

Library Research Limited

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This brochure provides information about the qualifications and business practices of Library Research Limited. If you have any questions about the contents of this brochure, please contact us at +852-3618-9070 or email at ir@librarygroup.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“**SEC**”) or by any state securities authority.

Registration of an investment adviser does not imply that Library Research Limited or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

Additional information about Library Research Limited is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

This is Library Research Limited's initial brochure filing. Therefore, there are no material changes applicable at this time. Material changes relating to the information contained in this brochure will be included in subsequent filings.

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Item 4: Advisory Business

Advisory Firm

Library Research Limited (“**Library**”, “**we**” or the “**Firm**”) is a Hong Kong Limited Liability Company incorporated in Hong Kong on 2 November 2017 and acts as the investment adviser to Library Group Volume I, Library Group Volume II and Library Group Volume III (collectively, the “**Funds**”). The Funds are incorporated in the Cayman Islands as exempted companies with limited liability.

The Firm is wholly owned by Library Research Limited, which is owned by Ziyin Jin. The firm is currently controlled by Library Research Limited and Ziyin Jin.

Types of Services Offered

The principal activity of Library is to provide discretionary investment management services including investment advisory services, specializing in Asia and Greater China equities investments.

The Firm provides investment advisory services to the Funds based on specific investment objectives and strategies. The Funds offering documents (as amended and supplemented from time to time) set forth the investment guidelines and/or the types of investments in which the assets of the Funds may invest.

Together with its affiliate, Library provides investment management services to separately managed accounts (“**SMAs**”).

Ability to Tailor Services and Impose Restrictions

The investment objectives and strategy for the Funds are described in the Funds offering documents. Library provides investment advisory services to the Funds based on the specific investment objectives and strategies of the Funds and not individually to investors in the Funds (the “**Investors**”). Since the Firm does not provide tailored advice to the Fund’s Investors, such investors should consider whether the Fund’s investment strategies are in line with their risk tolerance. The Funds may from time to time enter into side letter agreements or other similar agreements (“**Side Letters**”) providing investors with additional and/or different rights and benefits. Directors may also reduce the minimum subscription amounts in consultations with the Firm, subject to requirements by applicable laws.

Wrap Fee Programs

The Firm does not participate, sponsor or act as a portfolio manager for any wrap fee programs.

Client Assets

As of December 31, 2019, Library together with its affiliate had approximately US\$227,154,022 assets under management, all of which it manages on a discretionary basis.

The performance of the Funds and SMAs will be reported, fees will be calculated, and all subscriptions and redemptions will be transacted, in US dollars (US\$).

Item 5: Fees and Compensation

The fees, compensation, and expenses applicable to the Funds are set forth in detail in the respective Governing Agreements.

Management Fee

Library charges the Funds a fee for its investment management services based on assets under management (the “**Management Fee**”), which set forth in the Fund’s offering documents. With respect to all share classes, the Firm receives an annual management fee ranging up to 2% per annum in respect of the net asset value (“**NAV**”) per series of the relevant class of issue. The Management Fee is payable monthly in arrears as soon as practicable after the end of each calendar month. The Funds may from time to time enter into Side Letters providing for changes in management fees and performance allocation.

Performance Based Compensation

In addition to Management Fees, Library receives performance-based compensation in the form of a performance fee (the “**Performance Fee**”) equal to a percentage of the appreciation in the value of the shares above the prior High Net Asset Value of such shares. In certain instances, The Performance Fee is equal to a percentage of the appreciation in the value above the performance hurdle. The Performance Fee will accrue monthly as at the close of business on each valuation day.

The Firm, in its sole discretion, may reduce, waive, rebate, or modify the performance fee with respect to certain shareholders, including affiliate of the Firm. This may be effected through the creation of additional classes, subclasses or series of shares, which will not require shareholder approval. The Funds will not be subject to a performance fee on its investment in the Master Fund.

Brokerage Fees

The Funds are responsible for paying any and all brokerage fees including, without limitation, commissions, annual fees, brokerage charges, bank charges, registration fees, clearing and settlement charges, taxes and/or duties.

Other Costs and Expenses

The Funds pay various ongoing operational expenses, including but not limited to, accounting, auditing, tax preparation, legal, administration, research, and trading costs. The Funds may incur brokerage and other transaction costs. Fees and compensation are generally deducted from the assets of the Funds on a quarterly basis.

Sales Compensation

Library and its supervised persons do not receive (directly or indirectly) any compensation from the purchase or sale of securities or investments for the Funds. Library and its supervised persons do not receive (directly or indirectly) sales commissions in connection with sales of interests in the Funds.

Item 6: Performance-Based Fees

As discussed in **Item 5** above, Library generally will be entitled to receive performance-based compensation in connection with investment advisory services provided.

Library negotiates or arranges such performance fees with clients before entering advisory relationships. The receipt of performance-based compensation may create an incentive for Library to make investments that are riskier or speculative than those Library would otherwise make in the absence of such incentive compensation. Library addresses this conflict by focusing on long-term relationships with its clients and Fund investors, by managing the Funds in accordance with the applicable advisory agreement and/or governing documents. The Firm has adopted a policy to allocate transactions and investment opportunities across multiple clients on what the Firm believes to be a fair and equitable basis.

Item 7: Types of Clients

Library provides investment management services to the Funds. Investors in the Funds primarily consist of institutional investors, high net worth individuals and Family Offices.

The minimum initial investment amount for the Fund is generally US\$1,000,000 and the minimum subsequent investment amount is US\$100,000. In certain circumstances, minimum investment amounts may be amended by directors in consultation with the Firm.

Clients with SMAs will be required to enter into a separate Investment Management Agreement ("**IMA**") with the Firm or its affiliate. The Firm or its affiliate may require a minimum account size, which will be determined on a case by case basis.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

Investment Strategy and Objective

The Funds will attempt to generate positive, risk-adjusted returns for investors. The Funds have adopted a fundamental long strategy that invests, on a global basis, primarily in equity securities of companies that have significant operations or are substantially impacted by developments in China.

The Funds investment universe will predominantly be focused on financial instruments such as listed equities, debt and equity securities (which may be rated or unrated), futures, options, currencies, forward contracts, convertible securities, commodities, bank loans, high yield debt securities, mortgage backed securities, swaps, privately placed securities and other derivative instruments. The Funds may employ strategies involving leverage, short sales and options for hedging purposes. These instruments may be transacted in various jurisdictions including, without limitation, China and the United States.

The Funds will utilize a fundamental bottom-up approach. The Funds primarily aim to identify prospective investments through conducting detailed fundamental research and qualitative analysis about the companies that have significant operations or are substantially impacted by developments in China. The Funds will seek to regularly adjust and balance its investment approach considering the macro-economic and political environment, the investment cycles and market conditions.

Library will generate proprietary research and analysis across the investment universe. This research will not be focused on any particular industry sector or companies of a particular market capitalization. The Firm may take a long position in any security in which the Funds invests. The Firm may utilize QFII, RQFII, Stock Connect or other available stock exchange access schemes to invest in, or gain economic exposure to the Market Access Products.

Risk Management

Library employs an ongoing risk monitoring process in an attempt to preserve capital and minimize volatility. The Firm is responsible for the risk management of the Fund's Investments, and will regularly monitor, review and manage Investments with a focus on, among other things: gross and net market, sector, and overall portfolio exposures; the volatility of positions; position liquidity and the premium required for less liquid positions; a re-examination of position profits and losses; risk factor models and proprietary risk management tools; and the use of derivatives for hedging purposes.

Library has broad investment discretion in seeking to achieve the Fund's objectives. The Funds are not subject to any formal policies in relation to diversification and may shift its capital allocation among the various strategies it deploys as opportunities change across industries, and in respect of specific companies.

Risk Factors

An investment in the Funds involves a high degree of risk. There is no guarantee that implementation of the investment objective or strategy with respect to the assets will not result in losses to holders of participating shares.

Listed below are some of the key risks associated with an investment in the Funds. The following explanation of certain risks is not exhaustive, but rather highlights some of the more significant risks involved in the Funds investment strategies. For a complete explanation of the Funds investment strategies and their associated risks, investors in the Fund and prospective clients are encouraged to read the Funds offering documents and consult their own advisers before deciding whether to invest in the Funds. Investments should only be made if the nature of investments and risks of investment are understood.

No assurance can be given that profits will be achieved or that substantial losses will not be incurred.

Market Risk:

Any investment made in a specific group of securities is exposed to the universal risks of the securities market. However, there can be no guarantee that losses equivalent to or greater than the overall market will not be incurred as a result of investing in such securities. Markets generally, or any particular market or segment of a market in which the Fund has invested, could move against the portfolio and the Fund could suffer losses. The performance of the portfolio depends to a great extent on the accuracy of the assessments of the future course of market price movements. There can be no assurance that the Manager will be able to predict accurately these price movements.

Liquidity Risk:

Under certain conditions liquidity of a particular market or security may be restricted, thereby affecting the performance of the Funds. Lack of liquidity or market depth can affect the valuation of the Fund's assets as it looks to realize securities at quoted prices.

Exchange Fluctuations:

Participating shares of the Funds will be issued and redeemed in US dollars. It may not be possible, or practicable to hedge successfully against currency risk exposure in all circumstances. Further, exchange rate fluctuations and the costs of the currency hedging arrangements utilized may prejudicially affect the NAV per share of a class or series even where investment performance in respect of those classes or series is positive.

Political Instability and Political Developments:

The markets in the countries in which the Funds may invest in could experience substantial price volatility which could have an adverse impact on the value of the investments. Periods of economic and political uncertainty may result in further volatility in the value of investments.

Less Information and Regulation:

The Funds may invest in the instruments in various jurisdictions, including emerging market jurisdictions which may have corporate governance and financial reporting standards that are relatively less regulated, when compared to developed markets. Accordingly, the Funds may not be able to obtain as much as disclosure in terms of financial and corporate due diligence, as well as not being provided the same level of governance protections, as compared to the regimes of other developed markets.

Item 9: Disciplinary Information

Library and its affiliate have not been subject to any disciplinary action, whether criminal, civil or administrative (including regulatory) in any jurisdiction. Likewise, no persons involved in the management of Library have been subject to such action.

Item 10: Other Financial Industry Activities and Affiliations

Broker Dealer Registration Status

None of Library or any of its management persons are registered as broker-dealers or registered representatives of broker-dealers, and no applications are pending to register Library or any of its management persons with the SEC as a broker-dealer or registered representative of a broker-dealer.

Commodity Pool Operator, Commodity Trading Adviser, Futures Commission Merchant Registration

The Firm and its affiliate are exempt from registration as a commodity pool operator and commodity trading adviser based on the de minimis level of commodity interests held by the Fund and has filed the applicable exemption notices with the U.S. Commodity Futures Trading Commission (“**CFTC**”) and the National Futures Association (“**NFA**”).

Hong Kong Securities and Futures Commission

Library is registered and licensed with the Hong Kong Securities and Futures Commission (“**SFC**”) with Central Entity Number (“**CE**”) **BML706** to conduct asset management regulated business activities.

Other Material Relationships

Library does not have other relationships or arrangements that are material to the Firm’s advisory business or to its clients that the Firm or any of its management persons have with any of the following related persons: (i) a broker-dealer, municipal securities dealer, or government securities dealer or broker; (ii) an investment company or other pooled investment vehicle; (iii) a futures commission merchant or commodity trading advisor; (iv) a banking or thrift institution; (v) an accountant or accounting firm; (vi) a lawyer or law firm; (vii) an insurance company or agency; (viii) a pension consultant; and (ix) a real estate broker or dealer sponsor or syndicator of limited partnerships.

Library does not recommend or select other investment advisers for its clients in return for compensation directly or indirectly from those advisers.

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

Code of Ethics

In order to address conflicts of interest, Library has adopted a Code of Ethics pursuant to Rule 204A-1 under the Investment Advisers Act of 1940 (the “**Advisers Act**”) which is applicable to all of the Firm’s partners, officers, managers, members, and employees (collectively, “**Employees**”).

The Code of Ethics generally sets the standard of ethical and professional business conduct that Library requires of its Employees, requires Employees to comply with applicable federal securities laws and regulations, and sets forth provisions regarding personal securities transactions by Employees. Additionally, the Code of Ethics sets forth Library’s policies and procedures with respect to material, non-public information and other confidential information, and the fiduciary obligations that Library and each of its Employees owe to each client.

The Code of Ethics is circulated at least annually to all Employees, and each Employee at least annually must certify in writing that he or she has received and followed the Code and any amendments thereto. Library will provide a copy of the Code of Ethics to any client or prospective client, free of charge, upon request.

Participation or Interest in Client Transactions

Library serves as the investment adviser to the Funds. Employees, affiliate of the employees, and relatives of the employee may make investments in the Funds. The Firm may or may not receive any compensation from such investments from employees.

The Firm and our affiliate and employees have a financial interest in the Funds through an incentive allocation or a direct investment interest in the Funds. As such, we could be considered to have recommended to Investors that they buy or sell securities or investments in which the Firm or a related person has some financial interest.

Personal Account Dealing

All applicable employees of Library and its affiliate must provide duplicate copies of brokerage statements or quarterly attestations to Compliance. These records are used to monitor compliance with the Firm’s Compliance Manual and Code of Ethics.

The personal account dealing policy requires that:

- trades are subject to a general 30-day minimum holding period;
- securities cannot be traded if they are on the Firm’s restricted list;
- a Covered Person may not purchase a security in an initial public offering available to the Fund;
- the CCO will consider the volume of both personal and the Firm’s trading when reviewing trade preclearance requests to determine whether trading may affect market prices.

The policy extends to the trading of employees and certain other persons who have a relationship with the Firm or its personnel (“**Covered Persons**”). Covered Persons must obtain written authorization from the Chief Compliance Officer (“**CCO**”) prior to purchasing, selling or transferring certain types of securities, or exercising any option which is traded on

exchanges in certain markets. Employees may not engage in any outside business activities or invest in private companies before obtaining authorisation from Compliance.

Any request for an exception under this policy must be submitted in writing to the CCO with sufficient information for consideration. A copy of the Compliance Manual will be provided upon request.

Item 12: Brokerage Practices

Best Execution

In effecting securities transactions, the Firm and its affiliate will seek to obtain best execution of orders. In determining the broker or dealer to be used and the commission rates to be paid, the Firm and its affiliate will consider the utility and reliability of brokerage services, including execution capability and performance, financial responsibility, investment information, market insights, other research provided by such brokers, and access to analysts, management and idea generation. Accordingly, the commissions charged by any such broker may be greater than the amount another firm might charge if the Firm and its affiliate determine in good faith that the amount of such commissions is reasonable in relation to the value of the brokerage services and research information provided by such brokers.

Trade Aggregation

The aggregation of client transactions allows an adviser to execute transactions in a more timely, equitable, and efficient manner and seeks to reduce overall commission charges to clients. The Firm's policy is to aggregate client transactions where possible and when advantageous to clients. In these instances, clients participating in any aggregated transactions will receive an average share price and transaction costs will be shared equally and on a pro-rata basis.

Trade Allocation

The Firm's policy prohibits any allocation of trades in a manner that would allow our proprietary accounts or clients to receive more favourable treatment than other clients.

Principal Transactions / Cross Trades

In a "principal transaction," an investment adviser, acting for its own account, buys a security from, or sells a security to, a client's account. The Firm does not engage in principal transactions. The Firm may engage in cross trades only if the transaction acts in the best interests of the client involved, and when the transaction is expressly permitted by the client. To the extent that cross trades may be viewed as principal transactions due to the ownership interest in the Funds or other client by Library and/or its Employees, Library will comply with the requirements of Section 206(3) of the Advisers Act.

Soft Dollars

The Funds may obtain products or services other than the execution of securities transactions from brokers in exchange for the direction of brokerage transactions of the Fund to the broker ("**Soft Dollars**"). The Soft Dollars may include products or services from brokers or other third parties (for example through commission sharing agreement) such as (without limitation) research and advisory services, economic and political analysis, portfolio analysis (including valuation and performance measurement), market analysis, data and quotation services and software incidental to the above soft dollars, clearing and custodian services and investment related publications. To the extent possible and appropriate, the Firm and its affiliate will use Soft Dollars for the benefit of the Funds but may also use the Soft Dollars for other investment funds, client accounts and proprietary accounts it may manage in the future.

The Firm will generally use reasonable best efforts to ensure the use of Soft Dollars to pay for research products or services will fall within the safe harbour requirements of Section 28(e) of the Exchange Act. The Firm's soft dollar practice is disclosed in relevant offering documents.

Item 13: Review of Accounts

Review of Accounts

The Funds and SMAs are reviewed and reconciled on a daily basis by the investment team to ensure that the structure and individual securities held are suitable and consistent with the objectives and strategies. In addition, the Firm's operations team also monitors the Funds and the SMAs to help ensure conformity with investment objectives and guidelines. The Firm engages in active management and frequent transactions and, accordingly, performs daily trade and cash reconciliation.

Library has also engaged an independent administrator to prepare monthly unaudited investor statements reviewing the Fund's performance for the month.

Reporting to Clients

The Fund will prepare its annual financial statements in accordance with US GAAP. Copies of the audited financial statements will be issued to all US investors within 120 days of the Fund's fiscal year-end.

The Firm will prepare and issue an investor newsletter on a quarterly basis. The administrator will issue monthly account statements to investors.

Item 14: Client Referrals and Other Compensation

Currently, neither Library or its affiliate receive any economic benefit from anyone, other than its Clients, for providing investment advice and other advisory services to Clients. The Firm does not compensate third parties who provide referrals for advisory clients.

In the event of any third party engagements, due diligence and background checks will be carried out prior to engagement to ensure that applicable regulatory registrations are in place and that they have adequate controls and procedures to monitor compliance with selling procedures and suitability requirements.

Item 15: Custody

Library and its affiliate do not maintain direct custody over client funds or securities. All assets are held at qualified custodians. The Funds have their own fund administrator, prime broker and custodian who are independent of the Firm. Investors in the Funds will receive monthly account statements from the administrator. Library urges investors in the Funds to carefully review such statements and compare such official records to the reports that Library may provide to such investors.

Item 16: Investment Discretion

Library possesses discretionary portfolio management authority over the Funds with respect to asset allocations and direct investments as per the advisory agreements and offering documents in place.

Library has the authority to determine (i) the securities to be purchased and sold for the client account and (ii) the amount of securities to be purchased or sold for the client account.

Item 17: Voting Client Securities

Where Library and its affiliate have responsibility for voting proxies, the Firm will take measures reasonably designed to ensure that they are voted in the best interest of its clients, which generally means voting with a view to enhancing the value of client securities. Financial interest of clients is the primary consideration in determining how their proxies should be voted. Library and its affiliate may also refrain from voting in certain circumstances.

The Firm and its affiliate generally also accept the authority to vote proxy or corporate actions on behalf of the SMAs.

Item 18: Financial Information

Library and its affiliate are not aware of any financial condition that is likely to impair its ability to meet contractual and fiduciary commitments to clients.

The Firm has not been the subject of a bankruptcy proceeding.

Item 19: Requirements for State-Registered Advisers

Not applicable.