

## **Old Peak Limited**

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This brochure provides information about the qualifications and business practices of Old Peak Limited. If you have any questions about the contents of this brochure, please contact us at +852 3667 7700 or email at [ir@oldpeak.com.hk](mailto:ir@oldpeak.com.hk). 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 Old Peak Limited is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2: Material Changes**

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This is Old Peak Limited's brochure filing for 2019 annual amendment. There are no material changes to this brochure since its last filing.

**Item 3: Table of Contents**

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## Item 4: Advisory Business

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### Our Firm and Ownership

Old Peak Limited (“OP”, “we” or the “Firm”) is a company limited by shares incorporated in Hong Kong on 19 November 1999. OP is licensed in Hong Kong by the Securities and Futures Commission to conduct Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 9 (asset management) activities.

Up to the date of this filing, OP has provided discretionary investment management services to privately pooled investment vehicles (“**Funds**”) and separate managed accounts (“**SMA**s”). The Funds are not registered as investment companies under the Investment Company Act of 1940.

OP is 100% owned and controlled by Old Peak Group Ltd. Old Peak Group Ltd. is indirectly owned by John Zwaanstra.

### Types of Advisory Services Offered

OP provides advice to the Funds and an SMA based on specific investment objectives and strategies. Funds’ offering documents (as amended and supplemented from time to time) set forth the investment guidelines and/or the types of investments in which the assets of the Funds may be invested.

### Ability to Tailor Services and Impose Restrictions

The investment objective and strategy for the Funds are described in the Funds’ offering documents. The Firm provides investment management services to the Funds as pooled investment vehicles based on the specific investment objectives and strategies of the Funds themselves and not individually to investors in the Funds (the “**Investors**”). However, the Funds may from time to time enter into letter agreements or other similar agreements (“**Side Letters**”) providing shareholders additional and/or different rights and benefits.

### Regulatory Assets Under Management

As of 31 December 2019, OP advised approximately US\$277 million of regulatory assets under management on a discretionary basis.

## Item 5: Fees and Compensation

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### Management Fee

The fees applicable to the Funds are set forth in detail in the offering materials. The Funds will pay the investment manager of the Funds (“Investment Manager”) at the beginning of each quarter, a management fee up to 0.25% (up to 1.0% annualised) depending on the share class (the “Management Fee”). The Management Fee will be adjusted for mid-quarter subscriptions and redemptions. A pro rata portion of any Management Fee paid in advance will be returned to a shareholder who is permitted to redeem his shares prior to the end of a quarter.

The Management Fee will be payable in U.S. Dollars quarterly in advance.

### **Other Fees and Expenses**

The Funds will pay all the costs of its operation and management, including the organisational expenses, the fees and expenses payable to service providers, regulatory, tax and other compliance costs and all expenses related to its investment programme.

The Firm will negotiate their fees with each SMA entirely independent to the Funds Management Fees, which may or may not be similar to the fees as stated above.

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

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The Investment Manager or its affiliate has been issued allocation shares in the Funds, entitling it to a profit allocation (the "Incentive Allocation") from each other class of shares. Depending on the share class, and subject to a high water mark, the Incentive Allocation to be allocated for any fiscal year to the Investment Manager or its affiliate, is an aggregate amount up to 30% of the net profits (taking into account realised and unrealised gains or losses), if any.

The Incentive Allocation is generally made as of the end of each fiscal year.

The Incentive Allocation fee of clients with SMAs will be negotiated on a case-by-case basis.

### **Item 7: Types of Clients**

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OP provides investment advice to the Funds and SMAs. Investors in the Funds must qualify as accredited investors and/or qualified purchasers, primarily consisting of institutional investors, family offices, high net worth individuals, pooled investment vehicles (fund of funds), and internal capital.

The minimum initial investment per subscriber is U.S.\$5,000,000. The directors of the Funds may waive or reduce the minimum initial investment either generally or in any particular case, however the minimum initial investment cannot be less than U.S.\$100,000.

All SMA clients will be required to enter into an Investment Management Agreement ("IMA") with the Firm. The minimum account size for each client is US\$50 million, although the Firm can consider lowering the minimum amount on a case by case basis.

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

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#### **Investment Strategy and Objective**

The investment objective is to achieve superior long-term absolute investment returns by investing in equities, fixed income instruments and related securities of entities in Hong Kong, Taiwan, China, Japan, Korea and certain other countries.

The Funds utilize a disciplined research-driven approach in selecting its investments in order to seek to achieve capital appreciation commensurate with reasonable risk. The Funds invest based on a disciplined, bottom-up approach. This methodology relies heavily on analysis of financial statements and industry publications, conversations with management, competing

companies, suppliers and customers as well as proprietary work done by industry consultants and brokerage industry research analysts.

To achieve its objective, the Funds invest in a number of varied Hong Kong, Taiwan, China, Japan and Korea-related financial instruments (and financial instruments of certain other countries) and holds, pledges, assigns, sells, sells short, exchanges, purchases or writes options or transfers such instruments from time to time. The Funds, among other things, (i) invest in publicly traded common stocks and other equity-linked securities of various Asian corporations, including real estate-related and real-estate backed securities, (ii) purchase both government and corporate bonds (including high-yield debt securities), notes and other debentures, (iii) engage in short sales of the aforementioned securities (both speculatively and as a hedge of other investments), (iv) purchase or sell short exchange-listed futures contracts, (v) purchase or write options of various types including options on individual equity securities, stock market indices, over-the-counter options, debt securities and various currencies and (vi) hold cash-equivalent instruments denominated in various currencies. Investments may be made on exchanges, in over-the-counter (OTC) markets and in private transactions. The Investment Manager may seek directly or indirectly to hedge all or a portion of the currency exposure. The Investment Manager does not currently, but may elect in the future to accomplish its investment objectives by investing a portion of the Funds' assets with third-party managers.

As a "region-specific" investment fund, the assets are concentrated in the securities of various Asian issuers which subjects the Funds to the risks of adverse social, political or economic events which occur in Asia.

The Firm manages the SMAs deploying substantially the same strategy, research process and portfolio construction methods as used in managing the Funds.

### **Risk Factors**

All investments in the Funds entail substantial risk. The nature of the investments of the Funds involve certain risks including, but not limited to, those listed below and the Investment Manager may utilise investment techniques which carry additional risks. Potential investors should carefully consider the following factors, amongst others, in determining whether an investment in the Funds is suitable for them.

- **Global market exposure.** The Funds may invest on a global basis in both developed and emerging markets. Consequently the Funds are subject to (i) currency exchange-rate risk, (ii) the possible imposition of withholding, income or excise taxes, (iii) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and little or potentially biased government supervision and regulation, and (iv) economic and political risks, including expropriation, currency exchange control and potential restrictions on investment and repatriation of capital.
- **Overall investment risk.** All investments of the Funds risk the loss of capital. The nature of the securities to be purchased and traded by the Funds and the investment techniques and strategies to be employed in an effort to increase profits may increase this risk. Many unforeseeable events, including actions by various government agencies, and domestic and international political events, may cause sharp market fluctuations. Changes in the macroeconomic environment, including, for example, interest rates, inflation rates, industry conditions, competition, technological developments, political events and trends, changes to tax laws, currency exchange rates, regulatory policy, employment and consumer demand and

innumerable other factors, can substantially and adversely affect the performance of an investment.

- **Market disruptions and governmental intervention.** The Funds may incur major losses in the event of disrupted markets and other extraordinary events in which historical pricing relationships become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. The financing available to the Funds from its banks, dealers and counterparties is typically reduced in disrupted markets. Such a reduction may result in substantial losses to the Funds. Market disruptions may from time to time cause dramatic losses for the Funds, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk. A sudden restriction of credit by the dealer community has resulted in forced liquidations and major losses for a number of investment funds and other vehicles. Because market disruptions and losses in one sector can cause ripple effects in other sectors, many investment funds and other vehicles have suffered heavy losses even though they were not necessarily heavily invested in credit-related investments. In addition, market disruptions caused by unexpected political, military and terrorist events may from time to time cause dramatic losses and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.
- **Market liquidity.** The Funds may be adversely affected by a decrease in market liquidity for the instruments in which it invests which may impair its ability to adjust its positions. The size of the positions may magnify the effect of a decrease in market liquidity for such instruments.
- **Risk associated with investing in Asia and emerging markets.** Securities markets in many Asian countries have substantially less trading volume and are generally more volatile than securities markets in the United States. In certain periods, there may be little liquidity in such markets. There is often less government regulation of stock exchanges, brokers and listed companies in Asian countries other than Japan than in the United States. Dealing and dealing-related costs, such as bid-offer spreads, commissions and price sensitivity to trading volume, in many Asian countries are generally higher as compared to such costs in highly-developed markets. In addition, settlement of trades in some non-U.S. markets is much slower and more subject to failure than in U.S. markets.

The Funds may invest in equities or other securities of companies incorporated in, or whose business operations are in, emerging markets. Such investments involve a greater degree of risk than an investment in securities of issuers based in more developed countries. Additional risks that may be encountered include the following:

- (a) *Political factors:* Emerging markets will typically have greater political and economic risks than more developed markets, including: (i) greater risks of expropriation, nationalisation and lower social, political and economic stability; (ii) a greater level of government involvement in and control over the economy; (iii) substantially higher rates of inflation; (iv) certain national policies which may restrict the opportunities for foreign investment, including restrictions on investing in issuers or industries deemed sensitive to the national interest; and (v) bureaucratic restraints relating to foreign investment.

- (b) *Economic factors:* The economies of emerging markets are generally heavily dependent on international trade and accordingly may be adversely affected by economic conditions in the countries with which they trade and/or protectionist measures imposed or negotiated by the countries with which they trade including trade barriers, exchange controls and managed adjustments in relative currency values and other. The economies of certain emerging markets may be based predominantly on only a few industries making them vulnerable to changes in trade conditions.
- (c) *Developing legal system:* The securities market and the regulatory framework for the securities industry in many emerging markets is at an early stage of development. Tax and associated laws are also evolving on a continuing basis. As these laws, regulations and legal requirements are relatively recent, interpretation and enforcement involve significant uncertainty. In particular, laws governing business organisations, bankruptcy and insolvency in emerging markets may provide substantially less protection to investors than that provided by the laws of more developed countries.
- (d) *Market considerations:* As emerging markets are at an early stage of development, they typically have less volume, are less liquid and experience greater volatility than more established markets. When seeking to sell emerging market securities, little or no market may exist for the securities. Settlement of transactions may be subject to delay and administrative uncertainties.
- (e) *Currency:* The currencies in which investments are denominated may be unstable, highly volatile and/or subject to significant depreciation. Risks associated with any particular currency may be difficult to quantify and, therefore, hedge against. Such currencies may not be freely convertible or may be subject to restrictions on the repatriation.
- (f) *Custody and brokerage risk:* Custodians in emerging markets are not able to offer the level of service and safe-keeping in relation to the settlement and administration of securities that is customary in more developed markets. In particular, there is a risk that the Funds will not be recognised as the owner of securities held on its behalf by a sub-custodian. Settlement of trades in some emerging markets is much slower and subject to a greater risk of failure than in markets in more developed countries.
- (g) *Less reliable information:* Issuers based in emerging markets are often not subject to uniform accounting and financial reporting standards, practices and requirements comparable to those applicable to issuers based in more developed countries. Consequently financial and other information available may be incomplete and unreliable and there is potentially an increased risk of fraud or other deceptive practices. Furthermore, the quality and reliability of official data published by the government or securities exchanges in emerging markets may not accurately reflect the actual circumstances being reported.
- **Counterparty risk.** The Funds are subject to the risk of the inability of any counterparty (including any prime brokers and custodians) to perform with respect to transactions, whether due to insolvency, bankruptcy or other circumstances. The Funds are subject to the risk that counterparties may not have access to finance and/or assets at the relevant time and may fail to comply with their obligations under the relevant sale and repurchase agreements. In the event of any counterparty entering an insolvency procedure, the Funds could experience delays in liquidating



positions and significant losses could be incurred, including the loss of that portion of the assets of the Funds financed through such a transaction, a decline in value of the relevant investment during the period in which the Funds seek to enforce the contract, an inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing the contract.

- **Currency exposure and hedging.** Assets of the Funds will be invested in securities and other investments which are denominated in currencies other than the currency or currencies in which the Funds' shares are denominated. Accordingly, the value of such assets may be affected favourably or unfavourably by fluctuations in currency rates.

### **Item 9: Disciplinary Information**

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The Firm has not been subject to any disciplinary action, whether criminal, civil or administrative (including regulatory) in any jurisdiction. Two individuals, Frederick Towfigh and Oliver Robert Morgan Bolitho who are both involved in the management of the Firm have been subject to the Malaysian attorney-general's charges. It is the Firm's understanding that neither Mr. Towfigh nor Mr. Bolitho were involved with respect to these charges and these charges do not involve the Firm.

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

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The Firm and its affiliated entities are exempt from registration as either commodity pool operator or commodity trading adviser based on the De Minimis level of commodity interests held by the Funds and has filed the applicable exemption notices with the Commodity Futures Trading Commission and the National Futures Association.

### **Other Material Relationships**

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

The Investment Manager of the Funds has delegated its investment advisory responsibility regarding the Funds to OP. Fees from the Funds are first paid to the Investment Manager who then pays the Firm based on their agreement. As far as the Funds and other clients are concerned, there is no obvious conflict of interest due to the relationship between the Investment Manager and OP.

Other than holding investments in the Funds which is intended for alignment of interest, OP and its affiliates do not have any other relationships or arrangements that are material to OP's advisory business or to its clients that the Firm or any of its management persons have with any of the following related persons: (i) a broker-dealer, municipal securities dealer, or government securities dealer or broker; (ii) an investment company or other pooled investment vehicle; (iii) a futures commission merchant, commodity pool operator, or commodity trading advisor; (iv) a banking or thrift institution; (v) an accountant or accounting firm; (vi) a lawyer or law firm; (vii) an insurance company or agency; (viii) a pension consultant; and (ix) a real estate broker or dealer sponsor or syndicator of limited partnerships.

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

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**Participation or Interest in Client Transactions**

The Firm serves as the investment advisor to the Funds. The owner and/or employees, affiliates and relatives of the employees may make investment in the Funds. The Firm may or may not receive any compensation from such investments from employees.

SMA accounts are traded on a pari passu basis with the Funds with full transparency. The trading and investment is done so as not to disadvantage the Funds over the SMA clients or vice versa. This is disclosed to the SMA clients prior to the execution of an IMA.

**Code of Ethics and Personal Account Dealing**

Pursuant to Rule 204A-1 of the Advisers Act, OP has adopted a Compliance Manual and a Personal Account Dealing Policy that establishes various procedures with respect to investment transactions in accounts in which employees of OP or related persons have a beneficial interest or accounts over which an employee has investment discretion.

The Compliance Manual was adopted to avoid actual and possible conflicts of interest, avoid the inappropriate use of material, non-public information and ensure the propriety of its employees' and partners' (or similar) trading activities.

The foundation of the Compliance Manual is based on the underlying principles that:

- Employees of OP must at all times place the interests of clients first;
- Employees of OP must make sure that all personal securities transactions are conducted consistent with this Compliance Manual and the Personal Account Dealing Policy contained in this Compliance Manual. All transactions must avoid any actual or potential conflicts of interest or any abuse of an individual's position of trust and responsibility; and
- Employees of OP should not take unfair advantage of their positions. The receipt of investment opportunities, perquisites, or gifts from persons seeking business with OP could call into question the exercise of an employee's independent judgment.

All relevant employees are required to hold all personal investments for at least 30 days, unless prior written approval of the Compliance Officer or other persons designated by senior management is given for an earlier disposal.

The relevant employees are required to, upon joining OP and quarterly thereafter, disclose details of their outside broking accounts and holdings therein, and ensure that copies of records and statements of personal transactions entered into by them are submitted to the Compliance Officer.

Employees are required to obtain pre-clearance from the Compliance Officer prior to any personal share dealing transaction. Employees are prohibited from trading (including IPO) in the markets which OP trades, including but not limited to Japan, Hong Kong, Taiwan, China, Korea, Malaysia and Thailand, regardless of the stock exchange which the issuer's securities are traded.

The Firm will provide a copy of the Firm's personal account dealing policies to any clients or investor upon request.

**Item 12: Brokerage Practices**

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**Best Execution and broker selection**

The firm will regularly review the brokers' performance to ensure best execution in the interests of clients. In selecting brokers and negotiating commission rates, OP will seek to obtain the best overall terms available and evaluate based on a variety of factors, such as the financial stability and reputation of the broker, the quality of investment research, investment strategies, special execution capabilities, clearance, settlement, custody, recordkeeping and other services provided by such broker.

**Trade Allocation**

The Firm will ensure that all client orders are allocated fairly and make a record of intended basis of allocation before a transaction is effected and ensure that an executed transaction is allocated promptly in accordance with the stated intention, except where the revised allocation does not disadvantage a client and the reasons for the re-allocation are clearly documented.

**Brokerage Fees**

The Funds are responsible for paying all brokerage commissions and related costs of securities transactions.

The Firm may enter into agreements under which brokerage, research services and other products or services are obtained by the Firm from or through a broker in exchange for the brokerage commissions from transactions. Where a product or service obtained with commission dollars provides both research and non-research assistance to the Firm, the Firm will make a reasonable allocation of the cost that may be paid for with commission dollars.

**Commission Sharing, Research and Soft Dollar Arrangements**

The Investment Manager, the Firm or the Funds have or may enter into commission sharing arrangements, or "soft dollar arrangements" under which commissions or other compensation generated by the Funds' transactions are used to obtain products and services provided to the Investment Manager, the Firm but which can reasonably be expected to benefit the Funds and which may contribute to an improvement in the Funds' performance.

OP will use reasonable best efforts to ensure the use of any soft dollars to pay for research products or services will fall within the safe harbor created by Section 28(e) of the Exchange Act.

**Item 13: Review of Accounts**

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**Review of Accounts**

The Funds are reviewed and reconciled on a daily basis with daily trade and cash reconciliations performed by the Firm. The fund administrator also undertakes reconciliations on a monthly basis to ensure conformity with investment objectives and guidelines.

The fund administrator will prepare monthly unaudited investor statements reviewing the Funds' performance for the month.

### **Reporting**

The Funds will be audited on an annual basis by an independent auditor. The annual financial statements are prepared in accordance with generally accepted accounting principles applied in the United States ("US GAAP"). Copies of the audited financial statements will be issued to all Investors within 4 months after the Funds' fiscal year-end, ending on 31 December.

Shareholders will also receive a quarterly report detailing the Funds' performance, a monthly report of Funds' performance and a mid-month performance estimate for the Funds.

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

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Neither the Firm nor any related person of the Firm compensate any person who is not OP's supervised persons for client referrals. No person who is not a client of the Firm provides an economic benefit to OP for providing investment advisory or other services to OP's clients.

The Firm currently does not engage the services of third-party placement agent firms.

### **Item 15: Custody**

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

### **Item 16: Investment Discretion**

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

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

### **Item 17: Voting Client Securities**

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

Below are some voting principles that the Firm may take into account in voting proxies whilst each situation must be judged on its own merits:

- In the absence of evidence to the contrary, the Firm will give considerable weight to management recommendations, except in the case of issues directly affecting the interests of management itself, such as management compensation;
- The Firm will in general support management recommendations about the internal operations of the company. Whilst proposal which is likely to have significant economic effect on the relevant company and its security-holders will be subject to greater scrutiny on a case-by-case basis;
- The Firm favours having strong independent directors and supports the delegation of key functions (such as compensation, audit and nominating committees) to independent directors and the Firm will in general oppose classification of directors.

**Item 18: Financial Information**

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OP has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.