

**Item 1. Cover Page**

**One68 Global Capital, LLC**

**Form ADV, Part 2A  
(the “Brochure”)**

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New York, NY 10017

March 19, 2020

This Brochure provides information about the qualifications and business practices of One68 Global Capital, LLC (“One68”). If you have any questions about the contents of this brochure, please contact David Nguyen at [dnguyen@one68global.com](mailto:dnguyen@one68global.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.

Additional information about the One68 is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Any reference to One68 as a “registered investment adviser” or as being “registered”, does not imply a certain skill or training.

## Item 2 - Material Changes

This version of the Brochure has been amended from its previous version dated March 21, 2019 solely to reflect the Adviser's change of address. Our valued current and potential investors are encouraged to read this Brochure, as well as all of the governing documents applicable to their current or prospective investment, in their entirety.

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**Item 4 - Advisory Business**

One68 (“we,” “us” or “our”) is a Delaware limited liability company that began providing investment advisory services in November 2016. We are principally owned by David Nguyen and his family trust.

We currently provide discretionary investment advice to separately managed accounts and a master-feeder structure pooled investment vehicle, as well as act as a sub-adviser to private investment funds (“Clients”). We tailor our advisory services to the specified investment mandates of our Clients, consistent with the Client’s governing documents, which may include, among other things, a separately managed account agreement, private placement memorandum, limited partnership agreement, management or investment advisory agreement, and/or subscription agreement (individually and collectively, the “Governing Documents”). Any client or prospective client should closely review the applicable Governing Documents with respect to, among other things, the terms, conditions and risks of investing.

We generally invest on behalf of our Clients employing an opportunistic, global equity event-driven, trading oriented strategy that seeks to identify and exploit mispriced securities to unlock value using time-bound anticipated catalysts.

Under certain circumstances, we will contract with a Client to adhere to limited risk and/or operating guidelines imposed by the Client. We negotiate such arrangements on a case-by-case basis. (*See Item 16 “Investment Discretion” below.*)

As of December 31, 2019, we manage approximately \$148,000,000 in regulatory assets under management on a discretionary basis. We do not manage any assets on a non-discretionary basis.

**Item 5 - Fees and Compensation**

The extent to and specific manner in which our Clients pay management fees, performance-based compensation and expenses are set forth in each Client’s applicable Offering Documents. Fees are generally negotiated on a case-by-case basis and include management fees and performance-based compensation.

Generally, we are paid management fees monthly in arrears and performance-based compensation annually in arrears. Our management fees and performance-based compensation are generally paid to us directly by our Clients. We do not deduct our management fees or performance-based compensation from separately managed account Client accounts, however, management fees or performance-based compensation will be deducted for the accounts of pooled investment vehicle Clients. Management fees are generally pro-rated for partial periods.

In connection with our advisory services, our Clients generally bear, or have borne, each of their own operating and investment-related expenses. In general, Clients are solely responsible for all of the costs and expenses in operating their accounts, including, without limitation, expenses directly related to investment transactions and positions for the account, brokerage commissions and custody charges, interest and commitment fees on loans and

debit balances and bank charges, as well as any legal fees and costs (including settlement costs) arising in connection with any litigation or regulatory investigation instituted against us in connection with the affairs of the account, and any withholding or transfer taxes imposed on the Client as a result of its earnings, investments or withdrawals. Such costs and expenses are exclusive of and in addition to our fees and performance-based compensation. Additional information on fees and expenses incurred by Clients can be found in each Client's applicable Governing Documents. For a summary of our brokerage practices, please see Item 12 below.

We may allocate a portion of certain Clients' capital to money market funds, exchange-traded funds or similar fee-bearing products or private investment funds and accounts that are managed by other investment managers. In that case, such Client accounts generally would be responsible for paying the fees and expenses associated with such products, which would be in addition to the fees and expenses discussed above.

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

We receive annual performance-based fees from the accounts that we manage, which are based on a percentage of the capital appreciation of Client assets. Performance-based compensation with respect to Clients will conform to Rule 205-3 under the Advisers Act, to the extent applicable.

The terms of the performance-based fees may differ between the various Client accounts that we advise; however, Such fees are set forth in detail in each of our Clients' Governing Documents. This may result in a conflict of interest when we allocate opportunities among these accounts because we will have an incentive to favor an account that has higher performance-based fees. To avoid such a conflict of interest we generally follow documented procedures in allocating opportunities among such accounts, which does not take into account the performance-based fees to which such accounts are subject.

When we determine that a particular trading opportunity would be desirable for more than one Client, we generally seek to allocate such opportunity among such Clients in a manner that we deem fair and equitable under the circumstances existing at such time. The factors that we may consider in making such determination include (but are not limited to): the relative amounts of capital in each Client's account available for new positions of the type at issue; the mandate of each Client account; our perception of the appropriate risk/reward ratio for each Client account; the intended trading strategy of each Client account; the liquidity of each Client account at the time of trading and thereafter; the ability to add positions to a client account on a leveraged basis; whether the position is an "odd lot"; whether the position is being added in a "*de minimis*" amount; and the overall portfolio composition of each Client account.

We expect to provide discretionary trading advice to an entity for which David Nguyen, our principal, is also a partner. In addition, Mr. Nguyen may have a portion of his personal assets invested in one of the Clients. (See *Item 10 "Other Financial Industry Activities and Affiliations"* below.) In such case, we may have a conflict of interest in allocating investment opportunities among such Client accounts. We will generally follow the documented procedures described above in allocating investments among Client accounts.

As the management fees and performance-based fees are based directly on the net asset

value of the Client accounts, we have a conflict of interest in valuing the assets held in the accounts. To the extent we are responsible for valuing a Client's assets, we will follow our documented valuation policies and, with respect to any Clients, may consult with a third-party administrator as needed in order to mitigate this risk.

Clients of One68 and investors in the Clients are urged to review their respective investment management agreements and Client governing documents, as applicable, as well as this Brochure, for complete information on the fees, compensation and expenses applicable to them.

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

We currently provide investment advice to private investment funds and institutional clients through separately managed accounts. We will determine the minimum investment for a separately managed account on a case-by-case basis, but generally it is expected to be at least \$10 million.

We also provide investment advice to master-feeder structured pooled investment vehicle. Investors in this vehicle include or may in the future include (but are not/will not be limited to):

- individuals;
- pension and profit sharing plans (domestic and foreign);
- segregated accounts formed by insurance companies;
- family offices;
- trusts, estates, charitable organizations and endowments; and
- limited liability companies and corporations.

Investors that are U.S. persons must be "Accredited Investors" under Regulation D under the Securities Act of 1933 and in general, "Qualified Clients" under the Investment Advisers Act of 1940 eligible to be charged a performance fee.

Generally, the pooled investment vehicle Clients have a stated minimum investment amount of \$1,000,000; however, we have the discretion to waive minimum investment requirements for investment in the Clients.

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

#### *Methods of Analysis and Investment Strategies Generally.*

We seek, on behalf of our Clients, capital protection and appreciation by employing an opportunistic, global equity event-driven, trading oriented strategy that seeks to identify and exploit mispriced securities to unlock value using time-bound anticipated catalysts.

Our primary investment strategy utilizes tactical trading around portfolio positions prompted by market volatility and specific events. We believe that our approach to event driven investing is disciplined, repeatable, scalable and non-correlated to the market.

At its core, our methodology employs trading and risk management thorough analysis and

execution, all based on our experience in structuring positions and trading around those positions. Our portfolios consist of both long and short positions.

Within our primary investment strategy, we employ a variety of specific event-driven sub-strategies, which include (but may not be limited to) the following:

***Global Merger-Arbitrage.*** On a global basis, we seek to analyze situations where two companies are merging and structure an optimal position around the proposed transaction. There are several ways we may express a merger position using stock, cash and/or derivatives. The two principal types of transactions are cash or a stock merger.

***Global Index Arbitrage.*** This event-driven sub-strategy involves attempting to predict an addition or deletion to global indices and trading the dislocated supply and demand. Generally, the strategy involves buying into stocks in advance of their joining an index and profiting from the rise in demand for the stock when the change takes place. This arbitrage occurs largely as the result of index tracker funds which buy automatically on these events.

***Global ADR/Ord Arbitrage.*** American Depositary Receipts (“ADRs”) represent receipts for foreign underlying shares deposited at a custodian bank on behalf of U.S. investors; therefore, ADRs and their underlying shares should have a high correlation. In certain circumstances, an arbitrage exists between an ADR and the ordinary shares of a foreign company. When these anomalies occur, we seek to capitalize on them.

***Value with a Catalyst.*** This sub-strategy seeks to exploit pricing inefficiencies from any “soft” or “hard” catalyst such as an earnings call, bankruptcy, spinoff, re-financings, re-pricings, restructurings, exchange offers, buy-outs or other tender offers, to name a few.

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

A brief explanation of the material risks associated with our significant investment strategies and methods of analysis follows. For a more detailed discussion of the risks applicable to an investment in the Clients, investors and prospective investors in those Clients must also review each applicable Client’s Governing Documents, including, for example, the private placement memorandum, if applicable, which may contain additional explanations of strategies and risks that we do not discuss in this section.

*Certain Risks Associated with Methods of Analysis and Investment Strategies*

**Investment and Trading Risks.** All securities investments risk the loss of capital. We believe that our trading program and research techniques moderate this risk through a careful selection of portfolio positions, the use of short positions and other financial instruments. However, no guarantee or representation is made that our trading program will be successful or that our Clients will not incur losses. In addition, results may vary substantially over time. Our trading program may utilize techniques, including, but not limited to, trading in put and call options and other derivatives, the use of leverage, and short sales, which in practice can, in certain circumstances, increase the adverse impact to which our Clients may be subject. In addition, in certain transactions, our Clients may not be “hedged” against market fluctuations or the degree of legal and regulatory risk associated with investments in the securities of companies in certain

situations. We will attempt to assess the foregoing risk factors, and others, in determining the extent of the position we will take in the relevant securities and the price we are willing to pay for such securities. However, such risks cannot be eliminated.

Business Dependent upon Key Individuals and Individual Judgment. Our operations are dependent upon our portfolio managers, David Nguyen, who is also our founder, Managing Member and Chief Executive Officer, and Nancy Oh, who is also our Chief Compliance Officer. The individual judgment and discretion of Mr. Nguyen and Ms. Oh are fundamental to the implementation of our strategies. There can be no assurance that such individual judgment will be accurate, achieve profits or avoid losses. If either of Mr. Nguyen or Ms. Oh were to become unable to directly participate in our management, the consequences may be material and adverse and may lead to the premature termination of our management of Client assets.

Event and Risk Arbitrage. An event and risk arbitrage position is generally taken after a merger, tender offer, exchange offer or other transaction is announced at which point the security has generally risen to a premium over the market price that prevailed prior to the announcement. If the transaction is not subsequently consummated, the market price of the securities will fall, usually to a level comparable to or below that which existed prior to the announcement. This can cause Clients to suffer a significant loss with respect to any long positions that they had established in the security. Similarly, with respect to any short positions, to the extent such positions have to be covered, Clients could be adversely affected. Various events may occur which may result in a transaction not being consummated which could adversely affect Client's position. Some of the reasons why a transaction may be terminated include:

*Successful Takeover Defense.* The target, acting through its management and/or stockholders, by legal (including litigation) or other means, may successfully defend itself from an unwanted suitor and remain independent even though the offer price represents a premium to where the target's stock subsequently trades. Additionally, in the case of a merger, the stockholders of the target may not approve the merger.

*Alternatives Pursued by Target.* The target may pursue other "defensive" strategies, including a merger with, or a friendly tender offer by, a company other than the would-be acquiror.

*Decline in Financial Performance.* A decline in the financial performance of the target or the acquiror could affect the willingness or ability of the parties to complete a transaction and result in its termination.

*Financing Difficulties.* Inability of the acquiror to obtain adequate financing to consummate a transaction may delay or prevent consummation of the transaction.

*Rise in Interest Rates.* An increase in interest rates during a period when a transaction is pending may increase the financial costs of the acquisition and/or may reduce the earnings of the target or the acquirer, either of which, in turn, may affect the viability of a transaction.

*Market Crash.* A market crash or a significant stock market decline may cause the acquirer to reexamine the acquisition and terminate the transaction.

*Regulatory Restrictions.* The consummation of a transaction may be subject to regulatory oversight by a variety of entities, including but not limited to, agencies (both U.S. and

foreign) such as or similar to the SEC, the U.S. Federal Trade Commission, the U.S. Department of Justice and other regulatory and executive agencies and departments. Action or inaction by these entities could have a materially adverse effect on the consummation and timing of a transaction.

*Federal and State Securities Laws.* Compliance with federal and state securities laws may delay or prevent consummation of a contemplated transaction.

A common result of the consummation of a risk arbitrage transaction is the receipt of other securities in mergers or exchange offers, as opposed to cash. The holding of a position in the form of securities, as opposed to cash, could, if not properly hedged, result in a decline of the value of the position, depending upon the market's general performance and other factors. In addition, after the establishment of an arbitrage position, in the event the transaction cannot be consummated or encounters difficulties, market liquidity for such positions may diminish. In such event, it may be difficult to trade out of or liquidate such positions.

Concentration of Investments. Unless we agree otherwise, a Client is not restricted in the amount of its capital that it may commit to any single security, geographic region, industry or sector, and at times Clients may hold a relatively large concentration in a particular security, geographic region, industry or sector. Losses incurred in those positions could have a material adverse effect on a Client's overall financial condition. This is because the value of a Client's portfolio will be more susceptible to any single occurrence affecting one or more of those issuers, geographic regions, industries or sectors than would be the case with a more diversified investment portfolio.

Leverage. Leverage is the use of borrowed funds for investment. Such borrowed funds would generally be obtained by using securities a Client owns as collateral. Leverage may also be obtained through other means including the use of derivative instruments. To the extent Clients purchase securities with borrowed funds, their net assets will tend to increase or decrease at a greater rate than if borrowed funds are not used. If the interest expense on borrowings were to exceed the net return on the portfolio securities purchased with borrowed funds, a Client's use of leverage would result in a lower rate of return than if the Client were not leveraged. If the amount of borrowings which the Client may have outstanding at any one time is large in relation to its capital, fluctuations in the market value of the Client portfolio will have a disproportionately large effect in relation to its capital and the possibilities for profit and the risk of loss will therefore be increased. Any investment gains made with the additional monies borrowed will generally cause the value of a Client's assets to rise more rapidly than would otherwise be the case. Conversely, if the investment performance of the additional monies fails to cover their cost to the Client, the value of the Client's assets will generally decline faster than would otherwise be the case.

The amount of any borrowing may also be limited by regulations imposed by the Federal Reserve Board or by the availability and cost of credit. If, due to market fluctuations or other reasons, the value of a Client's assets should fall below required regulatory levels, the Client will be required to reduce its debt by selling securities in its long portfolio.

Risk of Default or Bankruptcy of Third Parties. Clients engage in transactions in securities and financial instruments that involve counterparties. Under certain conditions, Clients could suffer losses if a counterparty to a transaction were to default or if the market for certain securities



and/or financial instruments were to become illiquid. In addition, Clients could suffer losses if there were a default or bankruptcy by certain other third parties, including brokerage firms and banks with which Clients do business, or to which securities have been entrusted for custodial purposes. For example, if one of a Client's prime brokers or custodians were to become insolvent or file for bankruptcy, a Client could suffer significant losses with respect to any securities held by such firm.

Capital Structure Arbitrage. The success of capital structure arbitrage strategies will depend on our ability to identify and exploit inefficiencies in the pricing of credit risk within a company's or sovereign's capital structure. Identification and exploitation of market opportunities involve uncertainty. There can be no assurance that we will be able to locate investment opportunities or to correctly exploit price discrepancies.

Small Companies. We may invest portion of Client assets in small and/or unseasoned companies. While smaller companies generally have potential for rapid growth, they often involve higher risks because they may lack the management experience, financial resources, product diversification, and competitive strength of larger companies. In addition, in many instances, the frequency and volume of their trading may be substantially less than is typical of larger companies.

Equity Securities. Equity securities fluctuate in value in response to many factors, including the activities, results of operations and financial condition of individual companies, the business market in which individual companies compete, industry market conditions, interest rates and general economic environments. In addition, events such as political instability, terrorism and natural disasters may be unforeseeable and contribute to market volatility in ways that may adversely affect trades made by us.

Fixed Income Securities. We may trade in bonds or other fixed income securities of U.S. and non-U.S. issuers, including, without limitation, bonds, notes and debentures issued by corporations, or debt securities issued or guaranteed by a sovereign government or one of its agencies or instrumentalities. Fixed income securities pay fixed, variable or floating rates of interest. The value of fixed income securities will change in response to fluctuations in interest rates. In addition, the value of certain fixed income securities can fluctuate in response to perceptions of credit worthiness, political stability or soundness of economic policies. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk).

We may trade in fixed-income securities which are not protected by financial covenants or limitations on additional indebtedness. In addition, evaluating credit risk for foreign debt involves greater uncertainty because credit rating agencies throughout the world have different standards, making comparisons across countries difficult.

Short Sales. A short sale involves the sale of a security that a Client does not own in the expectation of purchasing the same security (or a security exchangeable therefor) at a later date at a lower price. To make delivery to the buyer, the Client must borrow the security and the Client is obligated to return the security to the lender, which is accomplished by a later purchase of the security by the Client. When a Client makes a short sale in the United States, it must leave

the proceeds thereof with the broker and it must also deposit with the broker an amount of cash or U.S. government or other securities sufficient under current margin regulations to collateralize its obligation to replace the borrowed securities that have been sold. If short sales are effected on a foreign exchange, such transactions will be governed by local law. A short sale involves the risk of a theoretically unlimited increase in the market price of the security that would result in a theoretically unlimited loss to Clients. The extent to which Clients will engage in short sales will depend upon our trading strategy and perception of market direction and the value of individual securities. We may engage in short sales on behalf of Clients as a hedge against potential market declines and/or based on our fundamental analysis of the subject issuers.

Hedging Transactions. We are not required to attempt to hedge portfolio positions in Client accounts and, for various reasons, may determine not to do so. Furthermore, we may not anticipate a particular risk so as to hedge against it. While we may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for Clients than if we had not engaged in any such hedging transaction. For a variety of reasons, we may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent Clients from achieving the intended hedge or expose Clients to risk of loss. The success of our hedging strategies is subject to our ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the positions in the portfolios being hedged. Since the characteristics of many securities change as markets change or time passes, the success of our hedging strategy is also subject to our ability to continually recalculate, readjust and execute hedges in an efficient and timely manner.

Derivatives Generally. Derivative instruments, or “derivatives,” include options, swaps, structured products and other instruments and contracts that are derived from or the value of which is related to one or more underlying commodities, securities, financial benchmarks, financial assets, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular commodity, security, financial benchmark, financial asset, currency or index at a fraction of the cost of trading in the underlying asset. Clients may seek to acquire derivatives for these or other reasons.

The value of a derivative is frequently difficult to determine and depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are “leveraged,” and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose Clients to the possibility of a loss exceeding the original amount invested. Over-the-counter derivatives generally are not assignable except by agreement between the parties concerned, and no party or purchaser has any obligation to permit such assignments. The over-the-counter market for derivatives is relatively illiquid.

Clients may take advantage of opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available, but that may be developed, to the extent such opportunities are both consistent with their investment objective and legally permissible. Special risks may apply to instruments that are invested in by Clients

in the future that cannot be determined at this time or until such instruments are developed or invested in by Clients.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) enables the U.S. Commodity Futures Trading Commission (the “CFTC”) and the SEC to enact new regulations on certain over-the-counter derivatives. Under the Dodd-Frank Act, certain over-the-counter derivatives contracts are or will be regulated through regulated clearing houses and subject to regulation by the SEC and the CFTC. Contracts subject to these requirements are traded more like futures and options contracts and parties to such transactions trade standardized contracts and face clearing corporations as contractual counterparties, rather than facing the credit risk of counterparties under individually negotiated over-the-counter agreements.

In addition, swap dealers and major swap participants (entities that are not swap dealers, but are subject to rules governing dealers due to their levels of activity) are subject to regulatory oversight and requirements with respect to over-the-counter derivatives, including business conduct requirements, such as know-your-customer rules, increased risk disclosure and rules requiring trades to be documented within certain timeframes. Derivative contracts, whether cleared or traded over-the-counter, will have to be reported to swap data repositories designated by the CFTC and/or the SEC. Despite these current or pending changes, parties to over-the-counter derivative trades (i.e., those not yet subject to the new clearing requirements) will continue to bear counterparty credit risk.

Many Dodd-Frank Act rules relating to securities-based swaps that will be promulgated by the SEC have not been finalized and the CFTC and SEC are both expected to conduct further rulemaking with respect to the Dodd-Frank Act. The effect that the foregoing regulatory changes will have on the price of derivative contracts, liquidity and administrative costs, among other things, remains unclear.

Call Options. There are risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (e.g., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. If the seller of the call option owns a call option covering an equivalent number of shares with an exercise price equal to or less than the exercise price of the call written, the position is “fully hedged” if the option owned expires at the same time or later than the option written. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The buyer of a call option assumes the risk of losing his entire investment in the call option.

Put Options. There are risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (e.g., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security below the exercise price of the option. If the seller of the put option owns a put option covering an equivalent number of shares with an exercise price equal to or greater than the exercise price of the put written, the position is “fully hedged” if the option owned expires at the same time or later than the option written. The seller of an uncovered put option assumes the risk of a decline in the

market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

Futures Trading. Although we are not registered with the CFTC as a commodity pool operator or commodity trading advisor, we may trade futures on behalf of Clients pursuant to one or more exemptions to CFTC registration. As a result, we, unlike a registered commodity pool operator or commodity trading advisor, will not be required to deliver a disclosure document and annual report to Clients or their investors, and will not be subject to certain other disclosure and recordkeeping rules applicable to registered entities.

Futures trading is very speculative, largely due to the traditional volatility of futures prices. Futures prices are affected by and may respond rapidly to a variety of factors, including (but not limited to) market and news reports, interest rates, national and international political or economic events, and domestic or foreign trade, monetary or fiscal policies or programs. Such rapid response might include an opening price on an affected futures contract sharply higher or lower than the previous day's close. In such an instance, Clients might be unable to adjust their positions in time to avoid a loss.

The prices of commodities and all derivative instruments, including futures and options prices, are highly volatile. Price movements of commodities, futures and options contracts are influenced by, among other things, changing supply and demand relationships, domestic and foreign governmental programs and policies, national and international political and economic events, interest rates and governmental monetary and exchange control programs and policies.

Moreover, commodity exchanges limit fluctuations in commodity futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." During a single trading day no trades may be executed at prices beyond the daily limit. Once the price of a futures contract for a particular commodity has increased or decreased by an amount equal to the daily limit, positions in the commodity can be neither taken nor liquidated unless traders are willing to effect trades at or within the limit. Commodity futures prices have occasionally moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent Clients from promptly liquidating unfavorable positions and subject Clients to substantial losses. In addition, the Dodd-Frank Act significantly expands the CFTC's authority to impose broader aggregate position limits.

Foreign Exchange Contracts. Pursuant to rules promulgated under the Dodd-Frank Act, many foreign exchange contracts will be deemed "swaps" under the U.S. Commodity Exchange Act, as amended, and therefore will be subject to comprehensive regulation by the CFTC. CFTC rules will govern certain terms of such contracts, such as minimum margin requirements, among others, and dealers of such products will be subject to business conduct and reporting obligations. Foreign currency options (unless traded on a securities exchange), non-deliverable foreign exchange forwards, currency swaps and cross-currency swaps will be included in such regulation. The U.S. Treasury Department (the "Treasury") has exercised its authority to exempt foreign exchange forwards and swaps from most CFTC regulation, although such transactions remain subject to certain CFTC reporting and business conduct requirements. As a result, foreign exchange forwards and swaps are not guaranteed by an exchange or clearing house and consequently, there are no requirements with respect to financial responsibility or segregation of customer funds or positions, which could expose Client accounts to unanticipated losses.

Forward Trading. Forward contracts (including forward foreign exchange contracts) and options thereon are not traded on exchanges and are not standardized. Rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and “cash” trading is substantially unregulated – there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities that they trade and these markets can experience periods of illiquidity, sometimes of significant duration, which could result in substantial losses.

Options on Futures. Trading options on futures involves a high degree of risk. The risks of trading options on futures are similar to the risks of trading securities options, but often involve even greater leverage and risks. In addition, if the purchaser of an option on a futures contract exercises the option, the holder will, in effect, be buying or selling the underlying futures contract, and will then be subject to the same risks as are attendant to futures trading.

Non-U.S. Investments. Clients may trade in securities of non-U.S. corporations and non-U.S. countries. Trading in the securities of companies (and, from time to time, governments) of non-U.S. countries involves certain considerations not usually associated with trading in securities of U.S. companies or the U.S. Government, including possible adverse political and economic developments, possible seizure or nationalization of non-U.S. deposits and possible adoption of governmental restrictions that might adversely affect the payment of principal and interest to investors located outside the country of the issuer, whether from currency blockage or otherwise. In addition, there may be less publicly available information about issuers in non-U.S. countries which are generally not subject to uniform accounting, auditing and financial reporting standards and other disclosure requirements comparable to those applicable to issuers. Furthermore, some of the securities may be subject to brokerage taxes levied by governments, which has the effect of increasing the cost of such position and reducing the realized gain or increasing the realized loss on such securities at the time of sale. Income received by Clients from sources within some countries may be reduced by withholding and other taxes imposed by such countries. Any such taxes paid by Clients will reduce net income or return from such positions. While we will take these factors into consideration in making trading decisions for Clients, no assurance can be given that we will be able to fully avoid these risks.

Additional costs could be incurred in connection with Clients’ international activities. Non-U.S. brokerage commissions generally are higher than in the United States. Expenses also may be incurred on currency exchanges when we change positions from one country to another. Increased custodian costs as well as administrative difficulties (such as the applicability of non-U.S. laws to non-U.S. custodians in various circumstances, including bankruptcy, ability to recover lost assets, expropriation, nationalization and record access) may be associated with the maintenance of assets in non-U.S. jurisdictions. Positions in non-U.S. securities also involve risks relating to currency exchange matters.

Furthermore, Clients may incur costs in connection with conversions between various currencies. Non-U.S. currency exchange dealers realize a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer normally will offer to sell currency to a Client at one rate, while offering a lesser rate of exchange should we desire immediately to resell that currency to the dealer. We conduct currency exchange transactions either on a spot (i.e., cash) basis at the spot rate prevailing in the currency exchange market, or through entering into forward, futures or commodity options contracts to purchase or

sell non-U.S. currencies. Most of our Clients' currency exchange transactions occur at the time securities are purchased and are executed through the local broker or custodian acting for Clients.

Competition. The securities industry and the varied strategies and techniques to be engaged in by us are extremely competitive and each involves a degree of risk. We will compete with firms, including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staffs.

Changes and Uncertainty in U.S. and International Regulation. Clients may be adversely affected by uncertainties such as international and domestic political developments, changes in government policies, taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of the countries to which they are exposed through their investments or investor base. The tax and regulatory environment for hedge funds is evolving, and changes in the regulation or tax treatment of hedge funds and their investments may adversely affect the value of investments held by Clients and impair Clients' ability to pursue their trading strategy. During this period of uncertainty, market participants may react quickly to unconfirmed reports or information and as a result there may be increased market volatility. This unpredictability could cause us to alter investment and trading plans, including the holding period of positions and the nature of instruments used to achieve clients' trading objectives.

In the United States, we and our Clients may be adversely affected as a result of new or revised legislation or regulations imposed by the SEC, the Financial Stability Oversight Council, and other U.S. governmental regulatory authorities or self-regulatory organizations that supervise the financial markets. In addition, the securities and futures markets are subject to comprehensive statutes and regulations, including margin requirements. Regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The Dodd-Frank Act and the rules promulgated thereunder could result in us and our Clients becoming subject to additional regulatory compliance burdens and trade reporting, which may add significant cost to Clients. The Dodd-Frank Act endows the SEC, CFTC, and other regulators with discretionary authority to write and interpret new rules. The ultimate impact of the Dodd-Frank Act on us and our Clients is unclear. We do not undertake to update our Clients or their investors upon finalization of any such regulations.

## **Item 9 - Disciplinary Information**

There have been no legal or disciplinary events that are material to a Client's or prospective Client's evaluation of our business or the integrity of our management.

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

We have entered into a Services Agreement (the "Services Agreement") with FNY Capital Management LP (together with its affiliates, "FNY"), a global multi-strategy trading firm headquartered in New York City. Pursuant to the Services Agreement, FNY provides us with the office space in which we operate our business and certain FNY employees to assist us in operating our business. In addition, FNY provides us with certain other administrative, desktop support and other services (including, but not limited to, services related to finance, accounting, regulatory compliance, technology, risk management and our general operations). In exchange

for the foregoing, we pay FNY a fixed fee on a monthly basis.

In addition to the Services Agreement, we expect to provide discretionary trading advice to FNY as a Client pursuant to a managed account agreement between us and FNY. David Nguyen, our principal, is also a partner at FNY. As a result, we may have a conflict of interest in allocating investment opportunities among FNY and other Client accounts. We will generally follow the documented procedures described above in Item 6 in allocating investments among Client accounts. (See “Item 6 Performance-Based Fees and Side-By-Side Management” above.)

Due to our relationship with FNY, we are generally subject to compliance with FNY’s restricted securities list(s). As a result, on occasion, we may be restricted in our ability to transact in certain public companies, including not being able to sell securities of a company in which we already have an existing position. This may result in us missing an investment opportunity or having to hold on to a position longer than we otherwise would have intended, and possibly recognize less or no gains (or greater losses) when we ultimately sell the securities. In addition, any disruption in FNY’s ability to provide the services to us under the Services Agreement could adversely affect our ability to operate our business and manage Client assets.

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

We have adopted a Code of Ethics (the “Code of Ethics”) which provides that we are committed 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 our Clients, and that we must conduct our business 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 all personal investment transactions by our employees (including applicable FNY 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 (including applicable FNY employees). We will provide a copy of our Code of Ethics to any Client or prospective Client upon request.

Subject to applicable law, we may effect transactions between Client accounts (generally for rebalancing purposes and to correct misallocations of trades) whereby one Client account will purchase securities from or sell securities to another Client account.

In the event that we effect a cross trade between an account in which we or our principal owns more than twenty five percent (25%) and another Client account, such transaction may be deemed to be a principal transaction under the Advisers Act. Such transactions may create a conflict of interest for us because we may put our or our principal’s interests in such accounts before the interests of our Clients in the other account. In order to mitigate this conflict of interest, we monitor the interests of our principal, his immediate family members and their affiliates in our Client accounts, and we will not effect any cross trades between accounts if we believe that such trade would result in a principal transaction unless:

- 1) We believe that such transaction is in the best interest of the Clients participating in the transaction; and

- 2) We obtain the consent of the applicable Clients as required by the Advisers Act.

Employees (including applicable FNY employees) are generally prohibited from engaging in a personal securities transaction without the prior written consent of our Chief Compliance Officer.

Generally, in granting or denying such requests, the Chief Compliance Officer takes the following guidelines into account: (i) employees may not trade opposite of our recommendations (except in limited situations where the employee is suffering a financial hardship); (ii) employees may not engage in “front-running” of Client accounts, which is a practice generally understood to be personally trading ahead of Client accounts; and (iii) employees may not trade in a security that is in the process of being purchased or sold, respectively, by a Client account until such account has completed its purchase or sale of such security, unless the Chief Compliance Officer, in consultation with the Chief Executive Officer, consents. Prohibitions relating to personal trading also generally apply to an employee’s immediate family members (including any relative by blood or marriage either living in the employee’s household or financially dependent on the employee).

We may buy or sell securities for one Client at the same time that we buy or sell the same security for one or more other Clients. This will typically happen when more than one Client is capable of purchasing or selling a particular security based on investment objectives, available cash and other factors. This may create a conflict of interest if one account may benefit from making the trade before or after the other account. We will generally aggregate trades, subject to best execution to avoid any such conflict of interest. (See Item 12 “Aggregation of Orders” below.)

## **Item 12 - Brokerage Practices**

### Selection of Brokers

In placing portfolio transactions for our Clients, we seek to obtain the best execution for Clients’ accounts, taking into account factors such as price, the ability of the brokers to effect the transactions, the brokers’ facilities, reliability and financial responsibility, and the provision or payment of the costs of property or services (e.g., short-term custodial services, research services, news and quotation services, publications, and other services and facilities). If we determine in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and products or services provided by such broker and/or its affiliates, we may pay commissions to such broker in an amount greater than the amount another broker might charge.

### Research and Other Soft Dollar Benefits

Soft dollar arrangements generally arise when we obtain products and services, other than securities execution, from a broker in return for directing Client securities transactions to the broker. Soft dollar arrangements pose a conflict of interest for us in that such arrangements provide us with a benefit by allowing us to pay with Client commissions expenses that would otherwise be borne by us. Accordingly, we may have an incentive to select or recommend a broker based on our interest in receiving such products and services, rather than on our Clients’ interest in receiving best execution.



In general, we do not engage in any soft dollar transactions other than with respect to products and services which fall within the safe harbor for soft dollars created by Section 28(e) of the Securities Exchange Act of 1934, as amended. The use of commission or soft dollars to pay for research products or services falls within the safe harbor for soft dollars created by Section 28(e). In accordance with Section 28(e), research obtained with soft dollars generated by us is used to service all our Client accounts (including accounts that do not participate in soft dollar arrangements). Generally, where a product or service obtained with commission dollars provides both research and non-research assistance to us, we will make a reasonable allocation of the cost which may be paid for with commission dollars.

#### Trade Error Policy

Subject to applicable law, we will reimburse the applicable Client account(s) for net losses that occur as a result of trade errors resulting from our gross negligence or willful misconduct. Subject to any trade error disclosure as agreed to with each Client, generally, Clients may be allocated losses related to trade errors that are either immaterial or are not caused by One68's gross negligence or willful misconduct as determined in good faith in the sole discretion of One68. Gains associated with trade errors will be allocated to the relevant Client's account.

We may correct misallocations of trades among Client accounts by re-allocating the applicable trade using the intended allocation methodology prior to the trade's settlement date. If an erroneous allocation cannot be corrected prior to or after settlement, we may, if appropriate and subject to applicable law, correct such erroneous allocation by effecting a cross trade between Client accounts at the price at which the initial trade was effected.

#### Aggregation of Orders

We will generally (but are not required to) aggregate Client trades, subject to best execution. Aggregation, or "bunching," describes a procedure whereby an investment adviser combines the orders of two or more Clients into a single order for the purpose of obtaining better prices and lower execution costs. Aggregation opportunities for us generally arise when more than one Client is capable of purchasing or selling a particular security based on investment objectives, available cash and other factors. In such event, securities purchased or sold will generally be allocated among Client accounts on an average price basis. When an aggregated order is only partially filled, we will allocate the investment opportunity as described in Item 6 above.

We may also aggregate subsequent orders for the same security entered during the same day with any previously filled orders. This determination may take into consideration changes in the market price of the security and differences in allocations among accounts.

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

Client portfolios are reviewed monthly, and their performance analyzed, by our principal, David Nguyen. Client investments are typically evaluated based on performance, SEC filings, company fundamentals, news and press releases, analyst reports, general market conditions and such other considerations as we deem appropriate.

We will provide the owners of the separately managed accounts we manage with periodic

unaudited reports at such times as the owners of such accounts and we agree. In addition, since a managed account investor directly owns the positions in its separately managed account, such investor will have full, real-time transparency as to all transactions and holdings in such account.

Investors in the pooled investment Client will receive periodic unaudited reports, no less frequently than quarterly, regarding the Client's performance.

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

We do not receive any economic benefit from any person that is not a Client in exchange for providing investment advice or other advisory services to our Clients. Neither we nor any of our related persons directly or indirectly compensates any person who is not a supervised person of ours for Client referrals.

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

We currently do not have actual custody, or custody as defined in Rule 206(4)-2, of any separately managed account Client assets. Separately managed account Clients will receive account statements from their respective brokers and/or custodians, and are urged to carefully review those statements. To the extent that those Clients were to receive any account statements from us (which currently is not expected), they are urged to compare those statements with the statements that they receive from their brokers and/or custodians.

We do currently have custody of our pooled investment vehicle Client assets for which our related person serves as general partner. Investors are furnished with audited financial statements annually in accordance with Rule 206(4)-2, annual tax information for the preparation of the investors respective U.S. federal income tax returns, as well as with periodic unaudited reports, on a no less frequently than quarterly basis, including information regarding such fund's performance and current balance of the investor's investment in such pooled investment vehicle.

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

We have discretionary authority to manage securities accounts on behalf of our Clients. On a case-by-case basis, separately managed account Clients may negotiate certain risk and/or operating guidelines that we will adhere to when exercising our discretionary authority over such Client accounts.

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

We generally have voting discretion over securities held in Client accounts. However, certain Clients retain the absolute right to hypothecate, pledge and vote securities held in their accounts.

To the extent that we are delegated the authority to vote proxies for a Client account, invest in a security for a Client account for which a proxy vote may arise, and receive timely notice of such proxy from the Client's broker under the terms of the applicable brokerage agreement, we will be guided by general fiduciary principles and will seek to treat proxies in a manner intended to enhance the overall economic value of the applicable Client's assets. However, depending on the securities in which our Clients are invested, we may not frequently vote proxies. For

example, we may refrain from voting a Client proxy under certain circumstances, including, but not limited to, when (i) the economic effect on shareholder's interests or the value of the portfolio holding is indeterminable or insignificant; (ii) voting the proxy would unduly impair the investment management process; or (iii) the cost of voting the proxies outweighs the benefits or is otherwise impractical. In addition, we may refrain from voting a proxy on behalf of our Clients' accounts due to (1) de minimis holdings; (2) de minimis impact on the portfolio; (3) items relating to non-U.S. issuers (such as those described below); (4) contractual arrangements with Clients; and/or (5) their authorized delegates or the failure of a proxy to provide sufficient information to allow for informed decision making. For example, we may refrain from voting a proxy of a non-U.S. issuer due to logistical considerations that may have a detrimental effect on our ability to vote the proxy. These issues may include, but are not limited to: (a) proxy statements and ballots being written in a foreign language; (b) untimely notice of a shareholder meeting; (c) requirements to vote proxies in person; (d) restrictions on non-U.S. person's ability to exercise votes; (e) restrictions on the sale of securities for a period of time in proximity to the shareholder meeting (e.g., share blocking); or (f) requirements to provide local agents with power of attorney to facilitate the voting instructions. Any actual or apparent conflict of interest between our interests and the interests of our Clients is resolved in a manner that is consistent with the best interests of Clients and in a manner not affected by such actual or apparent conflict of interest.

A Client may obtain information about how we voted securities in the account in which the Client is invested by contacting us at the address set forth on the cover page of this Brochure.

**Item 18 - Financial Information**

Currently, there is no financial condition that is reasonably likely to impair our ability to meet contractual commitments to our Clients.

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

*Not applicable.*