to each investor within 120 days of the end of the Fund's fiscal year.

**Item 16. Investment Discretion**

Dyson has arrangements with certain clients to provide discretionary investment advisory services. Dyson is granted discretionary authority through the execution of a limited power of attorney included in Dyson's investment advisory agreement. Please see Item 4 for a description of any limitations clients may place on Dyson's discretionary authority.

For discretionary accounts, Dyson has the authority without obtaining specific client consent to select (i) the securities and the amount of securities to be bought or sold for the account and (ii) the broker-dealers to be used to execute orders for the account and the commission rates to be paid by the account to the executing broker-dealer. Clients may impose reasonable restrictions or limitations on authority in the investment advisory agreement. Because of the differences in client investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among clients in invested positions and securities held. Dyson may consider the following factors, among others, in allocating securities among clients: (i) client investment objectives and strategies; (ii) client risk profiles; (iii) tax status and restrictions placed on a client's portfolio by the client or by applicable law; (iv) size of the client account; (v) nature and liquidity of the security to be allocated; (vi) size of available position; (vii) current market conditions; and (viii) account liquidity, account requirements for liquidity and timing of cash flows.

Dyson may give advice, and take action, with respect to any of those accounts and Funds referenced above that may differ from or be identical to the advice given, or the timing or nature of action taken, with respect to other clients. Dyson, its affiliates, and the principals, officers, directors, managers, members, employees and agents of Dyson and its affiliates may engage in transactions or investments, or cause or advise other clients to engage in transactions or investments, that may differ from or be identical to the transactions or investments engaged in by Dyson for a client's account. There can be no assurance that an investment opportunity that comes to the attention of Dyson will be allocated wholly or primarily to one or more of Dyson's clients, with certain clients being unable to participate in such investment opportunity or participating only on a limited basis, or with clients not sharing the risks of the investment. A client could be disadvantaged because of activities conducted by Dyson on behalf of other clients.

If Dyson receives class action claims or other documents on behalf of a client account, Dyson will gather any requisite information in its possession and forward such information and documents to the client, to enable the client to file the claim at the client's discretion. The decision to participate in a recovery or opt-out provision may be a legal one that

Dyson is not qualified or otherwise authorized to make for the client. Therefore, Dyson will not file class actions and other similar types of claims on behalf of any client.

Dyson has engaged various research providers to provide it with research and other information in connection with the advisory services that Dyson provides to clients.

**Item 17.            Voting Client Securities**

Other than client accounts participating in DIS, Dyson does not have authority to vote client securities. Clients will receive their proxies or other solicitations directly from their qualified custodian, transfer agent or Dyson (if received by Dyson). Unless the parties otherwise agree in writing, Dyson shall have no obligation to take any action or render any advice with respect to the voting of proxies solicited by or with respect to issuers of securities held in the client accounts. Clients expressly retain the authority and responsibility for, and Dyson is expressly precluded from rendering any advice or taking any action with respect to, the voting of any such proxies.

For client accounts participating in DIS, Dyson has authority to vote client proxies. Dyson has developed a written policy and procedures governing its activities in this area. The policy requires Dyson to vote proxies in the best interest of each client. In voting proxies, Dyson will generally vote in a manner that it believes is consistent with maximizing shareholder value. In addition, Dyson maintains a record of all proxy votes cast on behalf of clients. If a material conflict of interest over proxy voting arises between Dyson and a client, Dyson will notify the client of the conflict and request that the client consent to Dyson's intended response to the proxy solicitation.

Clients may obtain a copy of Dyson's proxy voting policies and procedures and information about how Dyson's voted a client's proxies by contacting Pat Hanson, CCO, by email at [Pat.Hanson@dysoncapital.com](mailto:Pat.Hanson@dysoncapital.com) or by telephone at (703) 518-6133.

**Item 18.            Financial Information**

This Item is not applicable.

**Item 19.            Requirements for State-Registered Advisers**

This Item is not applicable.