

# One01 Capital

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**Form ADV Part 2A**

**August 10, 2020**

**Item 1 - Cover Page**

This brochure ("Brochure") provides information about the qualifications and business practices of One01 Capital, LP ("One01" or the "Firm"), an investment adviser registered with the United States Securities and Exchange Commission ("SEC"). Any reference to One01 as a "registered investment adviser" or as being "registered," does not imply a certain level of skill or training. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

This Brochure is neither an offer to sell nor a solicitation of an offer to buy shares or limited partnership interests in any of the investment funds sponsored, managed, or advised by One01. An offer of such funds can only be made through the offering materials for the relevant investment fund and only in jurisdictions in which such an offer would be lawful.

If you have any questions about the contents of this Brochure, please contact us at 415-801-4689 or [shallgren@one01cap.com](mailto:shallgren@one01cap.com). Additional information about One01 is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) and at One01's website at [www.one01cap.com](http://www.one01cap.com).

**Item 2 - Summary of Material Changes**

Because this is an initial filing, there are no material changes from prior filings to report.

### **Item 3 - Table of Contents**

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#### Item 4 - Advisory Business

- A. One01 Capital, LP ("One01," the "Firm," "we," "us," or "our") is a Delaware limited partnership formed in 2017 that is principally owned by Canhui "Sam" Ou. Any defined terms used in this Brochure not otherwise defined herein have their definition(s) ascribed to them in the relevant offering document(s), advisory agreement(s), limited partnership agreement(s) or similar, or other governing document(s) (collectively, "Governing Documents"), as applicable.
- B. One01 provides investment advisory services to one or more pooled investment vehicles structured as private funds (each, a "Fund" or "Client"). We pursue a long/short strategy on behalf of our Clients, focused primarily on the equity securities of issuers in the technology, media, and telecom ("TMT"), and consumer sectors, globally, with the objective of seeking superior long-term compounding. We strive to develop long term views on businesses within our investment universe, understand their competitive positioning, industry trends, and growth prospects, which informs our perspective on the underlying value of each such business.

Our investment process is deeply rooted in Mr. Ou's in research driven discipline; we endeavor to apply a fundamental, rigorous, data driven, bottom-up investment process with a generally long-term, concentrated approach.

**All discussions of the Fund(s) in this brochure, including but not limited to their investments, the strategies used in managing the Fund(s), the fees and other costs associated with an investment in the Fund(s), and conflicts of interest faced by the Firm in connection with management of the Fund(s), are qualified in their entirety by reference to each Fund's respective offering memorandum and advisory agreement.**

- C. With respect to each Fund that we manage, we tailor our services to the strategies and conditions set forth in the Fund's respective Governing Document(s). We provide and tailor our services to each Fund pursuant to the strategies and conditions set forth in the applicable Governing Documents, rather than to the individual needs of any Fund's underlying investors (each, an "Investor"). It should be noted that as a general matter, we do not tailor our services to take into account any specific conditions of any Investor, and Investors generally may not prescribe additional investment restrictions beyond those described in the applicable Governing Documents.
- D. As of June 30, 2020, we managed approximately \$205,286,631 in regulatory assets under management on a discretionary basis. We do not currently manage any non-discretionary assets.

#### Item 5 - Fees and Compensation

One01 charges Investors in its funds management fees and performance-based profit allocations ("Performance Allocations"). Those Investors are all "qualified purchasers" as defined in the Investment Company Act of 1940 or "knowledgeable employees". As a result, detailed information regarding the management fees and Profit Allocations is not required to be provided herein. One01 may waive or reduce all or any portion of the management fees or Performance Allocations with respect to any investor in a Fund as well as any management fees or performance-based allocations or fees with respect to any other Client. One01 deducts management fees and Performance Allocations directly from Client accounts.

To the extent that a Client invests in mutual funds or ETFs, such Client also bears indirectly the investment advisory fees to the managers of those funds.

One01 believes that its fees and Performance Allocations are competitive with fees charged by other investment advisers for comparable services. Comparable services may be available, however, from other sources for lower fees.

The disclosure in this Item 5, together with the disclosure in Item 12, allow a plan that is subject to the Employee Retirement Income Security Act of 1974 and that invests in a Fund to use the "alternative reporting option" to report the Fund's compensation as "eligible indirect compensation" on the Schedule C of the plan's Form 5500 Annual Return/Report of Employee Benefit Plan.

One01's relationships with the Funds are terminable on termination of the applicable investment management agreement, expiration of the applicable Fund's term, dissolution of the Fund or on One01's withdrawal as general partner of such Fund. An Investor may withdraw/redeem from a Fund on specified dates as provided in the Governing Documents. One01's relationships with any other Clients are terminable on termination of the applicable investment management agreement.

In all cases, expenses, the pro rata portion of the management fee and the Performance Allocation or fee through the date of termination are charged to the Client. All prepaid but unearned advisory fees are refunded on termination of a Client's account. An Investor who withdraws from a Fund on a date other than the last day of a quarter or other appropriate period, however, does not receive a refund of the management fee previously paid.

Each Fund or other Client is responsible for its own costs and expenses as detailed in the Governing Documents. Such costs and expenses include, but are not limited to, organizational expenses, trading costs and expenses (such as brokerage commissions, expenses related to short sales, and clearing and settlement charges), research-related fees and expenses, ongoing legal, accounting, administrative, audit, tax and bookkeeping fees and expenses, and taxes, governmental registrations and offering-related expenses.

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

One01 currently manages only Funds that are subject to Performance Allocations as described in Item 5.

#### **Item 7 - Types of Clients**

One01 provides investment advice to investment funds and may provide investment advice to other types of Clients, which may include institutions, investment pools, trusts, endowments, sovereign wealth funds, pension plans, or charitable organizations, but excluding persons within the definition of "retail investors" under Rule 17a-14(e)(2) of the Securities Exchange Act of 1934. One01 generally requires a minimum of \$100 million to open a separately managed account, but may waive this minimum. Investors in the Funds are required to invest a minimum of \$5,000,000, but One01 may waive this minimum.

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

As discussed above in Item 4, we pursue a long/short strategy on behalf of our Clients, focused primarily on the equity securities of issuers in TMT and consumer sectors, globally, with the objective of seeking superior long-term compounding. We endeavor to apply a fundamental, rigorous, data driven, bottom-up investment process with a generally long-term, concentrated approach.

The following is a general discussion of the methods of analysis, investment strategies and the risk of loss associated with One01's overall investment strategy. These risk factors may change over time. An investment in a Fund is a highly speculative investment and is not intended as a complete investment program, and is designed only for sophisticated persons who are able to risk losing their investment in the Fund and who have limited need for liquidity. There can be no assurance that any Fund will achieve its objectives or that any Fund will not incur losses. Investors must be prepared to lose all or substantially all of their investment in a Fund.

**THE INFORMATION BELOW IS INTENDED TO SERVE AS A SUMMARY OF POTENTIAL RISKS OF INVESTING. THE FOLLOWING IS NOT A SUBSTITUTE FOR THE OFFERING DOCUMENTS OF A FUND. POTENTIAL INVESTORS ARE STRONGLY ENCOURAGED TO CAREFULLY REVIEW THE RELEVANT OFFERING DOCUMENTS IN THEIR ENTIRETY PRIOR TO INVESTING. THIS INFORMATION MAY BE BOTH SUPPLEMENTED AND SUPERSEDED BY INFORMATION IN THE APPLICABLE OFFERING DOCUMENTS.**

##### **Dependence on the Investment Adviser**

Each Fund's success depends on the skill and acumen of One01 and our Managing Partner, Canhui "Sam" Ou. He may devote only part of his time to our and each Fund's activities and may devote time to other activities, including managing other investment funds or separately-managed accounts ("Other Accounts") and investing in transactions without presenting such opportunities to a Fund or any Investors, even if such opportunities may be appropriate. If he should cease to participate in a

Fund's activities, its ability to select attractive investments and manage its portfolio could be impaired severely. No Fund can assure Investors that: (a) it will achieve its investment objectives; (b) its investment strategy will prove successful; or (c) Investors will not lose all or a portion of their investment in the applicable Fund.

#### **Broad Discretion of the Investment Adviser**

We have exclusive and absolute discretion and authority to manage and control each Fund's investments, subject to the applicable Governing Document(s) or applicable law(s). We have the unrestricted right to select the securities in which each Fund invests and to determine the amount of funds to be used for each purpose. We may exercise this discretion and authority conditionally or unconditionally, arbitrarily, or inconsistently in varying or similar circumstances, without accountability to any Fund or Investor. For example, we, the General Partner or the Directors of the non-U.S. Fund (the "Directors"), as applicable, may provide certain Investors more favorable terms that it does not provide to other Investors.

#### **Investment Risks**

A Fund may invest principally in equity and equity-related securities (such as options and other derivatives) that are traded in U.S. and non-U.S. markets. A Fund may also engage in short sales of Securities, margin trading, hedging and other investment strategies. Markets for such instruments fluctuate and the market value of any particular investment may vary substantially. A Fund's investment portfolio may not generate any income or appreciate in value.

#### **Information Sources**

We generally select a Fund's investments based in part on information and data that the issuers of such Securities file with various government agencies or make directly available to us or that we obtain from other sources. We can never learn all relevant information about a company or Security, and are not in a position to confirm the completeness, genuineness or accuracy of the information and data that we do receive. In some cases, complete and accurate information is not readily available.

We may misinterpret or incorrectly analyze the information that we have about a particular company, Security or macroeconomic trend. These and other factors may cause us to (a) invest in Securities that will lead to losses in a Fund's portfolio and cause an Investor to lose a significant portion of its investment in the Fund or (b) not invest in particular Securities that would have resulted in gains in a Fund's portfolio if we had caused the Fund to invest.

#### **Investment Selection**

A Fund may engage in long purchases and short sales of Securities. It may also engage in hedging, options trading, leverage (including, but not limited to, margin trading and investing in derivatives) and other strategies. Investors have no opportunity to select or evaluate any Fund investments or strategies. We typically select all Fund investments and strategies. The likelihood that Investors will realize income or gain depends on the skill and expertise of us and the Fund's portfolio manager, Canhui Ou and on the investment processes and risk management strategies we implement. These may be unsuccessful, and a Fund may incur significant losses.

#### **Investments in "TMT" Companies**

Companies in the rapidly changing technology, media and telecom industries face special risks. Those industries are all characterized by short product cycles, declining prices and products, significant competition from new companies, patent infringement and other intellectual property violations, and product and technology failures and obsolescence. A company may fail to acquire or develop necessary technology or may acquire the rights to or develop a technology that is rendered obsolete by other technological development. These companies can be significantly affected by internet failures, denial of services attacks, malicious software, computer virus outbreaks and other performance interruptions.

The "TMT" industries also may be subject to greater governmental regulation than many other areas and changes in governmental policies and the need for regulatory approvals may have a material adverse effect on companies in those industries. For these and other reasons specific to particular

industries and companies, the securities of companies in the TMT industries may be substantially more volatile than the rest of the market.

### **Investing in Small and Middle Market Capitalization Companies**

Many companies in the TMT industries have small or medium size market capitalizations. Investments in such companies typically involve a high degree of business and financial risk and can result in substantial losses due to special risk factors. For example, such companies are typically subject to a greater degree of change in earnings and business prospects than are companies with larger market capitalizations. In addition, such securities typically trade in lower volume and are more volatile than the securities of companies with larger market capitalizations. In light of these characteristics, a Fund may be subject to a greater degree of investment risk, to the extent it invests in securities of companies with lower market capitalization, than other investment entities that invest in companies with larger capitalizations.

### **Investing in Consumer-Oriented Companies**

A Fund may invest in consumer-oriented companies. These companies are subject to general economic conditions and their impact on levels of consumer spending. Some of the factors influencing consumer spending include fluctuating interest rates and credit availability, fluctuating fuel and other energy costs, fluctuating commodity prices, higher levels of unemployment, higher consumer debt levels, reductions in net worth based on market declines, home foreclosures and reductions in home values, and general uncertainty regarding the overall future economic environment. Consumer purchases of discretionary items generally decline during periods when disposable income is adversely affected or there is economic uncertainty. If we do not accurately predict such conditions, a Fund's performance will be adversely affected.

### **Short Sales**

A Fund may sell Securities short. A short sale results in a gain if the price of the Securities sold short declines between the date of the short sale and the date on which Securities are purchased to replace those borrowed. A short sale results in a loss if the price of the Securities sold short increases. Any gain is decreased, and any loss is increased, by the amount of any payment, dividend or interest that a Fund must pay for the borrowed Securities, offset (wholly or partly) by short interest credits. In a generally rising market, a Fund's short positions may be more likely to result in losses because Securities sold short may be more likely to increase in value. A short sale involves a finite opportunity for appreciation, but a theoretically unlimited risk of loss.

To make a short sale, a Fund must borrow the Securities being sold short. It may be impossible to borrow Securities at the most desirable time to make a short sale, particularly in illiquid markets. In addition, special rules, which differ from jurisdiction to jurisdiction and can change from time to time, apply to short sales. These rules may impede a Fund from pursuing its investment objectives. For example, temporary or permanent government orders may from time to time prevent a Fund from executing short sales at the most desirable time. If the prices of Securities sold short increase, a Fund may have to provide additional collateral to maintain the short positions. This could require a Fund to sell other investments to provide additional collateral. Such sales might not be at favorable prices. Further, the lender can request the return of the borrowed Securities and a Fund may not be able to borrow those Securities from other lenders. This would cause a "buy-in" of the short position, which may be disadvantageous to a Fund and could result in significant losses.

Some market participants seek to exploit short-sellers such as a Fund by identifying and buying large quantities of Securities that are significantly shorted in an attempt to benefit from the price increase that the participants expect when short sellers buy the Securities to cover their short positions. If these so-called "short squeezes" are executed successfully, a Fund may have to cover its short position at a disadvantageous time regardless of our view of the true value of the Securities, thereby causing significant losses.

There are other inherent difficulties and challenges in short selling. The general negative perceptions about short-sellers may limit our access to management of various issuers and hamper our research efforts. Management and other stakeholders of issuers may take legal action against short-sellers to prevent or discourage short sales of the issuer's Securities to avoid depressing the value of its Securities.

The General Partner, us, and/or a Fund could be subject to such private legal actions. The cost of and management time committed to defending any such action could be substantial.

A Fund may have a substantial net short position. Given the general upward trend of the Securities markets over time, this short exposure poses a significant risk to investors.

### **Hedging**

A Fund may use hedging strategies to attempt to control risk. Hedging strategies may not be effective in controlling risk, due to unexpected non-correlation (or even positive correlation) between the hedging instrument and the position being hedged. A Fund may not be able to hedge a particular position, which can result in undesired exposure to that position and may lead to liquidation of that position when it is disadvantageous to a Fund. We are not obligated to hedge any Fund's portfolio positions and it frequently may not do so.

### **General Risks of Leverage**

A Fund may use leverage, including by borrowing on margin, entering into swaps, and using other derivative contracts and leveraging strategies. Such leverage increases profit potential, but at the same time increases risk of loss and volatility. In the stock market, "margin" refers to buying stock on credit. Margin customers are required to keep cash and Securities on deposit with their brokers as collateral for their borrowings. As a result, a relatively small price movement in a Security may result in immediate and substantial losses to an investor. For example, if at the time of purchase 50% of the price of a Security is borrowed on margin, a 20% decrease in the price of the Security would, if the Security is then sold, result in a 40% loss of the cash invested before any deduction for brokerage commissions or margin interest costs. Thus any purchase of Securities using leverage increases the risk and volatility of a Fund's portfolio and may result in losses that greatly exceed the amount invested. In addition, margin trading requires a Fund to pledge its Securities as collateral. Margin calls or changes in margin requirements can require a Fund to pledge additional collateral or liquidate its holdings, which can force a Fund to sell Securities at substantial losses that it otherwise would not incur.

Trading on margin also results in interest charges, which can be substantial. To the extent a Fund uses financial derivatives, it has risk and return characteristics similar to a leveraged position in the underlying Securities, as well as other risks. By trading one or more financial derivatives, a Fund may trade with the economic equivalent of a substantially leveraged position in the underlying Securities portfolio, in comparison to its actual assets. We may, in our sole discretion, employ implicit leverage of a Fund's actual assets by trading financial derivatives.

### **Risks of Non-U.S. Investments**

- (a) **Generally.** A Fund may invest in Securities of non-U.S. companies, which may be denominated in U.S. or non-U.S. currencies, and may use forward non-U.S. currency exchange contracts, which involve unusual risks not typically associated with investing in U.S. companies. These risks include, but are not limited to, less public information available regarding non-U.S. issuers, limited liquidity of non-U.S. Securities and political risks associated with the countries in which non-U.S. Securities are traded and the countries where non-U.S. issuers are located. Individual non-U.S. economies may differ unfavorably from the U.S. economy in gross national product growth, inflation rate, savings rate and capital reinvestment, resource self-sufficiency and balance of payments positions, and in other respects. A Fund may invest in Securities of non-U.S. governments (or agencies or subdivisions thereof), and some or all of the foregoing considerations also may apply to those investments.
- (b) **Developing Countries.** The risks of non-U.S. investments typically are greater in less developed countries, sometimes referred to as emerging markets. For example, political and economic structures in these countries may be less established and may change rapidly. These countries also are more likely to experience high levels of inflation, deflation or currency devaluation, which can harm their economies and securities markets and increase volatility. Restrictions on currency trading that may be imposed by developing countries will have an adverse effect on the value of the Securities of companies that trade or operate in such countries.
- (c) **Political Risks.** Some of the non-U.S. companies in which a Fund may invest, directly or indirectly, may be particularly exposed to the risk of political change and governmental action. In some



non-U.S. countries, there is the possibility of expropriation or confiscatory taxation, limitations on removing funds or other Fund assets, political or social instability, or diplomatic developments that could materially and adversely affect the value and marketability of a Fund's investments in those countries. The businesses of companies in which a Fund invests would be adversely affected by acts of terrorism or war in their countries. At times, non-U.S. governments may nationalize companies or industries, in which case a Fund would lose its entire investment in that company or industry.

- (d) **Non-U.S. Investment Limitations.** Some of the countries in which a Fund may invest, directly or indirectly, may have laws and regulations that currently preclude or severely restrict direct non-U.S. investment in Securities of their companies. Indirect non-U.S. investment may, however, be permitted through investment funds that have been specifically authorized for that purpose. Because of the limited number of authorizations granted in such countries, however, units or shares in most of the investment funds authorized in those countries may at times trade at a substantial premium over the value of their underlying assets. There can be no certainty that these premiums will be maintained and if the restrictions on direct non-U.S. investment in the relevant country were significantly liberalized, premiums might be reduced, eliminated altogether or turned into a discount.
- (e) **Non-U.S. Securities Regulation.** The Securities of non-U.S. issuers that a Fund may hold generally are not registered under, nor are the issuers thereof subject to the reporting requirements of, U.S. securities laws and regulations. Accordingly, there may be less publicly available information about these Securities and about the non-U.S. company or government issuing them or the board of trade clearing them than is available about a U.S. company, government entity or board of trade. Non-U.S. companies and boards of trade generally are not subject to accounting, auditing and financial reporting standards, practices and requirements comparable to those applicable to U.S. companies. Further, government supervision of stock exchanges, boards of trade, securities brokers and issuers of Securities is generally less stringent than supervision in the U.S. The investments also may be subject to withholding taxes imposed by the applicable country's taxing authority.
- (f) **Limited Liquidity of Non-U.S. Securities.** Securities of some non-U.S. companies are less liquid and their prices are more volatile than Securities of comparable U.S. companies. Investing in non-U.S. Securities or selling those Securities short creates a greater risk of Securities clearance and settlement problems.
- (g) **Non-U.S. Currency Risks.** A Fund may hold cash in U.S. Dollars to meet expenses and may hold cash in other currencies for hedging or investment purposes or to meet settlement requirements for non-U.S. Securities. A Fund may be affected unfavorably by exchange control regulations or changes in the exchange rate between such currencies and the U.S. Dollar. Changes in non-U.S. currency exchange rates influence values within a Fund's portfolio from the perspective of U.S. investors. Changes in non-U.S. currency exchange rates also may affect the value of dividends and interest earned, gains and losses realized on the sale of Securities and a Fund's net investment income and gains, if any. The exchange rate between the U.S. Dollar and other currencies is determined by the forces of supply and demand in the non-U.S. exchange markets. These forces are affected by the international balance of payments and other economic and financial conditions, government intervention and other political and diplomatic conditions, speculation and other factors.

#### **Material Non-Public Information**

We (through our representatives or otherwise) may receive information that restricts our ability to cause a Fund to buy or sell Securities of a company for substantial periods when a Fund otherwise could realize profit or avoid loss. This may adversely affect a Fund's flexibility in buying or selling Securities.

#### **Futures, Options and Other Derivatives**

A Fund may use both exchange-traded and over-the-counter derivatives, including, but not limited to, futures, other commodity interests, swaps, options and contracts for differences. These instruments can be highly volatile and expose a Fund to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result,

depending on the type of instrument, a relatively small change in the price of the contract may result in a profit or a loss that is high in proportion to a Fund's funds actually placed as initial collateral and may result in unquantifiable further loss exceeding any collateral deposited. These changes are extremely difficult to predict.

In addition, if a Fund purchases options that it does not sell or exercise, it will lose the premium paid in such purchase. If a Fund sells call options and must deliver the underlying Securities at the option strike price, it theoretically has an unlimited risk of loss if the price of such underlying Securities increases. If a Fund sells put options and must buy the underlying Securities, it risks losing the difference between the market price of the underlying Securities and the option strike price. Further, if it sells meaningfully out-of-the-money put or call contracts, a Fund may incur substantial losses if these contracts unexpectedly progress into-the-money. Any gain or loss from selling or exercising an option is reduced or increased, respectively, by the amount of the premium paid. The expenses of option investing include commissions payable on the purchase, exercise or sale of an option. A Fund may also sell covered and uncovered options on Securities. If such options are uncovered, a Fund could incur an unlimited loss.

Daily limits on price fluctuations and speculative position limits on exchanges may a Fund from promptly liquidating positions resulting in potentially greater losses. Transactions in over-the-counter contracts may involve additional risk because there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk. Contractual asymmetries and inefficiencies can also increase risk, such as break clauses, whereby a counterparty can terminate a transaction on the basis of a certain reduction in a Fund's net asset value, incorrect collateral calls or delays in collateral recovery.

Special risks are associated with using derivatives. Deciding whether, when and how to use derivatives involves different skills and judgment than those needed to select portfolio Securities. Even a well-conceived transaction may be unsuccessful to some degree because of market behavior, currency fluctuations or interest rate trends. If we incorrectly forecast market values or other relevant factors, a Fund may be in a worse position than if it had not engaged in derivatives transactions. When derivatives are used for hedging, there may be no correlation between price movements in the derivative and in the portfolio Securities being hedged. A lack of correlation could result in a loss on both the hedged Securities and the hedging vehicle, so that a Fund's return might have been better had it not attempted to hedge. Derivative instruments can be difficult to value accurately. Any misvaluation could adversely affect one or more Shareholders.

### **Changes in Government Regulations and Incentives**

A Fund may invest in companies for which governmental incentives or regulations enhance or support such companies' products and services, support such companies' suppliers' or customers' products or services, or suppress the companies' competitors. For example, tax credits for alternative energy technology, clean technology or energy saving investments may support demand for such products and services that otherwise would be much lower. In any of these cases, the end of governmental incentives or changes in governmental regulations may adversely affect these companies more significantly than companies that do not rely on such regulations or incentives to support their business. Some companies may fail as a result of changes in such incentives and regulations, and the Investment Adviser may fail to anticipate the political or regulatory factors leading up to such changes.

### **General Risks of Fixed-Income Related Investments**

A Fund may invest in fixed income Securities. Most of these investments are subject to risks such as interest rate risk, inflation/deflation risk, limited liquidity and the other risks described below. Fixed-income investments change in value because of, among other reasons, changes in market interest rates, which also change the likely duration of such investments. We may not correctly forecast changes in interest rates, which could lead to losses.

Further, we may seek to hedge a Fund's interest rate risk. The successful use of swaps, caps and floors to preserve the rate of return on a portfolio of financial instruments depends on our ability to predict correctly the direction and extent of movements in interest rates. If our judgment about the direction

or extent of the movement in interest rates is incorrect, a Fund's overall performance will be worse than if it had not entered into any such transactions.

A Fund's fixed-income investments, if any, will be worth less in the future as inflation increases. Inversely, deflation may have an adverse effect on the creditworthiness of issuers and may make issuer default more likely, which may result in a decline in the value of a Fund's portfolio. Our failure to correctly predict inflation or deflation may lead to substantial losses in any fixed-income Securities.

The value of a Fund's fixed-income investments, if any, will be affected by the ratings assigned by various credit rating agencies include Moody's Investors Services, Fitch Ratings and Standard & Poor's. If rating agencies incorrectly rate, or downgrade ratings on, a Fund's fixed income Securities, the value of the Securities may decrease substantially.

### **Other Securities-Linked Instruments**

A Fund may use derivative instruments, such as swaps, contracts for difference, participation notes, equity swaps, and zero strike calls and warrants, to gain economic exposure (whether long or short) to a particular underlying Security that a Fund cannot or does not want to own directly. Many of these derivative instruments are structured as contracts between a Fund and a counterparty. In a typical contract, a Fund deposits an amount of cash with its custodian (or broker, if legally permitted) that is equal to the selling price of the underlying Security and an additional amount to serve as the initial collateral for a change in value of the underlying Security. Thereafter, the Fund pays or receives cash or other assets from the broker or custodian based on the change in the value of the underlying Security.

A Fund does not have control of when a derivative transaction will be terminated. A counterparty may have the right to terminate a derivative transaction on limited or no notice at its discretion or when certain events occur (whether or not those events are within our control), including, but not limited to reductions in a Fund's net asset value, "key person" events and defaults by a Fund, us or our Affiliates under other agreements. The counterparty may have the right to recoup its losses due to such termination. Any such termination may occur when it is disadvantageous to a Fund and may adversely affect its Investors.

There is no exchange market on which to close an open swap position or other derivative transaction. A Fund could experience losses and delays in closing a derivative transaction, due to, among other things: (a) a counterparty's default on, or inability or refusal to perform, its obligations with respect to a transaction, including refusing to pay amounts that are due; (b) a decline in the value of collateral that a Fund holds while it seeks to enforce its rights with respect to such collateral; (c) expenses of enforcing a Fund's rights under the agreements governing the derivative transaction; and (d) losing collateral that a Fund has posted with the counterparty in the event of the counterparty's bankruptcy or insolvency. A Fund likely will be treated as an unsecured creditor with respect to such collateral. Any of these events could subject a Fund and its Investors to substantial losses.

### **Forward Trading**

Forward contracts and options thereon are not traded on exchanges and are not standardized. Instead, banks and dealers act as principals in these markets, negotiating each transaction individually. Forward and "cash" trading is substantially unregulated; there are no limits on position sizes or daily price movements. The principals who deal in the forward markets are not required to continue to make markets in the currencies they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they would buy and that at which they would sell. Disruptions can occur in any market in which a Fund trades due to unusually high trading volume, political intervention or other factors. Government controls might also limit a Fund's desired level of forward trading. Any such market illiquidity or disruption could adversely affect a Fund.

### **Mutual Funds and ETFs**

Mutual funds and ETFs purchase and sell Securities, such as stocks, commodities and bonds (or have exposures to such Securities through swaps and other derivative instruments). Some of the mutual

funds and ETFs purchased for a Fund's portfolio may concentrate heavily in a particular asset category or sector. Investors in mutual funds and ETFs generally bear all of their expenses, including fees of the investment adviser and custodian, brokerage commissions and legal and accounting fees. As a result, Investors will be paying two levels of advisory fees – the Management Fee and Performance Allocation to us and the General Partner (as applicable) and the advisory fee charged by the investment adviser of any mutual funds and ETFs in a Fund's portfolio. The foregoing fees and expenses may be expected to result in a higher cost of investment than would be the case if an Investor were to invest directly in the mutual funds and ETFs in which a Fund invests. As a result, the returns realized by the Investors from a Fund's activities will be less than the returns Investors would realize from engaging in the same activities directly.

#### **Limited Liquidity of Investments**

A Fund may invest in thinly traded and relatively illiquid Securities, Securities that may not be traded at the time a Fund invests or Securities that may cease to be traded after a Fund invests. A Fund also may take positions in some Securities that are relatively large as compared to trading volumes or overall market capitalization. In such cases and in the event of extreme market activity, a Fund may not be able to sell its investments promptly if necessary or it may need to sell them at far less than the we believe they are worth. In addition, a Fund's sales of thinly traded Securities are likely to depress their market value and thereby reduce a Fund's profitability or increase its losses. Such circumstances or events could affect a Fund's gain or loss materially and adversely.

A Fund also may invest in restricted Securities that are subject to substantial holding periods or that are not traded in public markets. Restricted Securities generally are difficult or impossible to sell at prices comparable to the market prices of similar Securities that are publicly traded. Moreover, these investments are inherently difficult to value. Any miscalculation could adversely affect one or more Investors. Such restricted Securities may not be eligible to be traded on a public market even if a public market for Securities of the same class were to exist or develop. It is highly speculative as to whether and when an issuer will be able to register its Securities so that they become eligible for trading in public markets.

#### **Risk of Default by Counterparties, Brokers, FCMs and Exchanges**

A Fund is exposed to the credit risk of the counterparties with which, or the brokers, dealers, FCMs, and exchanges through which, it deals, whether it engages in exchange-traded or off-exchange transactions. A Fund may lose its assets on deposit with a broker or FCM in the event of the broker's or FCM's bankruptcy, the bankruptcy of any clearing broker or FCM through which the broker or FCM executes and clear transactions on behalf of a Fund, or the bankruptcy of an exchange clearing house.

A Fund may effect transactions in "over-the-counter" or "interdealer" markets. Participants in these markets typically are not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. If a Fund invests in swaps, derivatives or synthetic instruments, or other over-the-counter transactions in these markets, it may take a credit risk with regard to parties with which it trades and also may bear the risk of settlement default. These risks may differ materially from those involved in exchange-traded transactions, which generally are characterized by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered into directly between two counterparties generally do not benefit from these protections, which in turn may subject a Fund to the risk that a counterparty will not settle in accordance with agreed terms and conditions because of a dispute over the terms of the contract or because of a credit or liquidity problem. Such "counterparty risk" is increased for contracts with longer maturities when events may intervene to prevent settlement. A Fund's ability to transact business with any one or any number of counterparties, the lack of any independent evaluation of the counterparties or their financial capabilities, and the absence of a regulated market to facilitate settlement, may increase a Fund's potential for losses.

#### **Service Provider Default Risk**

A Fund may have contractual agreements with various service providers, including brokers and custodians and the Administrator, to perform various functions or effect certain transactions for or on

its behalf. These entities may not be subject to credit evaluation and regulatory oversight, and may default on their obligations, which could adversely affect a Fund and its Investors.

### **Securities Lending and Borrowing**

A Fund may lend Securities to brokers, FCMs and other institutions to earn additional income, or borrow Securities from brokers, FCMs or other institutions to enable short sales. These loans typically are fully collateralized daily, but the value of the collateral may fall below the value of the loaned Securities or we may misjudge the other party's creditworthiness. If the other party becomes insolvent or bankrupt, a Fund could incur losses if the collateral is insufficient or experience delays and incur costs in liquidating the collateral or recovering payment of the Securities. If, in the meantime, the value of the Securities changes, a Fund could incur further losses.

### **Economic Conditions**

Changes in economic conditions, including, for example, interest rates, credit availability, inflation rates, industry conditions, government regulation, competition, technological developments, political and diplomatic events and trends, tax and other laws and innumerable other factors, can affect a Fund's investments and prospects materially and adversely. None of these conditions are within our control, and we may not anticipate these developments. These factors may affect the volatility of Securities prices and the liquidity of a Fund's investments. Unexpected volatility or illiquidity could impair a Fund's profitability or result in losses.

In particular, without limiting the generality of the foregoing, the global coronavirus pandemic has caused and continues to cause disruption in the global economy, unprecedented business and travel disruption and extreme fluctuations in global capital and financial markets. The pandemic has led to significant increases in unemployment levels, a decline in business and consumer confidence and spending, an economic recession in many economies throughout the world and significant increases in federal, state and local deficits and debt. The severity and extent of the impact of the pandemic on the U.S. and global capital and financial markets and economies will depend largely on future developments, including the duration of the spread of the outbreak within the U.S. and the policies implemented in connection with restoring business and other activity, all of which are highly uncertain and cannot be predicted. A prolonged period of economic contraction or stagnation may adversely affect a Fund's performance and reduce available investment opportunities. Additional effects may arise that cannot be predicted currently, including the impact of the pandemic on service providers to a Fund, us, a General Partner and our Affiliates.

### **No Control Over Portfolio Issuers**

A Fund may acquire substantial positions in the Securities of particular companies. Nevertheless, a Fund is unlikely to be represented on the board of directors or share any control over the management of any such company. The success of each investment depends on the ability and success of the management of that company, in addition to economic and market factors.

### **Concentration of Investments**

A Fund may invest in a relatively limited number of investments, so aggregate returns realized by it may be substantially affected by the unfavorable performance of a small number of such investments and a Fund's ability to hedge its exposure and to sell depreciating assets may be reduced. If a Fund's investments are concentrated in a particular industry, Security, issuer or country, its portfolio will be more susceptible to fluctuations in value and losses resulting from adverse economic conditions affecting that particular industry, Security or country.

### **Master-Feeder Structure; "Founder" Investor Concentration**

A Fund may invest through a "master-feeder" structure. The risks to a Fund associated with investing in a master Fund, which is organized outside the U.S., include those risks associated with investing in any non-U.S. Security. Changes in U.S. tax law, the tax law of the jurisdiction in which a master Fund is organized or any tax treaty between the U.S. and that jurisdiction also may adversely affect a Fund's investment in a master Fund. A master feeder structure also presents other unique risks to investors. For example, a Fund may be materially affected by the actions of other, possibly larger, Investors in the master Fund. If other Investors withdraw from the master Fund, a Fund may incur higher pro rata operating expenses, thereby producing lower returns. A master Fund's investment portfolio may become less diverse due to withdrawals by other investors, resulting in increased portfolio risk. In this

regard, the “founder” Investors in a Fund are likely to have contributed substantially all of a Fund’s initial capital, and that Investor concentration may continue for some time. These “founder” Investors may act in concert in redeeming funds, which could materially affect any other Investors’ investments in a Fund, increasing the Fund’s pro rata operating expenses and reducing our ability to diversify a master Fund’s portfolio. The master Fund is a single entity and its creditors may enforce claims against all of its assets.

### **Absence of Secondary Market**

No market for interests in the Funds exists or is expected to develop. It may be difficult or impossible to transfer any such interests, even in an emergency. However, subject to certain conditions, an Investor generally may withdraw/redeem from the Funds periodically. An Investor requesting such withdrawal/redemption bears the risk of any decline in the value of the interests in the applicable Fund from the date of notice of withdrawal/redemption until the withdrawal/redemption date. We and the Directors have the power to suspend and compel withdrawals and redemptions.

Although we believe that the withdrawal/redemption notice requirements allow a Fund sufficient time to liquidate its investments in the amounts necessary to satisfy Investor withdrawals/redemptions, a Fund may not be able to do so in a timely manner. Substantial Investor withdrawals/redemptions in a short period could require the us to liquidate Fund investments more rapidly than is desirable, possibly reducing the value of a Fund’s assets or disrupting our investment strategy. Further, a reduction in the size of a Fund’s portfolio could make it more difficult to generate a positive return or to recoup losses.

### **Reserve for Contingencies**

We, the Directors, or a General Partner may establish reserves as they deem necessary or appropriate to pay any prospective liability or obligation that they believe may arise with respect to any of a Fund’s investments or activities. Any such reserve may be established, whether or not it is required under generally accepted accounting principles, and may be allocated among a Fund’s capital accounts that we or the General Partner deems appropriate. Investors may not withdraw/redeem from the applicable Fund until we, the Directors or a General Partner deem that the reserve no longer is necessary.

### **Risk of Asset Growth**

If the assets that we and our Affiliates manage grow significantly, it may adversely affect a Fund’s investment performance. It becomes more difficult to find attractive investment opportunities as the amount of assets that we must invest increases. In this event, we may find it necessary to invest in a greater number of companies than we currently intend, which could dilute our focus on individual companies, impair our ability to monitor existing and potential investments, and result in investments that we otherwise would not select. In addition, with greater assets to invest, it becomes increasingly difficult for Clients to make investments large enough to be meaningful to their overall portfolios.

### **Complexity**

Our systems and operations are dynamic and complex. Certain of our operations interface with and depend on data and other systems operated by third parties, including prime brokers, administrators, market counterparties and their sub-custodians and other service providers, and we may not be able to quantify the risks or verify the reliability of such third-party systems. Certain operational risks may be intrinsic to our operations and may impact our financial, accounting or data processing or other systems, especially given the volume, diversity and complexity of our investment strategy. Periods of market dislocation or abrupt regulatory change may exacerbate operational risk. The failure of one or more systems or operations or the inability of those systems or operations to meet our evolving demands could have a material adverse effect on a Fund.

### **Reliance on Technology**

A Fund, us, and their service providers (including accountants, custodians, transfer agents and administrators) rely heavily on internal and third-party computer hardware and software, online services, data feeds, trading platforms, and other technology to conduct a Fund’s investment and trading activities. Disruptions to these systems or resources may make it difficult or impossible to implement a Fund’s investment strategy and could materially and adversely affect a Fund. Examples of such circumstances include natural disasters, terrorism, cybersecurity attacks, public service or utility

disruptions such as those caused by fires, floods, earthquakes, market trading halts, systems failures and other extraordinary events.

### **Electronic Trading**

We frequently place a Fund's trades electronically. If an electronic trading system or component fails, it may not be possible to enter new orders, execute existing orders or modify or cancel orders, and order priority may be lost. Any such event may cause material losses for a Fund.

### **Cybersecurity**

Although we and our Affiliates employ various computer security measures, there can be no guarantee that they would be successful in fending off cybersecurity attacks from viruses, malware, computer hackers or other malicious corruption of their information technology systems. Cybersecurity breaches of the systems of us, our Affiliates or our service providers (including accountants, custodians, transfer agents and administrators) may cause disruptions to business operations, cause losses due to theft or other reasons, interfere with a Fund's net asset value calculations, impede trading, or lead to violations of applicable privacy and other laws, regulatory fines and penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. We and any Fund cannot control the cybersecurity plans and systems put in place by our service providers and the issuers in which a Fund invests. Any cybersecurity breach could materially and adversely affect a Fund.

### **Trade Errors**

We may place orders for the purchase and sale of Securities with brokers and FCMs on behalf of a Fund. The trading process is complex and can vary for different types of Securities. Moreover, we may break up orders, or may buy or sell the same Security for more than one client, further complicating the trading process. We might make trading errors. A Fund is responsible for any such trade errors, whether the error benefits or hurts a Fund. We and our Affiliates generally will not bear the cost of any trade error or reimburse a Fund for resulting costs or losses unless it results from our or our Affiliate's gross negligence, willful misconduct or fraud.

### **Limitation on Liability of Various Persons**

Pursuant to a Fund's respective Governing Document(s), we, its General Partner, their controlling persons and any person that they elect to cover, as applicable, generally are not responsible to the Fund or any Investor for losses incurred in connection with the Fund's activities, including without limitation, any (a) failure to obtain the lowest brokerage commission, (b) error in judgment, (c) trade error or (d) tax liability asserted against the Fund or any Investor; provided that if the loss is due to the action of an indemnified person, such conduct must not have constituted gross negligence, willful misconduct or fraud. Accordingly, Investor losses generally will not be recoverable from us if they result from an erroneous decision. The Fund's agreements with brokers, FCMs, custodians, administrators, auditors and other service providers also contain provisions that limit the liability of and indemnify those parties and their Affiliates in certain circumstances.

### **Conflicts of Interest**

We, a General Partner, and our Affiliates may sponsor, manage and participate in other Securities investment activities unrelated to a Fund's activities (some of which may compete with a Fund's investment activities).

These other activities may include, among other things, providing investment advisory services to the Other Accounts and investing for their own accounts. These other activities create conflicts of interest, such as, for example, the following:

- (a) We, on behalf of a Fund or other Client and in other capacities with other entities or for our own account, has discretion in determining which investments are made by a Fund or the Other Accounts, sold to others or made by us or our Affiliates, with or without the participation of any other person. The interests of a Fund and the Other Accounts in selecting, negotiating and administering investments may conflict in some circumstances. We may give advice and take action with respect to any Other Account that differs from advice that it gives or the timing or nature of action that it takes with respect to a Fund.

For example, we select investments for a Fund and the Other Accounts based solely on investment considerations for such persons. A Fund and the Other Accounts have different investment strategies and expected levels of trading. In the course of providing advisory services, we may buy or sell a Security for one type of Client but not for another. Further, we may buy or sell a Security for one type of Client while simultaneously selling or buying the same Security for another type of Client. We or our Affiliates may be able to obtain more favorable compensation, cost reimbursement or risk sharing arrangements in connection with some investments if a Fund does not participate. These factors could influence us not to make investments on a Fund's behalf even though participation might benefit a Fund.

- (b) We, a General Partner and our partners, manager, members, officers, employees and Affiliates also may engage in Securities transactions for their own accounts or for any Other Account. We are not obligated, however, to acquire for a Fund any Security that any of such persons may acquire for its or their own accounts or for any Other Account. We and any of such persons may make any investment, whether or not in competition with a Fund, or in a manner that would limit or eliminate a Fund's opportunity to make the investment, without any accountability to a Fund, the Master Fund or any Investor.
- (c) We and a General Partner may have conflicts over the amount of time spent managing the Funds and the Other Accounts. If we receive better overall compensation and other benefits from managing the Other Accounts compared to managing any Fund, we have an incentive to allocate more time to those other activities.
- (d) Legal counsel for us and a General Partner does not and will not serve as counsel for any Fund, or represent the interests of Investors in connection with the activities of any Fund or any offering of interests in the Funds. Such counsel disclaims any fiduciary or attorney-client relationship with Investors and any Fund. None of the potential Investors in a Fund as a group, any Fund, or any Fund's Investors has been represented by separate counsel. The attorneys and certain other experts who perform services either directly or on behalf of the us or a General Partner for a Fund do not represent or perform services for Investors. Prospective Investors should obtain the advice of their own counsel regarding legal matters.
- (e) We direct the trades of the Fund and the Other Accounts to brokers and FCMs that offer us, any General Partner and our Affiliates nonmonetary benefits or "soft dollars." These soft dollars take the form of research, other services regarding Securities investments and other products and services and are available to us or our Affiliates in connection with transactions in which a Fund does not participate. Brokers and FCMs also may solicit or refer Investors to invest in a Fund or the Other Accounts. These benefits influence us and our Affiliates to select one broker or FCM rather than another to perform services for a Fund.
- (f) The Administrator's officers and employees are involved in other business activities and are not required to devote any specific amount of time to administering any Fund.
- (g) The Directors serve on the boards of numerous other investment entities and, as a result, will have conflicts over the amount of time spent overseeing a Fund and those other entities.

#### **Effect of Performance Allocation**

Our Affiliate(s) who serve as a Fund's General Partner typically receives a Performance Allocation that is based on net changes in each Fund capital account. Because the Performance Allocation is so based, it increases as a result of unrealized appreciation, as well as realized gains. The Performance Allocation is not affected by Losses in a subsequent Fiscal Year.

The Performance Allocation may create an incentive for us to make Fund investments that are riskier or more speculative than it would make if our affiliated General Partner, did not receive an allocation based on a Fund's performance and to overvalue a Fund's Securities.

#### **Valuation**

We determine the value of a Fund's Securities in good faith, whether or not a public market exists for Securities of the same class or type. If that valuation is inaccurate, we might receive a Management Fee and a General Partner might receive a Performance Allocation that is greater than the fee and allocation that they otherwise would be entitled to receive. We may not be able to effectively



manage a Fund's investment portfolio, diversification and other internal guidelines and risks if a Fund's portfolio is inaccurately valued. Any such inaccuracy could affect Investors adversely.

#### **Differing Terms for Particular Investors and Other Accounts**

The terms that govern any particular Other Account may be more advantageous than those generally applicable to a Fund, and the terms that apply to a particular Investor in a Fund or Investor in Other Accounts may be more advantageous than those generally applicable to other Investors.

For example, we and a General Partner can agree to reduce the Management Fee and Performance Allocation with respect to certain "Founding" Investors. In addition, a strategic investor ("Strategic Investor") that has made significant investments in certain Series of certain Funds can be entitled to reduced Management Fees and Performance Allocations, or will be subject to a differing redemption fee. The Strategic Investor will also often have access to certain portfolio information, including certain Funds' month-end portfolio positions (with a 2-month lag). In the future, some Investors in an Other Account also may receive such reduced or waived Management Fees or Performance Allocations as well as the following terms and conditions that do not apply to other Investors: special redemption rights that provide better redemption frequency or shorter redemption notice; rights to receive reports on a more frequent basis or that include information not provided to other Investors (including, without limitation, more detailed information regarding portfolio positions); special rights to make future investments a Fund, other investment funds or managed accounts; and such other rights as may be negotiated by those persons or Other Accounts.

If an Investor invests in an Other Account (such as a separately-managed account) with us that uses an investment strategy that is similar to that of a Fund, that Investors may use its knowledge of the portfolio in that Other Account to decide if and when to make an additional investment or redemption from a Fund. Such investments or redemptions could occur when other Investors would have made similar decisions if they had similar transparency.

#### **General Partner's Right to Dissolve a Fund**

The General Partner may dissolve a Fund at any time. Accordingly, there is a risk that if a Fund's assets become depleted or Unrecouped Losses become significant and, as a result, the Management Fee and Performance Allocation are reduced, the General Partner may elect to dissolve a Fund at a time when dissolution may be disadvantageous to Investors. In addition, the General Partner may expel any Investor at any time. Such expulsion could result in adverse tax and economic consequences to Investors.

#### **Anti-Money Laundering**

If a Fund, us, a General Partner, the Administrator or any governmental agency believes that a Fund has accepted subscriptions for interests in the Funds by, or is otherwise holding assets of, any person or entity that is acting, directly or indirectly, in violation of any U.S., international or other anti-money laundering laws, rules, regulations, treaties or other restrictions, or on behalf of any suspected terrorist or terrorist organization, we, a General Partner, Directors, the Administrator or such governmental agency may freeze that Investor's assets or suspend its redemption rights. We, a General Partner, Directors or the Administrator also may be required to remit or transfer those assets to a government agency. To comply with any applicable laws, particularly anti-money laundering regulations, we, a General Partner, the Directors or the Administrator may require additional identifying information and/or documentation of the Investor and/or the sources of funds of the Investor. Any delay by the Investor in providing this information will delay the processing of that Investor's subscription and may cause us, a General Partner, Directors or the Administrator to reject the subscription. None of any Fund, us, any General Partner, Directors or the Administrator will be liable for losses in connection with delays or otherwise related to the anti-money laundering verification process.

#### **No Dividends or Distributions**

The Fund does not intend to pay dividends or other distributions to Investors, but intends to reinvest substantially all of its income and gain. Accordingly, an investment in a Fund may not be suitable for Investors seeking current returns for financial or tax planning purposes.

**Portfolio Turnover**

A Fund may trade Securities actively and may incur significant brokerage, custody and other transaction costs and expenses. It may have higher portfolio turnover than other investment funds. A Fund's brokerage commissions and other transaction costs could be higher than those incurred by funds with a lower portfolio turnover rate. These and other expenses of operating a Fund are paid out of a Fund's capital, reducing the Fund's investments and potential for profitability. This risk is higher if the Fund have limited capital.

**U.S. Securities Laws**

The equity interests in the Funds are not registered under the Securities Act of 1933, the Funds are not registered investment companies under the Investment Company Act of 1940, One01 is not registered as a commodity pool operator or commodity trading adviser under the Commodity Exchange Act or as a broker or dealer under the Securities Exchange Act of 1934. One01 believes that none of these registrations is required because exemptions are available under applicable law. If a regulatory authority deems that any of these registrations is required, One01 and any Fund could be subject to expensive legal action and potential termination. In addition, Investors do not have certain regulatory protection that they would have if these registrations were in place.

**Regulatory Risks Related to Investment Advisers and Private Investment Funds**

There have been various U.S. federal, state and international proposals to increase the regulation of investment advisers and private investment funds. In addition, the regulatory and tax environment for derivative Securities and related instruments is evolving and may be subject to modification by government or judicial action which may adversely affect the value of a Fund's investments. The actual regulatory and tax changes are impossible to predict, but any such changes may adversely affect a Fund.

**Soft Wind-Down**

If the Directors, in consultation with us, decide that the investment strategy is no longer viable, they may resolve that a Fund be managed with the objective of realizing assets in an orderly manner and distributing the proceeds to Investors in such manner as they determine to be in the best interests of the Fund, in accordance with the terms of a Fund's Governing Documents, including, without limitation, expelling Investors from the Funds, paying any redemption or dividend proceeds in kind or declaring a suspension while assets are realized. This process is integral to the business of a Fund and may be carried out without recourse to a formal liquidation under the Companies Law or any other applicable bankruptcy or insolvency regime, but will be without prejudice to the right of the Management Shareholder to place a Fund into liquidation.

**Consequences for Shareholders Due to FATCA/CRS**

A Fund may take such action with respect to an Investor's interests or redemption proceeds as it considers appropriate under relevant legislation and regulations, including but not limited to FATCA/CRS. Such actions may include, but are not limited to the following:

- (a) The disclosure by a Fund, an Administrator or such other service provider or delegate of a Fund, of information relating to Investors to the Cayman Islands Tax Information Authority or equivalent authority and any other foreign government body as required by FATCA/CRS. Such information may include confidential information such as financial information concerning an Investor's investment in a Fund, and any information relating to any Investor, its principals, partners, beneficial owners (direct or indirect) or controlling persons (direct or indirect).
- (b) Expelling Investors from the Funds in accordance with the terms of the applicable Governing Documents and deducting relevant amounts from a recalcitrant Investor so that any withholding tax payable by a Fund or any related costs, debts, expenses, obligations or liabilities (whether internal or external to a Fund) are recovered from Investor whose action or inaction (directly or indirectly) gave rise or contributed to such taxes, costs or liabilities. Failure by an Investor to assist a Fund in meeting its obligations pursuant to FATCA/CRS may therefore result in pecuniary loss to that Investor.

## **General Data Protection Regulation**

The EU has introduced a data protection regime with extraterritorial effect in the form of the General Data Protection Regulation (Regulation 2016/679) ("GDPR"). As each Fund does not have an establishment in the EU, does not process the personal data of individuals in the EU in relation to the offering of interests in the Funds to such individuals and does not monitor the behavior of individuals in the EU, each Fund considers itself to be outside the scope of the GDPR. However, the GDPR is new legislation and subject to interpretation by courts and data regulators. If a Fund were considered to be a data controller or data processor within scope of the GDPR, it would be subject to detailed requirements as to the way in which personal data is dealt with and retained, together with a stringent enforcement regime and the potential for substantial fines. This might result in increased operational and compliance costs being borne directly or indirectly by such Fund. Further there is a risk that a Fund or its service providers might be found to be in breach of the GDPR, with the potential for significant administrative fines, legal costs and compensation needing to be paid.

## **Tax Audits**

A Fund may be audited by U.S. federal, state or other tax authorities. An income tax audit may result in an increased tax liability of the Fund, including with respect to years when an Investor was not an Investor of a Fund, which could reduce the net asset value of a Fund and affect the return of all Investors.

## **Accounting for Uncertainty in Income Taxes**

Accounting Standards Codification Topic No. 740, "Income Taxes" (in part formerly known as "FIN 48") ("ASC 740"), provides guidance on the recognition of uncertain tax positions. ASC 740 prescribes the minimum recognition threshold that a tax position is required to meet before being recognized in an entity's financial statements. It also provides guidance on recognition, measurement, classification and interest and penalties with respect to tax positions. A prospective Investor should be aware that, among other things, ASC 740 could have a material adverse effect on the periodic calculations of the net asset value of a Fund, including reducing the net asset value of a Fund to reflect reserves for income taxes, such as U.S. and foreign withholding taxes and income taxes payable on income effectively connected with a trade or business, that may be payable by a Fund. This could cause benefits or detriments to certain Investors, depending on the timing of their entry and exit from a Fund.

## **Consequences of Prohibited Transactions**

If a transaction in which a Fund engages were to constitute (or were alleged to have constituted) a prohibited transaction under ERISA section 406 or Code section 4975(c) and not qualify for exemptive relief under a statutory, regulatory or administrative exemption, (a) the particular transaction may have to be rescinded or otherwise corrected, with potential substantial losses to a Fund, (b) responsible fiduciaries may be subjected to claims for monetary relief under ERISA section 409, (c) affected parties may assert indemnity or other claims against a Fund, (d) fiduciaries and other parties in interest may be subject to claims for equitable relief, and (e) any party in interest (other than a fiduciary acting solely in that capacity) may be required to pay excise taxes under Code section 4975.

## **ERISA Fiduciary Liability**

Fiduciaries of ERISA Plans that invest in the Funds are subject to the fiduciary responsibility and liability provisions of ERISA.

We may not be a "qualified professional asset manager" (a "QPAM"). At any time that we are not a QPAM and a Fund's assets are "plan assets," under ERISA section 3(42) and the regulations referred to therein, as explained in "ERISA and Other Plan Considerations," (a) transactions involving a Fund will not be eligible for the DOL prohibited transaction class exemption that otherwise would be available if a Fund were managed by a QPAM (although another exemption may apply), and (b) fiduciaries of Plans that invest in the Funds will not receive the protection from potential liability that otherwise would apply by virtue of that class exemption.

## **Exchange Fluctuations**

Fluctuations in the U.S. dollar exchange rate against the home currencies of Investors are unpredictable and can significantly reduce each Investor's return on its investment in the Funds. A Fund will not hedge such risks for any Investors.

### **Liquidation**

If a Fund becomes insolvent, Investors may be required to return with interest any property distributed that represented a return of capital, repay any distributions wrongfully made to them and forfeit any undistributed profits.

**THE FOREGOING RISK FACTORS DO NOT COMPLETELY EXPLAIN THE RISKS INVOLVED IN AN INVESTMENT IN A FUND. POTENTIAL INVESTORS MUST READ THE APPLICABLE GOVERNING DOCUMENTS IN THEIR ENTIRETY, INCLUDING ANY APPENDICES AND EXHIBITS, AND CONSULT THEIR OWN ADVISERS BEFORE INVESTING IN ANY FUND.**

### **Item 9 - Disciplinary Information**

We do not have any legal or disciplinary events to disclose which would be material to a Client or Investor's evaluation of our business.

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

- A. Neither we nor any of our management persons are registered or applying to register as a broker-dealer or representative thereof.
- B. Neither we nor any of our management persons are registered or applying to register as futures commission merchants, commodity pool operators, commodity trading advisors, or associated persons of the foregoing entities. To the extent a client trades or is deemed to trade in commodity interests, we will maintain certain exemptions from registration with the U.S. Commodity Futures Trading Commission as a commodity pool operator or commodity trading adviser, as applicable, with respect to such clients.
- C. One or more of our affiliates serves as general partner to certain Funds. We do not have any arrangements with a related person who is a broker-dealer, securities dealer, government securities dealer or broker, investment company or other pooled investment vehicle, investment adviser, financial planning firm, banking or thrift institution, accountant or accounting firm, lawyer or law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships that are material to its advisory services.

Principals, employees and affiliates of One01 may hold significant investments in a Fund from time to time. However, we do not believe this creates any material conflict of interest as it aligns our interests with a Fund's Investors.

- D. One01 does not have any formal arrangements or agreements to recommend or select other investment advisers for our clients.

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

- A. We have adopted a Code of Ethics (the "Code of Ethics") that reflects our commitment to conducting our business in accordance with all applicable laws and regulations and in an ethical and professional manner. In addition, we recognize that we have a fiduciary duty to the Funds and other accounts we manage, and that all of our employees must conduct their business on our behalf in a manner that enables us to fulfill this fiduciary duty. In this regard, we have developed policies and procedures in our Code of Ethics that are premised on fundamental principles of openness, integrity, honesty and trust. In addition, among other things, our Code of Ethics governs personal investment transactions by our employees, our policies with respect to gifts and entertainment, compliance with applicable federal securities laws, the manner in which violations of our Code of Ethics are to be reported, and certain other outside activities of our employees. With certain limited exclusions, personal securities transactions by employees require the pre-approval of the Chief Compliance Officer. We will provide a copy of our Code of Ethics to any client or prospective Client upon request.
- B. Not applicable.
- C/D. We are committed to ensuring that personal securities holdings and transactions of our employees are managed in a meaningful way. Our Code of Ethics contains provisions that allow us to monitor employee holdings through regular reports, and, as stated above, most personal transactions are subject to preapproval. Nevertheless, it is possible that from time to time, our employees may hold the

same securities that we recommend to, or purchase or sell on behalf of, Clients. To manage the potential conflicts that may arise when our employees buy or sell securities at or about the same time as a Client buys or sells the same securities, most personal trading—aside from limited exclusions—by our employees must be preapproved in advance by our Chief Compliance Officer. In general, employees are restricted from personally trading any securities traded by any Client for three days after the most recent Client transaction(s) in such securities. In addition, preapproval will not be granted if we believe that the proposed trade, if allowed, would otherwise serve as a potential material conflict of interest. In addition, we and/or certain employees may have investments in one or more of the Funds. However, we believe this better aligns our interests with our Funds and Investors, and does not serve as a material conflict of interest at this time.

## **Item 12 - Brokerage Practices**

- A. In connection with the Funds, we determine the broker or dealer to be used for each securities transaction for each Fund. In selecting brokers or dealers to execute transactions, we generally need not solicit competitive bids and do not have an obligation to seek the lowest available commission cost. It is not our practice to negotiate "execution only" commission rates; thus a Fund may be deemed to be paying for research, brokerage or other services provided by the broker which are included in the commission rate.

Although we will make a good faith determination that the amount of commissions paid are reasonable in light of the products or services provided by a broker, commission rates are generally negotiable and thus, selecting brokers on the basis of considerations that are not limited to the applicable commission rates may result in higher transaction costs than would otherwise be obtainable. In selecting brokers and negotiating commission rates, we may take into account the financial stability and reputation of brokerage firms, the quality of service, and the research, brokerage or other services provided by such brokers. We may place transactions with a broker or dealer that (i) provides us (or an affiliate) with the opportunity to participate in capital introduction events sponsored by the broker-dealer or (ii) refers Investors to a Fund or other products advised by us (or an affiliate), if otherwise consistent with seeking best execution; provided we are not selecting the broker-dealer in recognition of the opportunity to participate in such capital introduction events or the referral of Investors.

Section 28(e) of the Securities Exchange Act of 1934, as amended, provides a "safe harbor" that permits us to use commissions or "Soft Dollars" to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process ("Soft Dollar Benefits"). When we use Soft Dollars or receive Soft Dollar Benefits, we receive a benefit because we do not have to produce or pay for such products or services ourselves, and we may have an incentive to select or recommend a broker-dealer based on our interest in receiving Soft Dollar Benefits rather than a Client's interest in receiving most favorable execution. We limit our use of Soft Dollars to that allowed by Section 28(e).

- B. Our current Clients are structured as a single master-feeder complex, whereby substantially all trades are effected at the master fund level. Given the nature of the Funds and the transactions we effect on their behalf, we have not needed to aggregate any Client trades to date.

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

- A. Mr. Ou, our Managing Partner, and our investment team reviews the account(s), strategy(ies), and investment(s) of each Client at least daily to ensure that each Client's account(s) are managed in a manner consistent with the relevant Governing Documents.
- B. Apart from routine, periodic reviews, Client accounts may be reviewed in response to significant changes to the Client, the capital markets more broadly, or other exigent circumstances that we believe warrant additional review or consideration.
- C. Our investment team provides Investors with annual audited financial statements; periodic performance reports, such as Investor letters or others; and for US Fund Investors, all tax information relating to their investments in the Fund necessary for US income tax purposes.

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

One01 may engage solicitors to whom it pays cash or a portion of the advisory fees paid by Investors or Clients referred to it by those solicitors. In such cases, this practice is disclosed to the Investor or Client and One01 complies with the other requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940 (the "Advisers Act"), to the extent required by applicable law.

#### **Item 15 - Custody**

We or our affiliates enter into agreements with qualified custodians to maintain custody of each Fund's assets as and to the extent required by Rule 206(4)-2 under the Advisers Act). These qualified custodians generally include banks, registered broker dealers and potentially certain foreign financial institutions. While we do not take physical custody of any Client assets, our affiliates may be deemed to have custody. We or our affiliates have arranged for the delivery of audited financial statements to each Investor within 120 days of the end of each fiscal year; Investors do not receive reports directly from the applicable Fund's qualified custodians.

We urge all Clients and Investors to carefully review any statements received from the administrator and/or custodian, as applicable, and to compare any such account statements against those received directly from us.

#### **Item 16 - Investment Discretion**

One01 has discretionary authority over each Fund's investment activities pursuant to the applicable Governing Document(s). Investors generally may not place any limits on our authority beyond the limitations set forth in the applicable Governing Document(s).

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

We typically hold authority to vote our Clients' securities, including the Funds. As a general matter, we seek to vote proposals ("Proxies") in a manner intended to maximize the value of a Client's securities or otherwise in observance of our proxy voting policy. We have developed a proxy voting policy which we believe is reasonably designed to ensure that Proxies are voted in the best interest of the applicable Client, in accordance with our fiduciary duties, and in compliance with Rule 206(4)-6 under the Advisers Act. In general, Clients may not direct the manner in which we vote a particular Proxy.

Our proxy voting policy includes provisions intended to identify and manage potential conflicts of interest between us and our Clients with respect to our voting of their Proxies. Such provisions include periodic attestations designed to identify potential conflicts of interest, and procedures for handling any that may be identified or suspected.

Upon the request of a Client, we will disclose to such Client how we voted securities owned by such Client. A copy of One01's proxy voting policies and procedures is available upon request of a Client. Clients may contact us via the e-mail address or telephone number shown on the cover page of this Brochure to request a copy of our proxy voting procedures or to inquire about the way in which a proxy was voted.

#### **Item 18 - Financial Information**

One01 is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to the Funds and has not been the subject of a bankruptcy petition at any time during the past ten years.