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**PART 2A OF FORM ADV: FIRM BROCHURE**

**ONE WILLIAM STREET CAPITAL MANAGEMENT, L.P.**

**February 2024**

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299 Park Avenue, 25<sup>th</sup> Floor  
New York, NY 10171  
(212) 957-2500  
<http://owslp.com>

*This brochure provides information about the qualifications and business practices of One William Street Capital Management, L.P. ("OWS" or the "Registrant"). If you have any questions about the contents of this brochure, please contact us at 212-957-2500. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.*

*OWS is registered as an investment adviser with the SEC. Registration with the SEC or with any state securities authority does not imply any level of skill or training.*

*Additional information about the Registrant is also available on the SEC's website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

## Item 2 - Material Changes

On March 27, 2023, we filed the previous version of this brochure. Pursuant to SEC rules and requirements, we have filed this current brochure within 90 days of the close of our fiscal year. There are no material changes between this brochure and our last update of this brochure dated March 27, 2023, other than the change of CCO from Rebekka Bonner to Kurt Locher.

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## **Item 4 - Advisory Business**

OWS, a Delaware limited partnership, was founded in 2007 and registered with the SEC as an investment adviser in June 2009. The Registrant is majority owned and controlled owned by Mr. David Sherr. As of December 31, 2023, the Registrant managed approximately \$6.68 billion of net assets under management on a discretionary basis on behalf of its clients.

The Registrant provides investment management services on a discretionary basis to institutional managed account clients (“Managed Accounts”) and private investment funds (each a “Fund,” collectively, the “Funds”, and together with the Managed Accounts, the “Clients”) which are available only to investors who meet the definition of an “accredited investor” as the term is defined in the Securities Act of 1933 (“Securities Act”) and a “qualified purchaser” as the term is defined in the Investment Company Act of 1940 (“Company Act”). The Registrant currently provides advisory services to 7 affiliated fund structures, 4 of which are organized as master-feeders, and 1 Managed Account.

OWS specializes in providing its Clients with advice on asset-based credit investments. More specifically, OWS Clients primarily invest in residential mortgage-backed securities, non-performing/performing residential whole loans, consumer/commercial asset-backed securities, insurance-linked securities, collateralized loan obligation securities, collateralized debt obligation securities, commercial mortgage-backed securities, corporate securities, commercial mortgage loans, and consumer/commercial loans. The Registrant also offers liquid market and relative value investment strategies. These investments may be executed directly, in securities or whole loan form, or synthetically through derivatives.

OWS manages its Managed Account’s assets based on the individual objectives or investment policies of each Managed Account. Managed Accounts may impose reasonable restrictions on their account based on specific securities, security type, or industry type, among others. All objectives and restrictions shall be contemplated in the Managed Account’s agreement with the Registrant. Investment advice is provided directly to each Fund and not individually to the limited partners of the Funds. Additionally, investment objectives and restrictions for the Funds are contemplated in the relevant governing documents.

## **Item 5 - Fees and Compensation**

Fees charged by OWS are disclosed within the Clients’ respective governing documents.

The Registrant, in its sole discretion, may waive or rebate all or a portion of the management fee and/or performance-based compensation due from certain investors in the Funds. Certain investors that are members, partners, affiliates, and employees of the Registrant or an affiliate, members of the immediate families of such persons, and trusts or other entities for their benefit may pay reduced or no management fees and performance-based compensation. Managed Account fees are negotiable.

In addition to OWS’s and/or the relevant affiliate’s fees and allocations, the Funds bear indirectly certain fees and expenses. Such fees vary, but typically include (but are not limited to) the following: legal and compliance fees and expenses; audit, tax and accounting fees; insurance costs and expenses (including premia for director, officer and professional liability coverage for the Funds and OWS); administrative, custodial and transaction fees; costs and commissions paid to custodians, broker-dealers and other third parties; investment and research-related expenses; and market data, news and quotation equipment and services. Managed Accounts bear directly and indirectly certain fees and expenses. Such fees vary, but these typically include (but are not limited to) the following: custodial and transaction fees; costs and commissions paid to custodians, broker-dealers and other third parties; investment and research-related

expenses; and market data, news and quotation equipment and services. Please refer to the Brokerage Practices section for additional disclosure regarding trading costs.

The Registrant may invest the Clients' assets in various money market funds. In these cases, Clients will incur the management fee charged by each respective money market fund as well as the management fees charged by the Registrant.

OWS (or its affiliate) deducts fees directly from the Funds. Redemption from the Funds are generally completed on a quarterly basis and therefore redeeming investors are generally not eligible to receive a portion of prepaid management fees, as applicable. Depending on the agreement with the Managed Account, Managed Accounts may be billed quarterly in advance or quarterly or monthly in arrears for management fees. The management fees charged in advance are prorated if the initial investment is made at times other than the start of a calendar quarter. If for any reason a Managed Account wishes to terminate an investment advisory contract, the Managed Account must provide prior written notice in accordance with the terms of their contract and any fees paid in advance will generally be returned. Certain of the Funds managed by the Registrant provide for reduced management fees based upon achieving a certain level of invested amount in such Fund, either individually or through the aggregation of investors that are affiliated with each other or that are introduced to such Fund through the same advisory or consulting platform as described in the applicable offering documents.

The Funds or the Registrant may enter into separate agreements, commonly referred to as "side letters", or other similar agreements with a particular investor in a Fund in connection with its admission to such Fund without the approval of any other investor, which would have the effect of establishing rights under or supplementing the terms of the applicable Fund's offering documents with respect to such investor. Such rights or terms in any such side letter or other similar agreement may include, without limitation other rights or terms requested or necessary in light of particular investment, legal, regulatory or public policy characteristics of such investor. Further, the Funds or the Registrant may offer, upon request, certain investors additional information and reports. Such information will be maintained by the Funds or the Registrant and will be available to all investors, if requested, subject to confidentiality obligations.

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

OWS (or an affiliate) charges performance based fees which are fees based on a share of appreciation of the Client's assets.

The fact that the Registrant is compensated based on the trading profits may create an incentive for the Registrant to make investments on behalf of Clients that are riskier or more speculative than would be the case in the absence of such compensation. In addition, in certain cases the performance based fee received by the Registrant is based on unrealized gains and losses. As a result, the performance based fee earned could be based on unrealized gains that Clients may never realize.

OWS and its affiliates accept performance-based compensation from the majority of their Clients, but not from every Client. Certain conflicts of interest arise when an investment adviser accepts performance-based compensation from some Clients, but not from other Clients. In addition, the rate of performance-based compensation due to OWS's affiliates from certain Clients and the way such performance-based compensation is calculated may differ. As a result of these factors, at certain times, OWS and its affiliates may have an incentive to allocate limited investment opportunities to one Client over another. OWS has an allocation policy that addresses these conflicts of interest, as described in Item 11.

## Item 7 - Types of Clients

As discussed in the Advisory Business section, the Registrant provides investment management services to institutional managed account Clients and private investment funds which are available only to investors who meet both (i) the definition of a “qualified purchaser” as the term is defined in the Company Act and (ii) the definition of “accredited investor” as the term is defined in the Securities Act.

Minimum initial investment amounts in the Funds vary by Fund and are detailed in the relevant governing documents. Minimum initial investments generally range from \$5,000,000 to \$10,000,000, with certain classes of interest available to high net worth individuals at a minimum initial investment of \$250,000. The minimum initial investment amount for a Managed Account is negotiable.

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

The following is a summary of the investment strategies, methods of analysis, and material risks applicable to Clients of the Registrant. The investment strategies, methods of analysis, and risks applicable to each Client are set forth in detail in each of the Client’s respective offering documents.

The Registrant’s overall goal and objective is to provide Clients and investors with superior risk-adjusted returns throughout various market cycles while consistently focusing on risk management and capital preservation principles. The Registrant seeks to implement this objective, depending on each Client’s particular strategy and permitted asset investment mandate, by acquiring and actively managing a diversified portfolio primarily comprised of credit instruments, including bonds, loans and other asset-based instruments, including performing, non-performing and re-performing residential mortgage loans, commercial real estate loans, mezzanine and equity investments in securitizations and special situation financings. These investments generally have estimable cashflows, and their ultimate value tends to be materially driven by structure and the fundamentals of the underlying assets. These investments may be implemented through cash positions or synthetically through credit default swaps, swaps on credit indices, total return swaps, forward contracts, futures and other similar positions. In addition, from time to time, Clients, may also invest in equity securities, including control and non-control positions, of publicly-traded companies.

Investment Strategy. The Registrant seeks to draw upon its specialized expertise in designing and analyzing structured finance instruments and evaluating the related underlying assets to generate attractive risk-adjusted returns. The Registrant investment strategy, includes, but is not limited to, (i) identifying opportunities that represent fundamental value; (ii) identifying relative value opportunities, and (iii) augmenting returns through a sophisticated risk management infrastructure. OWS employs extensive in-house research and due diligence to determine what it believes to be the intrinsic value of various opportunities and to identify those opportunities that it believes present superior risk-adjusted absolute returns.

Investment strategies of OWS’s Clients vary in respect of concentration of exposures to certain asset classes, duration, holding period and liquidity profile, utilization of leverage and hedging. To implement a Client’s investment strategy and construct and manage a Client’s portfolio, OWS takes into account the following factors:

- *Portfolio Construction.* OWS implements a top-down view towards portfolio construction by taking into account risk/return profiles in the market combined with a view on future direction which drives overall portfolio risk appetite. The risk appetite, along with a bottom up security

analysis, determines a Client's total gross exposure and allocation across sectors, size of market hedges and their composition, and the desired leverage for a particular Client.

- *Asset Analysis.* In addition to OWS's top-down approach towards portfolio construction, OWS employs both a fundamental collateral/credit analysis and a structural analysis of assets. OWS's fundamental collateral/credit analysis generally includes analysis through the development of empirical models, financial models, asset values, site visits (if applicable), industry analysis and servicing values. OWS's structural analysis generally includes cashflow schedules, deal/tranche triggers, loan covenants, cash vs. CDS, capital structure, rating agency methodology as well as understanding external such factors as legal, tax, regulatory, legislation, asset prices, and interest rates.
- *Market Analysis.* In analyzing an asset, OWS takes into account historical pricing (where available), market structure, dealer positioning, sentiment and relative value.
- *Liquidity Management.* OWS implements an asset/liability management framework that takes into account both known and contingent draws on liquidity and attempts to maintain a margin of trading liquidity in excess of such requirements. The framework incorporates an analysis of both asset-level liquidity and reliability of financing under market stress scenarios.
- *Fundamental Risk Management.* OWS targets an aggregate credit risk appetite for a Client's portfolio by taking into account systemic macro risk, systemic sector risk and idiosyncratic security risk.

Investment Process. The Registrant generally expects to draw on its extensive quantitative and qualitative research capabilities, external research, and internal knowledge of the asset classes and structural analysis as the basis for an investment decisions.

Investment Risks. An investment in the strategies managed by the Registrant, via a Managed Account or investment in the Funds, entails a certain degree of risk and therefore should be undertaken only by clients and investors capable of evaluating and bearing the risks that are present. Set forth below is a non-exhaustive list of such risks/risk factors; prospective investors are advised to review the applicable Fund offering materials for a more extensive description of the risks of investing in the Funds. Prospective Managed Accounts may request additional details relating to such risks from the Registrant.

1. Investing in structured securities generally may contain inherent risks such as limited diversification, structural leverage risk, interest rate mismatch, and securities with lower credit quality
2. Investing in residential mortgage-backed securities, non-performing/performing residential whole loans, consumer/commercial asset-backed securities, collateralized loan obligation securities, collateralized debt obligation securities, commercial mortgage-backed securities, corporate securities, commercial mortgage loans, and consumer/commercial loans contain inherent risks such as credit, market, structural, legal, and interest rate risk
3. Participation in stripped mortgage-backed securities involve principal prepayment risks
4. Investing in synthetic assets
5. Investing in credit default swaps
6. Investing in high yield and/or distressed securities
7. Credit quality of investments held in Client accounts
8. Investments in Client accounts may be non-performing

9. Illiquidity of certain investments
10. Utilization of leverage
11. Utilization of financing
12. Utilization of derivatives and associated posting of collateral
13. Engaging in short selling and other hedging strategies
14. Counterparty risks
15. General real estate risks
16. Tax risks and implications
17. Bankruptcies
18. Market volatility
19. Global and emerging market investments
20. Lack of liquidity of interests in the Funds
21. Cybersecurity attacks
22. Political and legislative changes
23. Investing in equity securities generally involves a high degree of risk
24. Change in regulatory environment
25. Business, terrorism and catastrophe risks (including, without limitation, pandemics)

Investing in securities involves risk of loss that all Clients and investors should be prepared to bear including the total loss of their investment. In addition, OWS may purchase or sell securities on its own behalf or on behalf of a Client that may differ from those purchased or sold for another Client, even though their investment objectives may be the same or similar. It is possible that the activities or strategies used for one Client could conflict with the activities and strategies employed in managing the assets of another Client and affect the prices and availability of the securities and instruments in which a Client invests. The Registrant will seek to resolve such conflicts of interest in a fair and equitable manner. Conflict resolution may result in a Client receiving more or less consideration than it may have otherwise received in the absence of such a conflict of interest.

## **Item 9 - Disciplinary Information**

The Registrant and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a Client's evaluation of the company or its personnel.

## **Item 10 - Other Financial Industry Activities and Affiliations**

The Registrant provides investment advice to the Funds. The general partners of the Funds are affiliated with the Registrant by common ownership. Otherwise, OWS and its employees do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest.

Certain of the Registrant's employees are registered representatives of Foreside Funds Distributors LLC, an unaffiliated third-party broker-dealer. Foreside is a limited-purpose broker-dealer, and as such, does not maintain or open customer accounts and does not accept customer monies for investment.

The Registrant, at its expense, pays Foreside Fund Services, LLC (“Foreside”) a fee for certain distribution-related services for certain Funds so that employees of the Adviser may serve as registered representatives of Foreside to facilitate the distribution of such Fund shares.

In addition to being registered as an investment adviser with the SEC, the Registrant is registered with the Commodity Futures Trading Commission (“CFTC”) as a commodity pool operator and is a member of the National Futures Association (“NFA”).

OWS Real Estate Finance LLC (“OWS REF”), a wholly owned subsidiary and an affiliate of OWS, is a commercial mortgage loan origination and asset management business. Pursuant to certain agreements between the Funds and OWS REF (the “Agreements”), OWS REF provides the following services to the Funds: (i) origination of investment opportunities, underwriting, and managing the purchase process for investments (“Loan Arrangement Services”) including, without limitation, fixed and floating rate commercial real estate loans, including both first mortgage loans and junior interests secured by real estate (each, a “Loan”); (ii) asset management services (“Asset Management Services”) including, without limitation, the servicing of Loan; and (iii) other commercial mortgage lending, brokering, advising and/or asset management opportunities that may be added over time. In exchange for the Services, OWS REF will receive servicing and origination fees at rates OWS believes to be standard in the market, which will not be offset against other fees paid by the Partnership or its Limited Partners to OWS. OWS has policies and procedures to review these fees and rates on a periodic basis to determine that such fees are within the range of fees charged by third party unaffiliated providers for similar services. OWS will endeavor to collect data regarding such fees from unaffiliated third parties. However, it should be noted that there is limited public data in the marketplace for such services and many of such service providers are private companies. Accordingly, while OWS believes, on the basis of the data collected that such fees are within the range of fees charged by unaffiliated service providers, the data collected to compare such fees may be limited. Further, to the extent OWS REF engages third parties or joint venture partners to perform Loan Arrangement Services and/or Asset Management Services alongside OWS REF, OWS REF shall share the origination fee and/or servicing fees with respect to a Loan with such parties in a manner such that the total origination fee and/or servicing fee does not exceed the amounts that it would receive if it performed all of the Loan Arrangement Services and Asset Management Services were performed solely by OWS REF. Finally, to the extent additional third parties assist OWS REF to perform a portion of such services, amounts paid to such parties shall be deducted from the compensation received by OWS REF. Historical Information about these fees are available to prospective investors upon request.

The use of OWS REF presents a conflict of interest to the Registrant since the Registrant will benefit financially from the Fund’s use of OWS REF. The Agreements have been negotiated between related parties and their terms, including fees payable, may not be as favorable to the Funds in all cases as if they had been negotiated at arm’s length with an unaffiliated third party. However, OWS believes the fees to be competitive with current market rates with respect to the services provided. The Funds’ financial statements provide details of any fees that have been paid to OWS REF.

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

OWS recognizes and believes that (i) high ethical standards are essential for its success and to maintain the confidence of its Clients and investors; (ii) its long-term business interests are best served by adherence to the principle that the interests of Clients and investors come first; and (iii) it has a fiduciary duty to its Clients to act for their benefit. All OWS personnel must put the interests of the Clients and Fund investors before their own personal interests and must act honestly and fairly in all respects in dealings with Clients and investors. All OWS personnel must also comply with all federal securities laws.



OWS has adopted a Code of Ethics and Compliance Manual which is designed to promote compliance with applicable federal statutes and regulatory requirements, minimize circumstances that may give rise to, or create the appearance of, conflicts of interest with the Registrant's Clients, misuse of material, non-public information and foster a culture based on principles of integrity, professionalism, honesty and respect. Among other requirements, the Code of Ethics imposes restrictions on employees' personal investment activities. Personnel must seek pre-approval for certain personal trades and must report their personal securities transactions and holdings. The policies additionally require OWS compliance staff to regularly review all personal trading documents and to address any issues noted during the review, including the appropriateness of imposing a penalty for violations of the policies.

Eligible OWS personnel hold, either directly or through the Funds' general partner, financial interests in the Funds. In limited circumstances, OWS personnel have personally invested in some of the same investments that are held by Clients and have owned investments that were subsequently purchased for Clients. Such personal investment activities are subject in all cases to the provisions of the personal investment policy.

The Registrant also has procedures and policies in place that are designed to prevent the misuse of material, non-public information. The Registrant's insider trading policies seek to monitor the flow of information to and between the Registrant's personnel and to prevent trading on the basis of material non-public information.

Employees may not serve on the board of directors of any outside company without the Chief Compliance Officer's approval.

The Code of Ethics, along with the Firm's Compliance Manual, are distributed to each new employee at the time of hire, and employees are required to certify their compliance with the policies no less than annually.

Clients, investors, or prospective clients and investors may obtain a copy of the Code of Ethics by contacting OWS's Chief Compliance Officer via phone at (212) 957-2500.

## **Item 12 - Brokerage Practices**

**Best execution.** The Registrant has a fiduciary duty to use its reasonable efforts to seek to obtain best execution of securities transactions for the Clients. This means that in selecting broker-dealers to execute transactions, the Registrant must attempt to ensure that the total cost or proceeds of any transaction is the most favorable attainable under the circumstances. However, the Registrant need not necessarily solicit competitive bids on each transaction and may not have an obligation to seek the lowest possible cost. In determining best execution, the Registrant may take into account the full range and quality of a broker-dealer's services. The factors to be considered in selecting and approving broker-dealers include, but are not limited to, overall costs of a trade (*i.e.*, net price paid or received); quality of execution; reputation, financial strength and stability; block trading and block positioning capabilities; willingness and ability to commit capital; access to underwritten offerings and secondary markets; ongoing reliability; and confidentiality of trading activity.

From time to time, a Client may execute over-the-counter trades on an agency basis rather than on a principal basis. In these situations, the broker used by the Client may acquire or dispose of a security through a market-maker (a practice known as "interpositioning"). The transaction may thus be subject to both a commission and a markup or markdown. The use of a broker can provide anonymity in connection with a transaction. In addition, a broker may, in certain cases, have greater expertise or greater capability in

connection with both accessing the market and executing a transaction. Accordingly, the Registrant believes that the use of a broker in such instances is consistent with its duty of obtaining best execution.

Subject to the considerations described above, the selection of a broker (including a prime broker) to execute transactions, provide financing and securities on loan, hold cash and short balances and provide other services may be influenced by, among other things, the provision by the broker of the following: consulting with respect to technology, operations and equipment, commitment of capital, access to company management and access to deal flow. Generally, with the exception of prime broker charges, if applicable, the Registrant and its affiliates do not separately compensate any broker for any of these services.

The Registrant periodically reviews its relationships with broker-dealers and the effectiveness of its efforts to obtain best price and execution.

***Soft dollars.*** While the Registrant currently has no soft dollar arrangements, it may use full-service broker-dealers and may on occasion receive and use research provided by these full service broker-dealers.

***Trade errors.*** It is the Registrant's policy that its Clients, and not the Registrant or an affiliate, will be responsible for any losses in the Clients' account resulting from trading errors and similar human errors, absent the Registrant's or an affiliate's willful misconduct, fraud or gross negligence. Trading errors might include, for example, the placement of orders (either purchases or sales) in excess of the amount of securities the Firm intended to trade; the sale of a security when it should have been purchased; the purchase of a security when it should have been sold; the purchase or sale of the wrong security; and the purchase or sale of a security contrary to regulatory restrictions or Fund investment guidelines or restrictions. Examples of circumstances that do not constitute trade errors include (but are not necessarily limited to) an incorrect trade order that is identified and corrected prior to settlement, as long as there is no negative economic impact to the Client; an error that is the fault of an executing broker-dealer, custodian, or other counterparty; the purchase or sale of the security or financial instrument is reallocated to another Client prior to settlement in accordance with the Firm's allocation policies and procedures and the Client's investment guidelines; incorrect over- or under-allocations of securities or financial instruments inconsistent with the Portfolio Manager's original intent; an investment that does not perform favorably but otherwise complies with applicable contractual requirements; an action or inaction that does not result in a transaction in a Client account (for example, the loss of an investment opportunity); errors resulting from unavailability of (or disruptions in) electronic services or other force majeure events; and good faith errors in judgment in making investment decisions for Clients, which include errors in securities analysis. Managed Accounts and Fund investors should assume that trading errors (and similar errors) may occur and, to the extent agreed upon in the Client's governing documents, that the Client will be responsible for any resulting losses, even if such losses result from the negligence (but not gross negligence) of the Registrant or an affiliate. The Registrant, subject to its fiduciary obligations, will determine whether or not any trade error is required to be reimbursed in accordance with the pertinent liability and exculpation provisions. Notwithstanding the foregoing, the Registrant or an affiliate may voluntarily reimburse a Client for losses suffered as a result of certain trade errors identified by the Registrant or an affiliate. Any positive trade errors will be for the benefit of the Fund and not retained by the Registrant.

***Capital Introduction Services.*** From time to time, the Registrant's personnel may speak at conferences and programs for potential investors interested in investing in hedge funds that are sponsored by certain broker-dealers through which the Registrant effects transactions. These conferences and programs may be a means by which the Registrant can be introduced to potential investors in the Funds. Currently, neither the Registrant nor the Funds compensate broker-dealers for organizing such "capital introduction" events or for any investments ultimately made by prospective investors attending such events. While such events and other services provided by a broker-dealer may influence the Registrant in deciding whether to use such

broker-dealer in connection with brokerage, financing and other activities of the Funds, the Registrant will not commit to allocate a particular amount of brokerage to a broker-dealer in any such situation.

**Allocation of investment opportunities.** The Registrant has a fiduciary obligation to use its best efforts to ensure that no Client is treated unfairly in relation to any other Client in the allocation of securities or investment opportunities or in the order in which transactions are executed. The Registrant will seek to allocate orders and investment opportunities among Clients in a manner that it believes is equitable and in the best interests of all of its Clients. Although such allocations may be *pro rata* among participating Clients, they will not necessarily be so, where the Registrant's allocation policies (e.g., taking into account differing objectives or other considerations) dictate a different result. There can be no assurance that a particular order or investment opportunity will be allocated in a particular manner. In any case, the Registrant seeks to allocate investment opportunities in a way that is fair and equitable among all Clients.

As a general matter, the Registrant allocates securities among the Clients in each strategy on a *pro rata* basis. When an investment is appropriate for both sets of Clients and, as pertinent, another Client, the Registrant typically will allocate the investment among all of the pertinent Clients pursuant to at least the following criteria: (1) the appropriateness of the investment for each Client strategy; (2) amount of available securities; (3) available liquidity in each Client account; (4) diversity of each Client account; (5) tax considerations relating to the type of investment; and (6) risk equity limits for each Client account. Accordingly, the allocation among Clients will change over time based on the above criteria. Further, the Registrant may allocate investments to avoid creating odd lots of securities so long as allocation is equitable among Clients.

The trade allocation methodology described above generally means that with respect to trades that are appropriate for more than one Client, a Client with a higher cash balance will, all other things being equal, have a higher allocation. Uncalled commitment amounts may be included as available cash. Also, a Client with a larger maximum position size limit or percent of equity limit for the relevant asset type will, all other things being equal, have a higher allocation. An account with a dedicated strategy may have a larger maximum position size limit or percent of equity limit than a multi-strategy account of similar or smaller size. The applicable maximum position size or percent of equity for the relevant asset will be determined by the Registrant, taking into consideration contractual account guidelines.

With respect to allocations of limited investment opportunities, such as privately placed securities and initial public offerings of securities, the Registrant will determine which Clients are eligible to participate in those opportunities. Limited investment opportunities will generally be allocated among all eligible Clients in proportion to their target allocations in accordance with the procedures set forth above. Clients without sufficient available capital will not participate.

**Trade aggregation.** The Registrant will generally execute Client transactions on an aggregated basis when the Registrant believes that aggregation will enable it to negotiate more favorable commission rates or other transaction costs. Each Client that participates in an aggregated order will participate at the average price for such transaction in that security, with transaction costs shared *pro rata*. On occasion, the Registrant will not be able to purchase or sell all of the securities ordered as part of an aggregated order in a single day. If the order is partially filled, it will generally be allocated *pro rata* in proportion to the size of the orders placed for each Client to the extent practicable. Notwithstanding the foregoing, an aggregated order may be allocated on other than a *pro rata* basis if all Clients receive fair and equitable treatment and the reason for the different allocation is documented. As described above, such reasons might include avoidance of odd lots or a *de minimis* allocation to one or more Clients.

**Cross Trades.** The Registrant has engaged in cross-trading in limited circumstances. "Cross-trading" involves the purchase and sale of securities between accounts managed by the Registrant or its affiliates.

The Registrant does not intend to engage in cross-trading on a regular basis. However, the Registrant may effect cross-trades in the future when it believes it is in the best interest of its Clients to do so. Cross-trading may benefit the accounts involved by eliminating or minimizing transaction and market impact costs associated with obtaining or disposing of a portfolio security. Cross-trades in which the Registrant has engaged, and any cross-trades in which the Registrant engages in the future, have been and will be effected in accordance with procedures designed to ensure that any cross-trades between accounts managed by the Registrant are consistent with its obligation to achieve “best execution” for its Clients and that no Client is disfavored by cross-trading. The Registrant will not receive any additional fees or compensation in connection with cross-trading above its stated investment management fee. Certain accounts, such as those for registered investment companies or accounts, are subject to additional regulatory requirements.

### **Item 13 - Review of Accounts**

The Registrant’s Chief Investment Officer and the Portfolio Managers are primarily responsible for ensuring that the securities or other financial instruments held by each Client are consistent with, as pertinent, the Fund’s disclosures set forth in the relevant offering documents or the Managed Account’s investment advisory agreement. In addition, the Chief Investment Officer and the Portfolio Managers review the Clients’ portfolio holdings to determine that the securities and other financial instruments held by each Client remain consistent with the pertinent offering documents or investment advisory agreement and will generally review each Client’s performance. All of these reviews are conducted on an ongoing basis.

Fund investors receive audited annual financial statements and necessary U.S. federal tax information. Fund investors also receive periodic unaudited performance information no less frequently than quarterly. In addition to the foregoing reports and statements, and upon the request of certain Fund investors or third parties representing Fund investors, more frequent disclosure or additional information not contained in the above mentioned reports and statements regarding the investment portfolio. Such information is maintained by the Registrant and made available to all Fund investors, if requested. As a condition to receipt of certain information, the Registrant may require such investors to execute a confidentiality agreement prior to providing such information. Managed Accounts receive reports as agreed upon in the pertinent investment advisory agreement. Managed Accounts are held at third party custodians engaged by the Managed Account. As a result, the Managed Accounts may receive greater transparency, including, but not limited to, information, regarding transaction activity and position level detail.

### **Item 14 - Client Referrals and Other Compensation**

Please refer to the Brokerage Practices section for a discussion of potential benefits received by OWS from certain trading counterparties. The Registrant has entered into written agreements with and compensates unaffiliated third parties for soliciting new investors to the Funds. The Registrant is not currently party to any arrangements whereby it compensates a third-party for Managed Account referrals.

### **Item 15 - Custody**

While the Funds have retained qualified custodians to hold their assets, the Registrant is deemed to have custody of the Funds’ assets and securities because it or its affiliates have the authority to obtain Client funds or securities, for example, by deducting advisory fees from a Fund’s account or otherwise withdrawing funds from accounts of the Funds. Account statements related to the Funds are sent by qualified custodians to the Registrant.

The Registrant is subject to Rule 206(4)-2 under the Advisers Act (the “Custody Rule”). However, it is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to each Fund because it complies with the provisions of the so-called “Pooled Vehicle Annual Audit Exception”, which, among other things, requires that each Fund’s financial statements be prepared in accordance with U.S. Generally Accepted Accounting Principles (“U.S. GAAP”) or other accepted auditing standards reconciled to U.S. GAAP when presented to U.S. Investors and be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each Fund distribute its audited financial statements to all investors within 120 days of the end of its fiscal year. Fund investors that have not received a copy of the audited financial statements within the 120 days should immediately contact the Registrant. The Registrant does not serve as a qualified custodian for the assets of its Clients.

Managed Accounts should establish accounts with a qualified custodian that will hold and safe-keep the securities and funds in a segregated account in the names of the respective Managed Accounts. Managed Accounts should also ensure that their custodians deliver custodial statements on a quarterly basis with the details of the accounts. Managed Accounts are encouraged to compare the statements that are delivered to the Managed Accounts by their custodians any account statements generated by the Registrant. The Managed Accounts should alert the Registrant and their custodians of any discrepancies.

## **Item 16 - Investment Discretion**

The Registrant generally has discretionary authority to determine, without obtaining specific Client consent, securities to be bought or sold, the amount of securities to be bought or sold, the broker-dealer to be used, and the commission rates paid. Any limitations on authority are included in the Client’s investment management agreement or governing documents, as applicable.

## **Item 17 - Voting Client Securities**

The Registrant may have opportunities to vote the proxies of companies held in the portfolios of its Clients. In voting proxies, the Registrant is guided by general fiduciary principles. The Registrant’s goal is to act prudently, solely in the best interests of its Clients (including the Fund investors) and consistent with efforts to achieve a Client’s stated objectives, including maximizing portfolio value. In accordance with applicable law, the Registrant will vote proxies on a case-by-case basis, but will generally vote for any proposals that the Registrant believes will reasonably provide value to Clients in light of the costs associated with voting the proxy and be in the overall best interests of Clients. The Firm has sole discretion to vote, or opt not to vote, proxy ballots that it receives for securities irrespective of whether a client holds such securities as of the record date. Clients do not have the authority to direct OWS to vote a proxy in a particular manner.

The Registrant follows procedures that are designed to identify conflicts or potential conflicts that could arise between its own interests and those of its Clients. If it is determined that any such conflict or potential conflict is not material, the Registrant may vote proxies notwithstanding the existence of the conflict. If it is determined, however, that a conflict of interest or potential conflict of interest is material, appropriate personnel of the Registrant will work to agree upon a method to resolve such conflict before voting proxies affected by the conflict.

Clients and investors in the Funds may request a copy of OWS’s Proxy Voting Policies and Procedures, as well as applicable proxy voting records, by contacting the Registrant at (212) 957-2500.

## **Item 18 - Financial Information**

The Registrant has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage Client accounts.