

**Cover Page**

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**Oasis Capital Partners (Texas) Inc.**

**Part 2A of Form ADV: Firm Brochure**

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This brochure provides information about the qualifications and business practices of Oasis Capital Partners (Texas) Inc. (“**Oasis Capital**”). If you have any questions about the contents of this brochure, please contact us at +1 (512) 225-1025. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “**SEC**”) or by any state securities authority. Registration as an investment adviser does not imply a certain level of skill or training.

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

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March 24, 2020

## **Item 2**

### **Material Changes**

On an annual basis, Oasis Capital is required to identify and discuss material changes made to this Form ADV Part 2A. Since the last annual amendment dated March 29, 2019, this document has been amended to reflect the following changes, among others:

- Oasis Management Company Ltd. (“**OMCL**”) and Oasis Management (Hong Kong) (“**OMHK**”) became relying advisers of Oasis Capital.
- Seth H. Fischer, one of Oasis Capital’s management persons, withdrew his registration as a commodity pool operator with the U.S. Commodity Futures Trading Commission (the “**CFTC**”) and his membership with the National Futures Association (the “**NFA**”).

### **Item 3**

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## Item 4

### Advisory Business

- A. Advisory Business and Ownership. Oasis Capital is a Delaware corporation that was formed on April 11, 2013. Oasis Capital has three relying advisers: (i) OMCL, (ii) Oasis HK, and (iii) Oasis Capital Advisors, LLC (“**OCAL**”). Oasis Capital and its relying advisers are collectively referred to herein as the “**Firm**,” except where the context indicates otherwise. OMCL is a Cayman Islands corporation that was formed on January 18, 2002. Oasis HK is a Cayman Islands corporation that was formed on February 18, 2003. OCAL is a Delaware limited liability company that was formed on January 18, 2012. The Firm is ultimately owned and controlled by Seth H. Fischer.
- B. Types of Clients. OMCL provides investment advice to private funds (each a “**Fund**” and together, the “**Funds**”). Pursuant to sub-advisory agreements with OMCL, each of Oasis Capital, Oasis HK and OCAL provides investment advisory services on a discretionary basis to the Funds. The Funds are offered only to investors who are “accredited investors” and “qualified purchasers,” as those terms are defined in the Securities Act of 1933, as amended, and the Investment Company Act of 1940, as amended, respectively. The Funds’ investors are generally high net worth individuals, public and private pension funds, sovereign wealth funds, institutions, or private funds. The Firm also provides investment advice to separately managed accounts (“**Managed Accounts**”) which have more focused or specific investment mandates than the Funds and/or are offered only to specific investors who may or may not be existing investors in the Funds. References throughout this document to “**Vehicles**” or “**clients**” refer to the Funds and any other private funds and Managed Accounts that the Firm may advise in the future.

Oasis Focus Fund GP, Ltd. (“**Oasis GP**”), one of our related persons, serves as the general partner of a Vehicle structured as a limited partnership.

- C. Tailored Advisory Services. The Firm does not tailor its advisory services to the individual needs of the investors in the Vehicles. Information about the Vehicles, including their investment objectives and strategies, are set forth in their respective offering documents, governing documents and investment advisory agreement, as applicable (collectively herein known as the “**Governing Documents**”). The Firm has broad investment authority with respect to the Vehicles and because the Firm does not provide tailored advice to the Vehicles’ investors, such investors should consider whether the investment strategies are in line with their risk tolerance. Under certain circumstances, the Firm may contract with a Managed Account client to adhere to limited risk and/or operating guidelines imposed by that client. The Firm would negotiate such arrangements on a case-by-case basis.
- D. Wrap Fee Programs. The Firm will not participate in any wrap fee programs.
- E. Client Assets. As of December 31, 2019, the Firm had \$1,106,830,653 of regulatory assets under management on a discretionary basis. The Firm does not, and is not expecting to, manage any regulatory assets under management on a non-discretionary basis.

## Item 5

### Fees and Compensation

Fees. OMCL charges the Vehicles a fee for its advisory services based on assets under management (the “**Management Fee**”), which is described in such Vehicles’ Governing Documents. OMCL

offers to certain investors a reduction, waiver, or different calculation of the Management Fee. OMCL, in turn, pays a service fee (the “**Fee**”) to Oasis Capital, Oasis HK, and OCAL equal to the sum of: (i) Oasis Capital’s, Oasis HK’s, and OCAL’s actual, documented costs and expenses incurred on behalf of OMCL with respect to its advisory services in connection with the Vehicles, and (ii) a markup as determined from time to time.

- A. Fee Billing. The Management Fee will be accrued monthly and payable quarterly in arrears based on the net assets of the applicable Vehicle as of the last day of each month. The Management Fee will be prorated for any partial periods. OMCL shall make payments of the Fee to Oasis Capital, Oasis HK, and OCAL at least on a quarterly basis in arrears.
- B. Other Fees and Expenses. The Firm seeks to allocate expenses of the Funds that are incurred on behalf of the multiple Funds among the applicable Funds in a manner that is fair and equitable, in accordance with internal allocation protocols. The Funds will generally bear their own expenses, including, but not limited to, expenses related to the Funds’ operations and expenses related to the investment of the Funds’ assets, including, without limitation, external legal, accounting, audit and tax preparation expenses, offering expenses, corporate licensing fees and other professional fees, licensing and compliance expenses for the Funds and/or the Firm and its affiliates, investment-related expenses (e.g., interest on margin accounts and other indebtedness, borrowing charges on securities sold short, custodial fees, brokerage commissions (*see Item 12 “Brokerage Practices” below*), clearing and settlement charges, interest expenses, consulting and other professional fees relating to particular investments (including fixed fees, commissions and incentive fees which may be substantial in certain cases), insurance, investment-related travel and lodging expenses, research-related expenses, including, without limitation, subscriptions, news and quotation equipment and services (including fees for data and software providers), investment-, portfolio management-, fund accounting-, risk-, operations- and trading-related computer hardware and software and technology, including trade order management software (i.e., software used to route trade orders), and expenses associated with installing and maintaining computers, cable and telephone lines and equipment used primarily for investment and trading purposes), bank service fees, withholding and transfer fees, taxes, other expenses related to the purchase, sale or transmittal of Fund assets, other similar investment related expenses and any extraordinary expenses as shall be determined by the Funds’ directors, in their sole discretion.

The Firm also allocates a portion of certain Vehicles’ capital to money market funds or exchange-traded funds. In addition to the fees and expenses discussed above, the Vehicles will indirectly incur similar fees and expenses if the Firm invests their capital in such funds, as these funds in turn pay similar fees and expenses to their investment managers and other service providers.

From time to time, the Firm permits certain investors to co-invest in investments in one or more of the Vehicles, subject to the relevant governing documents, as well as the considerations described in Item 6 below. Co-investment Vehicles will typically bear their *pro rata* share of fees, costs and expenses related to the discovery, investigation, development, acquisition or consummation, ownership, maintenance, monitoring, hedging and disposition of their co-investments and may be required to pay their *pro rata* share of fees, costs and expenses related to potential investments that are not consummated, such as breakup fees or broken deal expenses. Although the Firm endeavors to allocate such fees, costs and expenses on a fair and reasonable basis, there can be no assurance that such fees, costs and expenses will in all cases be allocated appropriately.

As described more fully under Item 6, OMCL is also compensated with performance-based fees from the Vehicles.

The expenses that would be charged to future Managed Account clients would be determined on a

case-by-case basis.

- C. Fees in Advance. Neither the Management Fee nor the Fee is pre-paid.
- D. Sale of Securities. Neither the Firm nor any of its supervised persons will accept compensation for the sale of securities or other investment products.

## **Item 6**

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

OMCL charges performance-based fees to the Vehicles. These performance-based fees are generally payable on an annual basis (or at the time of a redemption by an investor) based on the net realized and unrealized appreciation in the net asset value of each investor's account during the respective year. As noted above in Item 5, OMCL in turn shall pay the Fee to Oasis Capital, Oasis HK, and OCAL.

The fact that these fees are payable only with respect to increases in net profits creates a potential incentive for the Firm to make investments that are riskier or more speculative than would be the case in the absence of such fees. Additionally, since the performance-based fees paid by the Vehicles are based directly on the Vehicles' net asset values, the Firm has a conflict of interest in valuing the assets held by the Vehicles. The Firm will follow its documented valuation policies and procedures and risk management policies in order to mitigate these risks.

Performance-based compensation arrangements also create an incentive for the Firm to favor Vehicles with higher compensation rates over other accounts when allocating investments. In light of the foregoing, the Firm has adopted procedures designed and implemented to ensure that all Vehicles are treated fairly and equitably, and to prevent such conflict from influencing the allocation of investment opportunities among the Vehicles. When participation in a specific investment is deemed to be appropriate for more than one Vehicle, the Firm will seek to allocate such investment opportunities between such accounts on a fair and equitable basis under the circumstances existing at such time based upon a number of factors, including, but not limited to each Vehicle's investment objective, risk tolerance and strategy, investment restrictions, the relative net asset value of each Vehicle to each other, liquidity requirements, and the available capital of each Vehicle.

To the extent that a particular investment opportunity exceeds the desired allocation to the Funds, or there are prospective investors that the Firm believes will be of benefit to the Funds or who may provide a strategic, sourcing, or similar benefit to the Firm, the Funds or our respective affiliates due to industry expertise, end-user expertise or otherwise, the Firm may, in its discretion, offer the opportunity to co-invest in one or more of the Vehicles to, or otherwise partner with, one or more such strategic co-investors or any other person (including the Firm or our affiliates, a company's management team members, consultants or advisors). No investor should have any expectation of receiving an investment opportunity or to be owed any duty or obligation in connection therewith.

## **Item 7**

### **Types of Clients**

As described in Item 4, each entity comprising the Firm advises or sub-advises the Funds. The Funds' investors are generally high net worth individuals, public and private pension funds, sovereign wealth funds, institutions, or private funds. The minimum investment in the Funds is

generally \$100,000, although Oasis GP or the directors of the Funds, as applicable, maintain discretion to individually waive, increase, or reduce the minimum investment required.

The Firm would determine a minimum investment for future Vehicle on a case-by-case basis.

## **Item 8**

### **Methods of Analysis, Investment Strategies and Risk of Loss**

- A. Methods of Analysis and Investment Strategies. The Firm bases its investment decisions on a combination of fundamental and comprehensive research and analysis. The Firm uses a “bottom up” investment approach which may include, but is not limited to, the use of qualitative and quantitative screenings, stress test scenarios, fundamental basis equity and credit research, market perception, company visits, proprietary models and other resources. The Firm’s proprietary market monitoring system allows for a multifaceted view of strategies and real-time markets when making investment decisions.

The Firm’s investment objective is to seek to generate superior risk-adjusted returns by investing in a combination of investment strategies that focus on global capital markets arbitrage, trading and investing. The Firm intends to use a variety of trading strategies, including, but not limited to, investments, arbitrage and trading in the following strategies: equity long/short, initial public offerings, volatility, convertible, capital structure, high yield, special situations, event driven, and shareholder activism. The Firm also participates in index, statistical, currency and interest rate, distressed bond and credit trading. Investments may also be made in directly sourced and negotiated transactions in public companies, joint ventures, investment funds, and managed accounts.

The Vehicles are permitted to invest in the broadest range of securities, commodities and other instruments in order to deploy the Vehicles’ strategy, including, without limitation, equity-related securities, bonds and other fixed-income securities, futures, forward contracts, warrants, options, swaps, currencies, commodities, government securities, money market funds, cash equivalents and derivative instruments. Investments may be made through negotiated transactions, as well as on exchanges and over-the-counter.

Investing in securities involves risk of loss that clients and investors should be prepared to bear.

- B. Risks. Listed below are some of the risks associated with an investment in the Vehicles. The following explanation of certain risks is not exhaustive, but rather highlights some of the more significant risks involved in the Vehicles’ investment strategies. For a complete explanation of the Vehicles’ investment strategies and their associated risks, investors in the Vehicles should review the applicable Vehicle’s Governing Documents, which may contain additional explanations of strategies, risks and other related details not discussed below.

#### *General Market Risks*

Each Vehicle’s investment strategy is subject to some dimension of market risk: directional price movements, deviations from historical pricing relationships, changes in the regulatory environment, changes in market volatility, “flights to quality”, “credit squeezes”, natural and man-made disasters, changes in government policies, and systematic risk, etc. The Firm’s style of alternative investing may be no less speculative than traditional investing strategies. On the contrary, due in part to the degree of leverage used in addition to the leverage embedded in the derivative instruments in which the Vehicles may invest, the Vehicles may from time to time incur sudden and dramatic losses. The particular or general types of market conditions in which the

Vehicles may incur losses or experience unexpected performance volatility cannot be predicted, and the Vehicles may materially under-perform other investment funds with substantially similar investment objectives and approaches.

#### *Long and Short Fundamental Investments*

The identification of investment opportunities in undervalued and overvalued securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. Although investments in undervalued and overvalued securities offer the opportunities for high or above market capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses.

#### *Capital Structure Trading*

The success of the capital structure arbitrage strategy will depend on the Firm's ability to identify and exploit the perceived mispricing of different securities and instruments within an issuer's (or related company's) capital structure (e.g., bank debt, convertible and non-convertible senior and subordinated debt and preferred and common stock relative to each other) using cash or derivatives. Capturing such mispricing by isolating the most under or over-valued securities within an issuer's (or related company's) capital structure involves uncertainty, and, in the event that the perceived pricing inefficiencies underlying an issuer's (or related company's) securities were to fail to materialize as expected by the Firm, the Vehicles could incur a loss.

#### *Emerging Growth and Small Companies; Unseasoned Issuers*

The Vehicles invest their assets in the securities of companies at all levels of market capitalization including in emerging growth companies, small companies, and unseasoned issuers. Investments in securities of these issuers may involve greater risks since these securities may have limited marketability and, accordingly, may be more volatile. Because there is generally less liquidity for securities of these issuers, it may be more difficult for the Vehicles to buy or sell significant amounts of such shares without an unfavorable impact on prevailing prices. These issuers may have limited product lines, markets or financial resources and may lack management depth.

#### *Directly Sourced and Negotiated Transactions*

These types of transactions include directly-sourced and negotiated blocks of stock and/or new issuances of warrants, convertible bonds, or credit. Although it is anticipated that these securities will be exited, or converted and exited, in the public markets, the securities purchased may be subject to certain restrictions on transfer and/or conversion.



### *Special Situations Trading*

The Vehicles invest in issuers in (or the targets of) acquisition attempts or tender offers or issuers involved in work outs, liquidations, spin offs, reorganizations, bankruptcies and similar transactions. The Firm will have to make predictions about (i) the likelihood that an event will occur and (ii) the impact such event will have on the value of a company's securities. In any investment opportunity involving such type of business enterprise, there is a risk that the transaction in which the business enterprise is involved will be unsuccessful, take considerable time or result in a distribution of cash or a new instrument the value of which will be less than the purchase price of the Vehicles or other financial instrument in respect of which the distribution is received. If the event fails to occur or it does not have the effect foreseen, losses can result.

### *Activism*

The Firm does from time to time identify an issuer with certain features including weak management teams, poor corporate governance, fraud, material misstatements, unfavorable contracts, unpursued business opportunities, holding onto excess capital, inefficient capital structures, proposed spin offs or consolidations, mergers and acquisitions, or other features that the Firm believes may depress/inflate the fundamental value of the issuer and its securities, or with certain features that may not be fully understood or appreciated by the market and that the Firm believes may increase/decrease the value of the issuer and its securities. In those circumstances, the Firm may engage in the following activities, including but not limited to, taking a large position long or short in public companies for the Vehicles, hold private discussions or public communications with corporate boards and management, discussing and exchanging views and ideas publicly or privately with other shareholders and market participants, putting forward shareholder proposals, calling shareholder meetings, seeking to take action by written consent of shareholders, seeking to remove and replace individual directors or the entire board of the issuer, seeking the election of directors, seeking to effect changes to the structure or composition of the board of the issuer, shareholder litigation including public litigation including shareholder derivative litigation with the Firm and/or a Vehicle as named plaintiff or co-plaintiff, media engagement and campaigns, government lobbying, public presentations or talks, blogging and use of other social media and other forms of publication and dissemination of one's views and opinions. Sometimes the position, long or short, may be a material position that will be publicly disclosed via required shareholding position reporting mechanisms or otherwise. The Firm may initiate or work with other shareholders in initiating corporate or strategic change. Although the Firm will act prudently and in accordance with applicable law, such shareholder activism opens the Firm and possibly the Vehicles, to certain risks, including the risk of litigation by existing management or other shareholders including the risk of being the subject of litigation including being named in defamation, business tort and/or securities related litigation brought by private parties and/or government agencies (which litigation may result in substantial expense to the Vehicles, thus reducing the value of the Vehicles' investments in the portfolio company), the risk that trading in such issuers' securities may become suspended, the risk that a Vehicle's investments in such issuers will be treated as part of a larger control block and subject to anti-takeover statutory restrictions on liquidity or otherwise, news media scrutiny, and regulatory scrutiny and related regulatory risks, the risk that its activist campaign may fail and/or result in depreciation of the issuer's stock. If the Firm is incorrect in its assessment of the impact such action will have on the value of an issuer, or if it is unsuccessful in persuading such issuer's management to take the desired action, the Vehicles may sustain a loss on its investment in such issuer, resulting in a reduction of the value of the Vehicles' investments in such issuer.

### *Special Relationship*

The Firm does from time to time develop a special relationship with management of an issuer, whether through the provision of consulting services, advisory services, and/or financial sponsorship, or otherwise, which may result in the Firm, and the Vehicles becoming “insiders” of the issuer for a temporary or prolonged period, thereby subjecting them to statutory prohibitions on trading any of the issuer’s securities, rendering the Vehicles’ investments in such securities illiquid.

### *Volatility Trading*

The Vehicles will trade volatility. Market volatility is a derivative of directional market movements and is itself often materially more volatile than underlying reference asset prices. The prices of the securities expected to be traded by the Vehicles have been subject to periods of excessive volatility in the past (including over the past several years), and such periods can be expected to recur or continue. Price movements are influenced by many unpredictable factors, such as market sentiment, inflation rates, interest rate movements, commodities, credit spreads and general economic and political conditions.

### *Convertible Arbitrage*

The success of the Vehicles’ investment activities in this area will depend on the Firm’s ability to identify and exploit price discrepancies in the primary or secondary markets. The identification and exploitation of market opportunities involves uncertainty. No assurance can be given that the Firm will be able to locate investment opportunities or correctly exploit price discrepancies. A reduction in the pricing inefficiency of the markets in which the Vehicles will seek to invest will impact the potential of the Vehicles’ investment strategies. In the event that the perceived mispricings underlying the Vehicles’ positions were to fail to materialize, as expected by the Firm, the Vehicles could incur a loss.

### *Multiple Asset Arbitrage*

The success of multiple asset arbitrage strategies is dependent upon the ability of the Firm to identify and exploit the relationships between movements in related or correlated assets. The identification and exploitation of these opportunities involves uncertainty. In the event that the perceived pricing inefficiencies between related or correlated asset classes were to fail to materialize as expected by the Firm, the Vehicles could incur significant losses.

### *Investing in High Yield Securities*

The Vehicles invest in high yield securities which are non-investment grade or unrated debt securities that are subject to a greater risk of loss of principal and interest than higher rated debt securities. Such securities are generally not exchange traded and, as a result, these instruments trade in the over-the-counter marketplace, which is less transparent than the exchange-traded marketplace. In addition, the Vehicles invest in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments. High yield securities face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the issuer’s inability to meet timely interest and principal payments.

### *Investments in Restricted Securities*

At any given time, a portion of the Vehicles’ assets may be invested in “restricted securities”, which are securities subject to significant legal or contractual restrictions on their public resale. Investing

in restricted securities involves a number of significant risks. Without the ability to resell restricted securities in the public markets, the Vehicles may be compelled to hold such investments indefinitely or to dispose of them in private transactions on unattractive terms. Such restrictions therefore can impair both the avoidance of losses as well as the timely realization of gains. Although in some instances the Vehicles may have registration rights or other contractual means of achieving liquidity as to their investments in such restricted securities, such rights may in fact be limited or ineffective in achieving the secondary market desired. Restricted securities in which the Vehicles invest may include highly speculative, developmental stage issuers, as well as securities of more seasoned companies, which can involve significant issuer or industry related risks. Because restricted securities cannot be traded, there is no “market” for restricted securities, and therefore, no market value.

#### *Technical Trading*

Technical trading assumes a correlation among a security’s price, its historical prices and other variables, and ignores the security’s intrinsic value. Such correlation may or may not exist in reality and cannot predict movements following extreme or unusual events. Furthermore, the effectiveness of technical analysis tools tends to deteriorate over time as the tools become widespread and a larger number of trades rely on the same tools. Additionally, technical analysis frequently aims to predict short term price movements and it requires extremely efficient execution capabilities. Inadequate execution of an otherwise successful technical analysis may result in losses to the Vehicles. Historical behavior of similar securities or of the security is not indicative of future results. This strategy in particular is subject to short squeezes, and “over- crowding”.

#### *Credit Arbitrage and Trading*

Credit arbitrage strategies generally involve identifying and exploiting pricing anomalies within and across global fixed income markets and their derivatives. The Firm does cause the Vehicles to invest in bonds or other fixed income securities, including, without limitation, commercial paper and “high yield” (including non-investment grade and, therefore, higher risk) debt securities. In addition to the risks described above under “Investing in High Yield Securities”, evaluating credit risk for debt securities involves uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult.

#### *Commodities Arbitrage and Trading*

The Firm may invest a portion of the Vehicles’ assets in contracts to buy or sell products such as oil, natural gas, pork, grain, coffee, sugar, and other consumer staple items, metals or other commodities by a specified future date. Although the Firm believes they often provide significant potential for appreciation, trading in commodity interests is volatile. Price movements for commodity interests are influenced by, among other things: changing supply and demand relationships; weather; agricultural, trade, fiscal, monetary, and exchange control programs and policies of governments; political and economic events and policies; changes in national and international interest rates and rates of inflation; currency devaluations and re-valuations; and emotions of the marketplace, “backwardation”, storage restrictions, and supply squeezes.

The risk of loss in trading commodities can be substantial. If the Firm purchases a commodity option, the Vehicles may sustain a total loss of the premium and of all transaction costs. If the Firm purchases or sells a commodity futures contract or sells a commodity option, the Vehicles may sustain a total loss of the initial margin funds and any additional funds deposited with a broker to establish or maintain the position. If the market moves against its position, the Vehicles may be called upon by their brokers to deposit a substantial amount of additional margin funds, on short

notice, in order to maintain their positions. If the Vehicles do not provide the requested funds within the prescribed time, their positions may be liquidated at a loss, and they will be liable for any resulting deficit in their accounts.

#### *Non-Performing Nature of Debt*

It is anticipated that certain debt instruments purchased by the Firm for the Vehicles will be non-performing and possibly in default. Furthermore, the obligor or relevant guarantor may also be in bankruptcy or liquidation. There can be no assurance as to the amount and timing of payments, if any, with respect to the loans. Any costs or delays, including collection costs, associated with non-performing debt will further reduce the proceeds and thus increase the loss.

#### *Investments in Distressed Securities*

The Vehicles may invest in “below investment grade” securities and obligations of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Investments of this type may involve substantial financial and business risks that can result in significant or total losses, although they also may offer the potential for correspondingly high returns. Among the risks inherent in investments in troubled entities is the fact that it is frequently difficult to obtain reliable information as to their financial condition and prospects. The market prices of distressed securities are subject to abrupt and erratic market movements and excessive price volatility, and the “bid-ask” spreads may be greater than normally expected. Such investments may also be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court’s power to disallow, reduce, subordinate or disenfranchise particular claims. Such companies’ securities may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies.

#### *Risks Associated with New Issue Loans, Bonds, Convertible Bonds, and Warrants*

As part of the activities which the Firm conducts from outside of the U.S., the Firm may direct the Vehicles to originate bonds, convertible bonds, warrants, and loans to companies, including to companies that are experiencing significant financial or business difficulties. Although the terms of directly sourced and negotiated loans, bonds, convertible bonds, or warrants may result in significant financial returns to the Vehicles, they involve a substantial degree of risk. The level of analytical sophistication, both financial and legal, necessary for successful financing, and in particular, to companies experiencing business and financial difficulties, is unusually high. There is no assurance that the Firm will correctly evaluate the value of the assets collateralizing the Vehicles’ loans or the prospects for a successful reorganization or similar action.

#### *Investment Funds, Joint Ventures and Managed Accounts*

The Firm may cause the Vehicles to make passive investments in external funds, joint ventures or managed accounts. Such investments may be illiquid, offering limited opportunities to withdraw. The Vehicles may not be able to dispose of investments that they have purchased freely and may have to provide the relevant portfolio manager notice of their intention to withdraw capital from a vehicle, sometimes as long as several months prior to the requested withdrawal date. Moreover, withdrawal of capital from such vehicles is typically subject to a limitation on the ability of investors in such fund to withdraw more than a certain percentage of such fund’s capital or the

Vehicles' investment at once (i.e., a "gate" provision), which might further impede the Vehicles' ability to redeem their investments.

### *Merger Arbitrage*

The Vehicles, with respect to their merger arbitrage investments, may incur significant losses when proposed transactions are not consummated. The consummation of mergers, tender offers and exchange offers can be prevented or delayed by a variety of factors, including: (i) opposition of the management or shareholders of the target company, which often results in litigation to enjoin the proposed transaction; (ii) intervention of government agencies; (iii) efforts by the target company to pursue a defensive strategy, including a merger with, or a friendly tender offer by, a company other than the offeror; (iv) an attempt by a third party to acquire the offeror; (v) in the case of a merger, failure to obtain the necessary shareholder approvals; (vi) market conditions resulting in material changes in securities prices; (vii) compliance with any applicable legal requirements; and (viii) inability to obtain adequate financing.

### *Cybersecurity*

Cybersecurity breaches involving the Firm or its affiliates or their respective service providers, may cause disruptions and impact business operations, potentially resulting in financial losses to the Vehicles; impediments to trading; the inability of the Firm, its affiliates and/or their respective service providers to transact business; violations of applicable privacy and other laws; as well as the inadvertent release of confidential information.

## **Item 9**

### **Disciplinary Information**

- A. On September 15, 2011, in relation to equity orders placed on July 19, 2006 in the shares of Japan Airlines Corporation on the Tokyo Stock Exchange ("TSE"), the Hong Kong Securities & Futures Commission ("SFC") announced that it had reached an agreement with Oasis HK (formerly known as Oasis Management (Hong Kong) LLC) and Mr. Fischer to resolve a disciplinary action related to the orders. Oasis HK and Mr. Fischer agreed to accept a public reprimand and fine against them, which the SFC regarded as sufficient expiation for their concerns. The SFC did not find that either Oasis HK or Mr. Fischer had breached any law or regulation in respect of their actions, and took into account that Oasis HK and Mr. Fischer had voluntarily taken steps, in 2007, not required by law or regulation, to reduce any similar concerns arising from their trading by imposing internal guidelines in relation to their trading in connection with all secondary offerings on the TSE. Oasis HK and Mr. Fischer remain licensed in good standing with the SFC with no limitations or restrictions on their ability to conduct regulated activities in Hong Kong or to trade on the TSE. No Fund investor bore any portion of the fine paid by Oasis HK or Mr. Fischer. Further details can be found at [www.sfc.hk](http://www.sfc.hk).
- B. In July 2015, a junior trader for Oasis HK did not realize that the long cash position that appeared in the Fund administrator's portfolio system was not a long cash position but instead was the amount of shares that would be delivered under a rights issuance, and that the rights issuance shares would not settle until after the settlement date for the sale instructed. Immediately upon discovering the error, Oasis HK arranged borrows from its prime broker (the "**Prime Broker**") in order to ensure timely delivery to the market and avoided any settlement failure in the market. Oasis HK also bought back the shares as on the next trading day and delivered the shares to the Prime Broker immediately thereafter and reduced the settlement delay to the Prime Broker to less than one day.

However, despite there being no fail to the exchange or market, the settlement delay to the Prime Broker, no matter how short, was determined to be technically in breach of Korea Article 180. The Korean Financial Supervisory Service issued to Oasis HK a “caution letter” (and not the imposition of any monetary fine) on November 10, 2016, to reflect its acceptance and recognition of the numerous factors in mitigation, including that the violation was unintentional and inadvertent (certain unmatched trades caused by an honest mistake by a junior trader) and there was no disruption or settlement failure in the market due to the fact that Oasis HK immediately arranged borrow to cover the trade, and the fact that steps were taken immediately by Oasis HK to work with the Fund administrator to rectify the system deficiency that led to the inadvertent error. Please see the “DRPs” section of the Form ADV Part 1A of the Firm for more information.

## Item 10

### Other Financial Industry Activities and Affiliations

- A. Broker-Dealer. The Firm is not a registered broker-dealer and does not have an application pending to register as a broker-dealer. No management persons of the Firm are registered representatives of an affiliated broker-dealer.
- B. CFTC/NFA. OMCL is currently registered as a commodity pool operator with the CFTC and a member of the NFA. Seth H. Fischer, one of the Firm’s management persons, is registered as an associated person of OMCL.
- C. Recommending of other Investment Advisers. The Firm does not recommend or select any investment advisers for its clients.
- D. Proprietary Account. The Firm’s principal is the beneficial owner and manager of a proprietary trading account (the “**Proprietary Account**”), which invests under the following limited circumstances: (i) allocations in investor ID-specific markets where allocation amounts are capped per each investor ID and the Vehicles have capped out, (ii) investment opportunities where available opportunity exceeds the risk limits (or other restrictions or limitations) for the Vehicles, and (iii) investments in assets or strategies outside of the Vehicles’ mandates. Accordingly, the Proprietary Account will, from time to time invests in the same securities as the Vehicles. Employees of the Firm’s affiliates occasionally provide limited services to such account.

The Firm has adopted a Trade and Allocation Policy for the Proprietary Account that seeks to address potential conflicts between the Proprietary Account, on the one hand, and the Vehicles, on the other hand. Under such policy, investment opportunities must first be given to the Vehicles and any common positions between the Vehicles and the Proprietary Account would be exited with preference to the Vehicles or otherwise *pari passu*, unless otherwise reviewed and approved by the Board of Directors of the Vehicles. The policy also sets forth a number of internal procedures relating to the Proprietary Account’s trading, including: (i) a requirement that Oasis’ compliance team review and pre-approve all trades made by the Proprietary Account (taking into consideration the circumstances set forth above) and (ii) periodic reviews of the Proprietary Account’s trading activity. Any trade-related expenses incurred by the Proprietary Account will be fairly allocated to such account.

- E. Management of Multiple Vehicles. The management of multiple Vehicles results in a potential conflict of interest when the Firm and its related persons allocate time and investment opportunities among such vehicles. For example, Seth Fischer and/or the Firm’s other related persons have a greater portion of their personal assets invested in certain Vehicles than in others. In order to mitigate associated conflicts, the Firm will follow documented trade allocation policy in allocating

investment opportunities among the Vehicles.

Subject to applicable law, in exceptional cases, the Firm may effect transactions among the Vehicles in which one Vehicle will purchase securities from or sell or participate securities to another Vehicle. In order to mitigate any associated conflicts of interests, the Firm effects such transactions in accordance with its internal protocol and only when it believes that such transactions are in the best interests of the applicable Vehicles. In the event that a Vehicle purchases securities from, or sells securities to, another Vehicle, such transactions will be done through third-party broker-dealers or other institutions and will generally be effected for cash consideration at the closing price of the particular security on such day.

## **Item 11**

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

- A. Code of Ethics Overview. The Firm has adopted a Code of Ethics (the “**Code**”) to comply with Rule 204A-1 under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”), which sets forth standards of business and personal conduct for all employees of the Firm and its affiliates. The Code is predicated on the basic idea that the interests of the Vehicles must always be recognized, respected, and have precedence over those of employees. The Code establishes policies and procedures relating to, among other things: (1) personal trading; (2) identifying and addressing circumstances that may result in an actual or potential conflict of interest or the appearance thereof; (3) insider trading; (4) employee gifts and entertainment; and (5) outside business activities. Clients and prospective clients may request a copy of the Code by contacting Phillip Meyer at [pmeyer@oasiscm.com](mailto:pmeyer@oasiscm.com) or [OasisCompliance@oasiscm.com](mailto:OasisCompliance@oasiscm.com).
- B. Personal Trading Policy. Under the Code, employees are required to obtain pre-clearance in order to engage in personal trading (with limited exceptions for certain type of securities).

As noted above, the Proprietary Account occasionally invests in the same securities as the Vehicles. See Item 10 for the Firm’s processes to address the potential conflicts of interest relating to such investments.

- C. Participation or Interest in Client Transactions. The Firm makes available to qualified prospective investors the opportunity to invest in the Vehicles. The Firm’s employees and/or other related persons have significant personal investments in the Funds. In addition, it receives performance-based compensation from the Funds.

The Firm does not currently expect to engage in principal transactions. The Firm will not engage in a principal transaction unless it receives prior client consent and such transaction complies with applicable law.

## **Item 12**

### **Brokerage Practices**

- A. Selecting brokers or dealers. In selecting brokers and dealers to effect portfolio transactions for the Vehicles, the Firm considers such factors not limited to the reputation, financial strength and stability of the brokers and dealers, the quality of execution, overall costs of a trade, ongoing reliability, and the receipt of research services. The Firm need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. Accordingly, if the Firm determines in good faith that the commissions charged by a broker are reasonable in relation to the

value of the brokerage and research products or services provided by such broker, the Vehicles may pay commissions to such broker in an amount greater than the amount another broker might charge.

The Vehicles' securities transactions can be expected to generate brokerage commissions and other compensation, all of which the Vehicles, not the Firm, will be obligated to pay. The Firm has complete discretion in deciding what brokers and dealers the Vehicle will use and in negotiating the rates of compensation the Vehicles will pay. In addition to using brokers as "agents" and paying commissions, the Vehicles buy or sell securities directly from or to dealers acting as principals at prices that include markups or markdowns, and buy securities from underwriters or dealers in public offerings at prices that include compensation to the underwriters and dealers. Brokers sometimes suggest a level of business they would like to receive in return for the various products and services they provide. Actual brokerage business received by any broker may be less than the suggested allocation, but can (and often does) exceed the suggested level, because total brokerage is allocated on the basis of all of the considerations described above. In no case will the Firm make binding commitments as to the level of brokerage commissions it will allocate to a broker-dealer, nor will it commit to pay cash if any informal targets are not met.

A broker is not excluded from receiving business because it has not been identified as providing research products or services. Investment information received from the Vehicles' brokers may be used by the Firm in servicing all its accounts, and not all such information need be used by the Firm in connection with the Vehicles. Nonetheless, the Firm believes that such investment information provides the Vehicles with benefits by supplementing the research otherwise available to the Vehicles.

The Firm has established a Best Execution Committee, which meets on a monthly basis to, among other things, assess the quality of execution of brokerage transactions effected on behalf of the Firm and the Vehicles.

- B. Soft Dollars. The Firm selects broker-dealers that furnish the Firm with brokerage and research services to provide appropriate assistance in the investment decision-making process. The types of brokerage and research services that the Firm utilizes include: research reports on companies, industries and securities; economic, market and financial data; and access to broker-dealer analysts and corporate executives. The soft dollar benefits the Firm receives do not generally have a mixed use and are not generally utilized for functions unrelated to making investment decisions.

The Firm has not entered into any formal soft dollar arrangements, but it may receive products or services from broker-dealers that, to the Firm's knowledge, are of demonstrable benefit to the Vehicles and generally made available to all institutional clients doing business with these broker-dealers. These products and services (a) may include: research and advisory services, economic and political analysis, portfolio analysis, market analysis, data and quotation services, investment-related publications not targeted to a wide audience, but (b) would not include mass-market publications, travel, accommodation, entertainment, computer hardware, general administrative goods or services, general office equipment or premises, overhead expenses, software for recordkeeping, administrative purposes or error correction, trade financing, performance of compliance responsibilities, membership, licensing or exam fees, employee salaries, or direct money payments. These products and services would be made available to the Firm on an unsolicited basis and without regard to transaction costs paid by the Vehicles or the volume of business the Firm directs to these counterparties. The Vehicles would not pay higher rates than those charged by other brokers who provide comparable services in return for research or in excess of customary full-service brokerage rate. Transaction execution would remain consistent with relevant best execution standards. The Firm uses any such services in connection with advisory



services for any Vehicle. To the Firm's knowledge, these services are generally made available to all institutional investors doing business with such broker-dealers. The Firm believes that the receipt of such bundled services complies with the safe harbor requirements of Section 28(e) of the Securities Exchange Act of 1934, as amended.

When the Firm uses client commissions to obtain brokerage and research services, the Firm receives a benefit because the Firm does not have to produce or pay for the brokerage and research services itself. As a result, the Firm has a possible incentive to select or recommend a broker-dealer based on an interest in receiving brokerage and research services, rather than solely on the Vehicles' interest in receiving the most favorable execution. However, when selecting broker-dealers that provide brokerage and research services, the Firm is obligated to determine in good faith that the commissions are reasonable in relation to the value of the brokerage and research services provided. Reasonableness is viewed in terms of the particular transactions and the Firm's overall responsibilities to the Vehicles, even though that broker-dealer itself, or another broker-dealer might be willing to execute the transactions at a lower commission. Accordingly, transactions will not always be executed at the lowest available price or commission, the Firm may cause the Vehicles to pay commissions higher than those charged by other broker-dealers. The Firm did not pay for services with client commissions or markups/markdowns during the past year.

On a monthly basis, the Firm considers the amount and nature of research and research services provided by broker-dealers.

The Firm may enter into formal soft dollar arrangements in the future. The Firm expects that any such arrangements will comply with the above-referenced safe harbor requirements.

- C. Brokerage for Client Referrals. The Firm does not consider the prospect of receiving or the receipt of client referrals when selecting broker-dealers for client securities transactions.
- D. Directed Brokerage. The Firm does not recommend, request, or require that any client direct the Firm to execute transactions through a specified broker-dealer.
- E. Trade Errors. Transactions for the Vehicles may be affected on occasion in a manner that differs from what was intended as a result of trading errors. The Firm reviews any trade errors that are discovered, and decides what corrective steps to take, if any, after reviewing the error. To the fullest extent permitted by law (including the U.S. federal securities laws), the Firm will not be liable to the Vehicles for losses that result from trade errors except to the extent set forth in the exculpation provision in the relevant Vehicles' Governing Documents, such as acts that constitute fraud, bad faith, willful misconduct, or gross negligence on the part of the Firm. As a result, in most cases gains or losses caused by trade errors would be allocated to or borne by the Vehicles, as the case may be.
- F. Aggregation of Client Accounts. The Firm currently manages multiple Vehicles and aggregates orders for the Vehicles where necessary. When aggregating such orders, these are done for the purpose of achieving best execution where no Vehicle's orders are disadvantaged. Any trades for Proprietary Accounts are not aggregated. When trades are not aggregated between accounts, prices and transaction costs borne by such accounts may differ.

## Item 13

### Review of Accounts

- A. Review of Accounts. The Firm's portfolio manager and other investment professionals are responsible for reviewing the Vehicles' portfolios and monitoring various risk metrics, exposures, and hedges. The Firm has proprietary systems in place to monitor risk at the position, book, and portfolio level on a daily basis, and such risks are regularly reviewed by the portfolio manager.
- B. Review Triggers. A review of the Vehicles in addition to the regular reviews may be triggered by a discrepancy arising from issues with internal systems, administrator reports, or prime brokers/custodians.
- C. Reporting. In addition to the information and reports described below, investors and clients may be provided with information about the Firm and the Vehicles in response to questions and requests, and/or in connection with due diligence meetings and other communications, but such information will not be distributed to other investors and clients and prospective investors/clients who do not request such information. Each investor and client are responsible for asking such questions as it believes are necessary in order to make its own investment decisions and must decide for itself whether the limited information provided by the Firm is sufficient for its needs.

OMCL, in conjunction with the Vehicles' administrator, will report to investors all information pertaining to the Funds. Investors in the Funds will receive written unaudited performance information no less frequently than on a quarterly basis. On an annual basis, investors will also receive copies of the audited financial statements prepared in accordance with U.S. generally accepted accounting principles by an independent public accounting firm that is registered with, and subject to regular inspection by, the U.S. Public Company Accounting Oversight Board.

Pursuant to side letter agreements with certain investors in the Funds, the Firm provides such investors with access to more frequent and/or more detailed information regarding the Funds' securities positions, performance, finances, and management and/or other information about the Funds or the Firm (including notifications of redemptions from a Fund by the Firm, and/or its personnel), possibly enabling such investors to better assess the prospects and performance of the Funds.

The Firm would provide the owners of the Managed Accounts with periodic unaudited reports at such times as have been agreed upon with them. The owners of such accounts would receive account statements from such accounts' custodians on such periodic basis as is agreed to between such adviser and custodian. In addition, the owners of any Managed Accounts would have full, real-time transparency as to all transactions and holdings in such accounts. Such owners may have the right to withdraw all or a portion of the capital from such Managed Accounts on potentially a shorter notice and/or with more frequency than the terms applicable to an investment in the Funds.

## Item 14

### Client Referrals and Other Compensation

- A. Non-Clients. The Firm will not receive economic benefit from non-clients for providing investment advice and other advisory services to clients.
- B. Investor Referrals. Although the Firm does not do so currently, the Firm may compensate its own personnel, affiliates, employees of its affiliates, or third-party solicitors, placement agents, or

similar persons who refer potential investors to the Firm. Such compensation would be paid by the Firm and will not be charged to the Vehicles.

## **Item 15**

### **Custody**

For purposes of Rule 206(4)-2 under the Advisers Act (the “**Custody Rule**”), the Firm may be deemed to have custody over the Funds’ assets. In accordance with the Custody Rule, a qualified custodian is not required to deliver quarterly account statements to the Funds or their investors because (i) the Funds are audited by an independent public accountant that is registered with, and subject to inspection by, the U.S. Public Company Accounting Oversight Board, (ii) the Funds’ audited financial statements are prepared in accordance with U.S. generally accepted accounting principles, and (iii) the Firm delivers such annual audited financial statements to investors within 120 days after the end of each Fund’s fiscal year.

## **Item 16**

### **Investment Discretion**

The Firm accepts discretionary investment authority to manage securities accounts on behalf of the Funds. The Firm is committed to adhering to the investment strategy and program set forth in each Fund’s Governing Documents. The Firm will buy and sell securities and other instruments for the Vehicles on a discretionary basis in a manner consistent with each Vehicle’s stated investment guidelines.

Prior to accepting subscriptions for interests into the Funds, the Firm provides all investors with Governing Documents that set forth the relevant Vehicle’s investment strategy and program and the terms of investment for investors. By completing subscription documents to acquire shares or interests in one of the Funds, investors give the Firm complete authority to manage their investments in accordance with the Governing Documents they receive.

Various securities and/or tax laws as well as internal compliance policies may impose additional restrictions on the instruments that may be traded on behalf of the Vehicles.

Under certain circumstances, the Firm manages Managed Accounts to adhere to limited risk and/or operating guidelines imposed by the client. The Firm would negotiate such arrangements on a case-by-case basis.

## **Item 17**

### **Voting Client Securities**

The Firm has authority to vote client securities. The Firm’s general policy is to vote proxy proposals, amendments, consents or resolutions relating to Vehicle securities, including interests in private investment funds, if any (collectively, “**proxies**”), in a manner that serves the best interests of the Vehicles, as determined by the Firm in its discretion, taking into account relevant factors, including: the impact on the value of the securities; the anticipated costs and benefits associated with the proposal; the effect on liquidity; and customary industry and business practices. Nonetheless, the Firm may determine to abstain from voting a proxy if it believes that such action is in the best interest of a particular Vehicle. Investors or clients cannot direct the Firm’s proxy

votes.

At times, conflicts may arise between the interests of the Vehicles and the interests of the Firm or its affiliates. If a conflict of interest is identified, the Firm will not make related proxy voting decisions until it has been determined that the conflict of interest is not material or a method for resolving the conflict of interest has been agreed upon and implemented. Materiality determinations will be based on an assessment of the particular facts and circumstances. If it is determined that a conflict of interest is not material, the Firm may vote the proxy, notwithstanding the existence of the conflict.

If the Firm's Chief Compliance Officer believes that a material conflict exists between the Firm and any of the Vehicles, the Firm will rely exclusively in making its voting decision on an independent third party who is experienced in advising investment managers regarding proxy voting decisions. The Firm will maintain or have available written or electronic copies of each proxy statement received and of each executed proxy. The Firm will also maintain records relating to each proxy including: the determination as to whether the proxy was routine; and the voting decision with regard to each proxy.

A client may obtain information about how the Firm voted securities owned by such client. In addition, the Firm's proxy voting policies and procedures will be made available to clients upon request.

## **Item 18**

### **Financial Information**

- A. Balance Sheet. The Firm will not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance and, thus is not required to include a balance sheet for its most recent fiscal year.
- B. Financial Condition. The Firm is not aware of any financial condition that is likely to impair its ability to meet contractual commitments to clients. The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.

## **Item 19**

### **Requirements for State-Registered Advisers**

The Firm is not a state-registered adviser.

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