

**Item 1**  
**Cover Page**

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

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**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, 2023

## **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 31, 2022, this document has been amended to clarify certain of Oasis' processes, including with respect to the allocation of certain expenses associated with co-investments. Clients are encouraged to read this document in its entirety.

### 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 four relying advisers: (i) Oasis Management Company Ltd. (“**OMCL**”), (ii) Oasis Management (Hong Kong) (“**Oasis HK**”), (iii) Oasis Capital Advisors, LLC (“**OCAL**”), and (iv) Oasis Management (Japan) Ltd. (“**Oasis Japan**”). 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. Oasis Japan is a Cayman Islands corporation that was formed on January 30, 2020. The Firm is ultimately owned and controlled by Seth H. Fischer.
- B. Types of Clients. OMCL provides investment advice to private funds (each an “**Oasis Fund**,” and collectively, the “**Oasis Funds**”) and sub-advises a private fund (the “**Sub-Advised Fund**,” and collectively with the Oasis Funds, the “**Funds**”). Pursuant to sub-advisory agreements with OMCL, each of Oasis Capital, Oasis HK, OCAL and Oasis Japan provides investment advisory services on a discretionary basis to the Funds. The Oasis 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 Oasis Funds’ investors are generally high net worth individuals, public and private pension funds, sovereign wealth funds, institutions, or private funds. The Firm may in the future also provide investment advice to separately managed accounts (“**Managed Accounts**”) for institutional, non-retail investors, which may have more focused or specific investment mandates than the Oasis Funds and/or would be offered only to specific investors who may or may not be existing investors in the Oasis 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 or sub-advise in the future.
- Oasis Focus Fund GP, Ltd. (“**Oasis GP**”), one of our related persons, serves as the general partner of an Oasis Fund structured as a Delaware 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 agreements, as applicable (collectively herein referred to 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 an institutional, non-retail 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, 2022, the Firm had \$3,046,854,792 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

- A. Fees. OMCL charges the Oasis Funds a fee for its advisory services based on assets under management (the “**Management Fee**”), which is described in such Oasis Funds’ Governing Documents. OMCL offers to certain investors in the Oasis Funds a reduction, waiver, or different calculation of the Management Fee. OMCL, in turn, pays a service fee (the “**Fee**”) to Oasis Capital, Oasis HK, OCAL and Oasis Japan equal to the sum of: (i) Oasis Capital’s, Oasis HK’s, OCAL’s and Oasis Japan’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. OMCL does not charge a management fee to the Sub-Advised Fund.
- B. Fee Billing. The Management Fee for the Oasis Funds will be accrued monthly and payable quarterly in arrears based on the net assets of the applicable Oasis Fund as of the last day of each month. Such Management Fee will be prorated for any partial periods. OMCL shall make payments of the Fee to Oasis Capital, Oasis HK, OCAL and Oasis Japan at least on a quarterly basis in arrears.
- C. Other Fees and Expenses. The Firm seeks to allocate expenses that are incurred on behalf of multiple Funds among the applicable Funds in a manner that is fair and equitable, in accordance with internal allocation protocols. The Oasis Funds will generally bear their own expenses, including, but not limited to, expenses related to the Oasis Funds’ operations and expenses related to the investment of the Oasis 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 Oasis 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 Oasis Fund assets, other similar investment related expenses and any extraordinary expenses as shall be determined by the Oasis GP or Oasis Funds’ directors, as the case may be, in its/their sole discretion.

The Sub-Advised Fund will bear its *pro rata* share of trading-related fees, costs and expenses reasonably incurred in the operation of the Sub-Advised Fund.

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. There may be instances in which the Vehicles will not invest in a particular opportunity (where, for example, it is deemed not appropriate for the Vehicles) but the opportunity is still offered to other investors. The Firm is typically not obligated to offer co-investment opportunities to a co-investor, and no investor will be obligated to participate in any such opportunity. The Firm has sole discretion as to the amount (if any) of a co-investment opportunity that will be allocated to a particular investor. The Firm will seek to address conflicts presented by the allocation of co-investment opportunities by acting in the best interest of the Vehicles. The Firm has adopted a Conflicts and Trade Allocation Policy that addresses the portfolio allocations for co-investment accounts managed by the Firm.

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. However, it is not always possible or reasonable to allocate expenses to a Co-Investment Vehicle depending upon the circumstances surrounding the applicable co-investment and the financial and other terms (including the timing of the investment) governing the Co-Investment Vehicle (including such vehicle's Governing Documents), and, as a result, certain Co-Investment Vehicles do not bear a *pro rata* share, or any share, of certain expenses relating to the relevant investment (for example, certain system and research costs and expenses that would be borne by the other Vehicles even without the existence of the co-investment). In such event, the other Vehicles will bear more than their *pro rata* share of such costs and/or the Firm may bear the costs attributable to the Co-Investment Vehicle's *pro rata* share.

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.

As described in more detail herein, the Firm is affiliated with a litigation manager (the “**Litigation Manager**”), which is a company that provides litigation financing and litigation management related to “appraisal rights” litigation investments (“**Appraisal Rights Investments**”). The Litigation Manager receives fees for its services from third-party shareholders participating in appraisal litigations. The Vehicles will not pay any fees to the Litigation Manager. Each Vehicle will bear its *pro rata* portion of shared legal, expert, and other expenses relating to Appraisal Rights Investments, including expert fees and regulatory filing fees. However, the Litigation Manager and its clients are not required to (i) share legal counsel with the Vehicles or (ii) pay a *pro rata* share of the aforementioned legal costs incurred by the Vehicles. The Litigation Manager and its clients may, therefore, benefit from legal costs incurred solely by the Vehicles in proceedings (*e.g.*, by participating in a settlement negotiated by the Vehicles' legal counsel). By the Litigation Manager remaining a relatively more passive participant in proceedings, the costs incurred by the Litigation Manager and its clients would be minimized. (*See Item 8 “Methods of Analysis, Investment Strategies and Risk of Loss” and Item 10 “Other Financial Industry Activities and Affiliations” below.*)

- D. Fees in Advance. Neither the Management Fee nor the Fee is pre-paid.
- E. 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, OCAL and Oasis Japan.

The fact that performance-based fees are payable only with respect to increases in net profits creates an 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, because the performance-based fees paid by the Oasis Funds are based directly on the Oasis Funds' net asset values, the Firm has a conflict of interest in valuing the assets held by the Oasis Funds. 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 their 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 Oasis 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 Oasis Funds is generally \$1,000,000, although Oasis GP or the directors of an Oasis Fund, as applicable, maintain discretion to individually waive, increase, or reduce the minimum investment required.

The Firm would determine a minimum investment for future Vehicles 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’ strategies, 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 key 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, holding private discussions or public communications with corporate boards and management, including on public websites, 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, website blogging, traditional news media, social media, and use of 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 and distressed 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 and distressed 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.

#### *Debt Securities*

The Vehicles invest in debt securities and instruments, some of which may have speculative characteristics. The issuers of such instruments may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal. In addition, a major economic recession could severely disrupt the market for most of these securities and may have an adverse impact on the value of such instruments. It is also likely that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon, and increase the incidence of default for such securities. The Vehicles' ability to recover assets may be further restricted by legal jurisdiction and enforcement issues in the issuer's domicile or the location of the issuer's assets.

### *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. Compliance with new laws or regulations could make compliance more difficult and expensive and affect the manner in which the Firm operates. 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.

### *Credit Analysis and Credit Risk*

The investment strategy to be utilized by the Firm may require accurate and detailed credit analysis of issuers. There can be no assurance that the Firm's analysis will be accurate or complete. The Vehicles may be subject to substantial losses in the event of credit deterioration or the bankruptcy of one or more issuers in their portfolios. Although the Vehicles may hedge their credit risk with investments in futures and forward contracts and options, there can be no assurance the Vehicles will have the ability to establish such hedges in the marketplace or, if established, that the hedges will offset losses. Individual company issuers may be subject to freezing of assets, bad actions including fraud by or on behalf of the company, directors or other related parties, as well as other regulatory restrictions in the countries in which they operate.

### *Credit Ratings*

The credit ratings of issuers of securities represent a rating agency's opinions regarding the issuers' credit quality and are not a guarantee of the future credit performance of such issuers. Such ratings may not be accurate. Rating agencies attempt to evaluate the issuers' credit worthiness (*i.e.*, their ability to pay back a loan) or debt instruments by various investment grades. They do not evaluate the risks of fluctuation in the market value of the issued equity or equity-linked securities or debt instruments. However, fluctuations in the market value of these securities may be affected by ratings assigned to such issuers by rating agencies, particularly in the event such ratings are subsequently found to be inaccurate. Therefore, where the credit ratings of such issuers are downgraded, this will adversely affect the market value of their securities as they may be subject to higher risks, volatility, liquidity and credit risk. If the Vehicles invest in these downgraded securities, its returns could be adversely impacted. The Vehicles may or may not be able to dispose of such securities that are being downgraded. If the Vehicles continue to hold such investments, investors may suffer a substantial loss of their investment in the Vehicles.

### *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.

### *Equities and Futures*

The Vehicles may trade in futures contracts. Futures positions may be illiquid because certain equity and commodity exchanges limit fluctuations in certain equities or futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular equity or future has increased or decreased by an amount equal to the daily limit, positions in the equity or future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. It is also possible that an exchange or the US Commodity Futures Trading Commission (the "CFTC") may suspend trading in a particular contract, order immediate liquidation or settlement of a particular contract, implement retroactive speculative position limits or order that trading in a particular contract be conducted for liquidation only. These circumstances could prevent the Vehicles from promptly

liquidating unfavorable positions and cause substantial losses. It may also impact the Vehicles' ability to withdraw their investments in order to satisfy redemption requests in a timely manner. In addition, the Vehicles may not be able to execute equities or futures contract trades at favorable prices if little trading in the contracts involved is taking place. Equities and convertible bonds, as well as other securities, may be subject to special dividend and other corporate action risk.

Futures contract trading is influenced by factors such as changing supply and demand relationships, governmental programs and policies, national and international political and economic events and changes in interest rates. In addition, because of the low margin deposits normally required for futures contract trading, a high degree of leverage is typical in such trading arrangements. As a result, a relatively small price movement in a futures contract may result in substantial losses to the trader. In short, market illiquidity or disruption and volatility are key risks that could result in substantial losses to the Vehicles.

#### *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 such 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.

#### *Leverage and Financing Risk*

The Vehicles may leverage their capital because the Firm believes that the use of leverage may enable the Vehicles to achieve a higher rate of return. Accordingly, the Vehicles may pledge their securities in order to borrow additional funds for investment purposes. The Vehicles may also leverage their investment return with options, short sales, swaps, forwards and other derivative instruments. The amount of borrowings which the Vehicles may have outstanding at any time may be substantial in relation to their capital. The Vehicles may also engage in borrowing for operating purposes, including to fund withdrawal/redemption requests, and may be leveraged as deemed appropriate by the Firm in connection with any direct investments made by the Vehicles.

Although leverage presents opportunities for increasing the Vehicles' total return, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment by the Vehicles would be magnified to the extent the Vehicles are leveraged. The cumulative effect of the use of leverage by the Vehicles in a market that moves adversely to the Vehicles' investments could result in substantial losses to the Vehicles which would be greater than if the Vehicles were not leveraged.

#### *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

offset by the gain by the premium received if the option expires out of the money, 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, unhedged 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 its entire investment in the call option. If the buyer of the call sells short the underlying security, the loss on the call will be offset in whole or in part by any gain on the short sale of the underlying security (if the market price of the underlying security declines).

### *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 sale price of the short position of the underlying security offset by the premium if the option expires out of the money, and thus the gain in the premium, and the option seller 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, unhedged put option assumes the risk of a decline in the market price of the underlying security to zero. The buyer of a put option assumes the risk of losing his entire investment in the put option. If the buyer of the put option holds the underlying security, the loss on the put will be offset in whole or in part by any gain on the underlying security. The Vehicles may engage in “sub-underwriting” equity or rights issues or bonds, which is the equivalent to a naked, un-hedged short put position in the security. There might be certain hedging restrictions associated with the short put or “sub-underwriting”.

### *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.

### *Epidemics, Pandemics, Outbreaks of Disease and Public Health Issues*

The operations and the business activities of the Firm, the Vehicles, and their respective affiliates could be materially adversely affected or impacted in the future by the continuation or worsening of the COVID-19 global pandemic and other outbreaks of disease, epidemics, pandemics and public health issues, whether globally or limited to particular regions of the world, such as diseases or public health issues caused by other novel coronaviruses (including as a result of the emergence of new coronaviruses), Ebola virus disease, H1N1 flu, H7N9 flu, H5N1 flu (and other types or subtypes of influenza viruses), Severe Acute Respiratory Syndrome, or SARS, or other epidemics, pandemics, outbreaks of disease or public health issues. A health crisis may exacerbate other pre-existing political, social and economic risks. Any such impact could adversely affect the Vehicles’ performance, resulting in losses to investors.



## *Brexit*

The United Kingdom officially withdrew as a member of the EU as of January 31, 2020. The future application of European Union-based legislation to the private fund industry in the United Kingdom and the European Union will ultimately depend on how the United Kingdom renegotiates its relationship with the European Union. Any renegotiated terms or regulations could have a material adverse impact on the Vehicles and their investments, including the ability of the Vehicles to achieve their investment objectives. Brexit may result in significant market dislocation, heightened counterparty risk, a material adverse effect on the management of market risk and, in particular, asset and liability management due in part to redenomination of financial assets and liabilities, an adverse effect on the ability of the Firm to manage, operate and invest the Vehicles' capital and increased legal, regulatory or compliance burden for the Firm or the Vehicles, each of which may have a material negative impact on the operations, financial condition, returns or prospects of the Vehicles. Changes in market conditions and the development of new regulatory regimes and parallel competition law enforcement may also have a material adverse impact on corporate transactions, particularly those occurring in, or impacted by conditions in, the United Kingdom and Europe.

## *Climate Change*

Although the Vehicles and the Firm do not believe that climate change risks currently or will in the near term present a relevant or material risk to the Vehicles and their investments, continued changes in climatic conditions could, under certain circumstances, have an impact on the revenues, expenses, and conditions of certain investments in the future. Although the full extent of the future effects of climate change are unknown, it is possible that climate change could affect precipitation levels, droughts, wind levels, annual sunshine, sea levels and the severity and frequency of storms and other severe weather events. Sudden changes in climate conditions could affect the frequency and magnitude of natural disasters, including, without limitation, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, which could, among other effects, impact the cash flows available from an investment, cause personal injury or loss of life, damage property, or instigate disruptions of service. Moreover, if the evidence supporting climate change continues to grow, various regulatory agencies might enact more restrictive environmental regulations. These more restrictive regulations could impact the revenues and expenses of an investment. Any of the foregoing could therefore affect the performance of the Vehicles and their investments.

## Additional Conflicts of Interest

### *Delegated Portfolio Management*

Certain investment professionals have been delegated individual investment discretion over subsets of the Vehicles' assets, subject to limited parameters established by Mr. Fischer. In addition to the parameters around such delegated discretion, the Firm monitors the investment activity of such investment professionals with respect to such assets. Nonetheless, there is a risk that an investment professional breaches a parameter, including placing a trade in excess of his or her limited parameters.

### *Potential Conflicts Associated with Litigation Manager*

As part of certain Vehicles' investment programs, the Firm expects to acquire for such Vehicles securities of certain issuers that are subject to privatization or merger transactions. In connection

with these investments, the Firm may elect to pursue Appraisal Rights Investments in an effort to obtain higher prices for the securities held by the Vehicles. As noted herein, the Firm is affiliated with the Litigation Manager, which provides litigation financing and litigation management related to Appraisal Rights Investments. The Litigation Manager does not provide any services to the Firm or any of the Vehicles. The Litigation Manager receives fees for its services from third-party shareholders participating in the appraisal litigation. The Firm and one of its employees together have a majority ownership interest in the Litigation Manager and, accordingly, participate in the fees earned by the Litigation Manager. Personnel of the Firm, including certain officers, serve as directors of the Litigation Manager and are involved in its day-to-day business operations. These ownership and management relationships result in certain risks and conflicts of interest, including, without limiting the generality of any other risks and conflicts discussed herein, the following:

- Although the Firm expects the Litigation Manager's activities to present synergies with the Vehicles, the Litigation Manager's activities have the potential to adversely impact the Vehicles and their Appraisal Rights Investments. The existence of the offering of the Litigation Manager's services to potential participants in an appraisal rights litigation will likely result in certain participants acquiring shares of the target company, which could result in an increase in the price of an Appraisal Rights Investment being that was acquired by the Vehicles.
- Certain privatization or merger transactions include conditions that allow the buyer to terminate a merger (*i.e.*, to "break" the transaction) if a certain percentage of shareholders of the issuer seek appraisal rights. The availability of the Litigation Manager's services will encourage additional shareholders to seek appraisal and increase the risk of a broken transaction, which is expected to be an unfavorable outcome for the Vehicles in certain circumstances. To seek to mitigate this conflict, generally the Firm (i) will give priority to the Vehicles, as applicable, up to the desired allocations desired by the Firm prior to permitting the Litigation Manager to begin offering its services to potential participants in an appraisal litigation, and (ii) intends to monitor the overall participation in relevant Appraisal Rights Investments and, if appropriate, restrict the percentage of shares to which the Litigation Manager is permitted to provide services. The Firm, however, faces a conflict of interest in limiting or monitoring such participation due to its incentive to generate fee revenue through the Litigation Manager. Notwithstanding the Firm's best efforts in limiting or monitoring participation in Appraisal Rights Investments by the Litigation Manager's clients, the Firm may not accurately predict the degree of opposition to a transaction among other market participants, and any participation by the Litigation Manager's clients increases the risk of a potentially adverse outcome. In the event of a broken transaction, it may be necessary for the Firm to sell a position held by the Vehicles in the open market. Broken transactions often result in a decline in the price of the target company's shares and the contemporaneous selling by the Litigation Manager's clients will exert further negative pressure on the price of a company's shares. In such circumstances, the price at which the Vehicles will be able to sell the relevant position is likely to be adversely impacted by the Litigation Manager's clients' selling of the same position, which would lead to a higher level of losses (or a reduction in potential gains) than would otherwise be the case.
- In certain circumstances, there may be a benefit to being "last-man-standing" in a litigation in order to receive a more favorable settlement offer. Because the Litigation Manager's clients do not incur their own legal costs, such a client may be in a better position in certain circumstances to wait to be the "last-man-standing" in a litigation in which the Vehicles

are participating. This may deny a Vehicle the opportunity to receive a better settlement offer as the “last-man standing” in such litigation.

- The Firm will represent the interests of the Vehicles, and the Litigation Manager will represent the interests of its participating clients. Although these interests are expected to generally align with one another, there may be situations in which there is a potential strategic disagreement between the Firm, on the one hand, and the Litigation Manager, on the other hand, with respect to a litigation. In the event of such a disagreement, the Firm would act in accordance with its fiduciary duty, even if the Litigation Manager were to disagree with such action. As a result, the Vehicles could end up taking a conflicting position from the Litigation Manager’s clients. Due to its control of the Litigation Manager, the Firm will typically be able to direct the Litigation Manager to adopt its strategic direction. In relation to certain matters that require agreement between the entire dissenter group, if the Firm is not able to direct the Litigation Manager as to the course of action to take, the Litigation Manager’s clients may be able to block or frustrate the Firm’s strategy, which could have a negative impact on the Vehicles’ relevant Appraisal Rights Investment.

#### *Board Participation for Portfolio Companies*

In connection with certain investments, certain Firm employees are expected to serve as directors of companies in which the Vehicles invest. In connection with such services, such employees will generally be entitled to receive directors’ fees or similar compensation. The Firm anticipates that such employees will retain this compensation for their own benefit. In these situations, the Firm typically will seek to offset such compensation by not charging the Vehicles for certain expenses relating to the relevant board memberships (e.g., travel expenses related to board meeting attendance) and/or other expenses relating to the relevant investment by the Vehicles, when possible and deemed appropriate. While representation on a company’s board may enable the Firm to enhance the value of a Vehicle’s investment in such company, it may also prevent the Vehicle from disposing of such investment in a timely and profitable manner. For example, such a board membership may result in the Firm and the Vehicles being considered “insiders” of the issuer for a temporary or prolonged period, and therefore subject them to statutory prohibitions on trading any of the issuer’s securities, rendering the Vehicles’ investments in such issuer’s securities illiquid. The Firm may also come into possession of material non-public information (as defined in the relevant market or jurisdiction) as a result of such a board membership and would therefore be restricted from trading for the Vehicles or otherwise in the relevant securities for a period of time. There is no limit on the period of time that any such restrictions might last. Additionally, although the interests of the Vehicles as shareholders in a company will generally align with interests of the company more broadly, it is possible that when a Firm employee obtains representation on the board of a portfolio company, his or her fiduciary duty to such company may conflict with the interests of the Vehicles. Any such conflicts will be reviewed, monitored, and resolved where possible based on all of the circumstances.

### **Item 9**

#### **Disciplinary Information**

There are no legal or disciplinary events that are material to a client’s or prospective client’s evaluation of our advisory business or our management.

## 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 U.S. Commodity Futures Trading Commission and a member of the National Futures Association. 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 primarily invests in private funds, but also from time to time invests in the following securities under the following limited circumstances: (i) allocations in initial public offerings in investor ID-specific markets where allocation amounts are capped per each investor ID and the Vehicles have capped out, (ii) investment opportunities that are not appropriate for the Vehicles based on their respective investment strategies, risk limits and/or guidelines, (iii) sales of legacy positions, (iv) the same securities as the Vehicles under exceptional circumstances in which the Vehicles have reached their maximum capacity with respect to the relevant investment, and (v) the same securities as the Vehicles when the Firm's principal determines that such investment furthers the interests of the Vehicles (*e.g.*, investments that would provide the Firm's principal to access to meetings that he would not be able to access as a result of the Vehicles' investments that he believes would benefit the Vehicles). Employees of the Firm's affiliates occasionally provide limited services to such account.

The Firm has adopted a Trading 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 any Vehicle and the Proprietary Account would be exited with preference to such Vehicle, unless otherwise reviewed and approved by the Board of Directors of such Vehicle. The policy also sets forth a number of internal procedures relating to the Proprietary Account's trading, including: (i) a requirement that the Firm's 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.

In addition, the Proprietary Account maintains a brokerage account with one of the brokers used by the Vehicles and receives certain benefits from such broker that would likely not be available to it in the absence of such broker's relationship with the Firm. The Firm will not commit to conduct any additional level of business with the broker on behalf of the Vehicles as a result of the Proprietary Account and will continue to periodically assess the broker to confirm that it continues to satisfy its best execution responsibilities to the Vehicles (see Item 12 below).

- E. Affiliation with Litigation Manager. As noted above, the Firm and one of its employees together have a majority ownership interest in the Litigation Manager and, accordingly, participate in the fees earned by the Litigation Manager. Personnel of the Firm, including certain officers, serve as

directors of the Litigation Manager and are involved in its day-to-day business operations.

The potential for the Litigation Manager (and, indirectly, the Firm and one or more of its employees) to receive substantial fee revenue for its services creates an incentive for the Firm to favor Appraisal Rights Investments that have the potential to benefit the Litigation Manager. The Firm, however, will continue to make investments consistent with its fiduciary obligations and has implemented certain policies and procedures and risk monitoring processes to seek to mitigate such conflict.

Due to the limitations on participation in Appraisal Rights Investments, the Firm will face a conflict of interest in determining when to permit the Litigation Manager to offer its services to other potential participants. As noted above, to seek to mitigate this conflict, the Firm will generally give priority to the Vehicles, as applicable, up to the desired allocations determined by the Firm, prior to permitting the Litigation Manager to begin offering its services to potential participants in the appraisal litigation.

In certain circumstances, the Firm, the Vehicles and the Litigation Manager's clients may be viewed as acting in concert or as a "group" with respect to the voting and/or investment of the relevant shares. In such circumstances, the Vehicles may be subject to certain requirements, such as public disclosure of the relevant position and/or disgorgement of short swing profits, to which they would not otherwise be subject absent the Firm's affiliation with the Litigation Manager. These additional requirements may result in increased expenses for the Vehicles and may negatively impact the performance of the Vehicles. The Firm from time to time may adjust the desired allocation for the Vehicles in order not to exceed certain ownership thresholds that would trigger these requirements. However, as noted above, the Vehicles generally will have priority in establishing their positions in Appraisal Rights Investments before the Firm permits the Litigation Manager to begin offering its services to potential participants in the appraisal litigation.

The Litigation Manager may have different financial incentives versus those of the Firm and the Vehicles in relation to Appraisal Rights Investments, which may influence how the Litigation Manager provides its services to its clients. For example, the Litigation Manager earns fees on interest earned on balances held by the defendant(s) in an Appraisal Rights Litigation, rather than amounts returned as interim payments. Therefore, the Litigation Manager may be incentivized to accept a lower (or no) interim payment from the defendant(s). The Firm, however, typically believes that it can generate a higher return on behalf of the Vehicles in the ordinary course of its investment activities on balances returned by way of interim payments than it would receive in interest from the defendant(s) in an Appraisal Rights Litigation. The Firm is therefore incentivized to seek the highest possible interim payment as quickly as possible. When the financial incentives of the Vehicles and the Litigation Manager diverge, the Firm and its personnel that participate in the business operations of the Litigation Manager will face a conflict of interest in managing the relevant Appraisal Rights Litigation. As noted above, the Firm has adopted procedures to mitigate this conflict.

The Firm is expected to enter into agreements with the Litigation Manager from time to time that restrain the Firm's ability to accept a settlement on behalf of the Vehicles unless such settlement is on the same terms is offered to the Litigation Manager's clients. If a defendant is not willing to extend the same offer to both the Vehicles and the clients of the Litigation Manager, these agreements may require the Vehicles to reject otherwise favorable settlement offers and/or accept settlement offers that are lower than would otherwise be the case. Further, although the Firm may be restrained from accepting a settlement offer unless such offer is made to the Litigation Manager's clients, the Firm may not be able to require the Litigation Manager's clients to accept

such offers at every price level. Certain settlement offers may be structured in such a way that all, or a specified percentage of, the Vehicles and/or the Litigation Manager's clients must accept such offers or else such offers fall away. In such circumstances, one or more of the Litigation Manager's clients may cause a settlement to fail or to seek a non-*pro rata* split of the total settlement amount in order to provide consent for such an offer to be accepted, which could negatively impact the Vehicles.

Additional information regarding potential conflicts associated with this relationship are discussed in Item 8 "*Methods of Analysis, Investment Strategies and Risk of Loss*" above.

- F. Management of Multiple Vehicles. The management of multiple Vehicles results in a 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.

A cross-trade occurs when an investment adviser effects a trade between two or more of its advisory clients. If the Firm were to cause a cross-trade between two Vehicles, it may result in a conflict of interest because the transaction may result in benefits to one Vehicle that may be greater than the benefits to the other Vehicle. Subject to applicable law, in exceptional cases, the Firm from time to time effects cross-trades among the Vehicles. In order to mitigate any associated conflicts of interests, the Firm effects such transactions in accordance with its internal protocol and with pre-approval of the Firm's Chief Compliance Officer only when it believes that such transactions are in the best interests of, and are fair and equitable to, 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 or, if no closing price is available, in accordance with the Firm's Valuation Procedures. No brokerage commission, transfer fee or other commission will be paid to the Firm or its affiliates in connection with any such transaction.

## **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: (i) personal trading; (ii) identifying and addressing circumstances that may result in an actual or potential conflict of interest or the appearance thereof; (iii) insider trading; (iv) employee gifts and entertainment; and (v) 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 Oasis Funds. The Firm's employees and/or other related persons have significant personal investments in the Oasis Funds. In addition, the Firm receives performance-based compensation from the Vehicles.

The Firm generally does not 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. The Firm selects brokers to execute portfolio transactions on behalf of the Vehicles on the basis of best execution and taking into consideration such factors as the Firm deems relevant, which may include, without limitation, the following: price quotes; brokerage rates; financing rates; availability of borrowing; the size of the transaction; the nature of the market for the security; the timing of the transaction; the difficulty of execution; the broker's or dealer's expertise in the relevant market or sector; the extent to which the broker or dealer makes a market in the security or has access to such market; the broker or dealer's skill in positioning the relevant market; the broker or dealer's facilities, reliability, promptness and financial stability; the broker or dealer's reputation for diligence and integrity (including in correcting errors); confidentiality considerations; the quality and usefulness of research products and services and investment ideas presented by the broker or dealer, including arranging meetings with company management and deal flow; and other factors deemed appropriate by the Firm. 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 certain Vehicles' brokers may

be used by the Firm in servicing all of the Vehicle, and not all such information need be used by the Firm in connection with 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 Firm has not entered into any formal soft dollar arrangements, but it from time to time receives products or services from broker-dealers that, to the Firm's knowledge, are of demonstrable benefit to the Vehicles and are generally made available to all institutional clients doing business with these broker-dealers. These products and services (i) 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 (ii) 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. 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, in certain circumstances, causes the Vehicles to pay commissions higher than those charged by other broker-dealers. During the past year, the Firm received research services from broker-dealers but did not pay for such services with client commissions or markups/markdowns.

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. Subject to applicable law, the Firm may direct client brokerage business to brokers that refer prospective investors to the Firm. Because such referrals, if any, are likely to benefit the Firm but may not provide a benefit to the Vehicles, the Firm would have a conflict of interest with its clients when allocating brokerage business to such brokers. To mitigate this potential conflict, the Firm will not allocate brokerage business to a referring broker unless it determines that such allocation is consistent with its best execution duties.
- 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 effected 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. 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 when more than one Vehicle is capable of purchasing or selling a particular security. The Firm will generally aggregate orders for such security unless aggregation is not consistent with the Firm's duty to seek best execution and the terms of the investment guidelines and restrictions applicable to the Vehicles. The Firm does not aggregate trades for the Proprietary Account. When trades are not aggregated, prices and transaction costs borne by such accounts may differ.

### **Item 13**

#### **Review of Accounts**

- A. Review of Accounts. The Firm's portfolio managers 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 Firm's portfolio managers.
- 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/clients and prospective investors/clients who do not request such information. Each investor and client is 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 Oasis Funds' administrator, will report to investors all information pertaining to the Oasis Funds. Investors in the Oasis Funds will receive written unaudited performance information no less frequently than on a quarterly basis. On an annual basis, investors in the Oasis Funds 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 Oasis Funds, the Firm provides such investors with access to more frequent and/or more detailed information regarding the Oasis Funds' securities positions, performance, finances, and management and/or other information about the Oasis Funds or the Firm (including notifications of redemptions from an Oasis Fund by the Firm, and/or its personnel), possibly enabling such investors to better assess the prospects and performance of the Oasis Funds.

The Firm provides the adviser of the Sub-Advised Fund with periodic unaudited reports at such times as have been agreed upon with such adviser. The adviser of the Sub-Advised Fund will also receive account statements from such Fund's custodian on such periodic basis as is agreed to between such adviser and custodian. In addition, the adviser of the Sub-Advised Fund will have full, real-time transparency as to all transactions and holdings in such Fund. Such information could cause such adviser to liquidate the Sub-Advised Funds' positions ahead of other Vehicles, which may have a material adverse effect on the other Vehicles and their investors.

#### **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 in the future compensate its own personnel, affiliates, employees of its affiliates, or third-party solicitors, placement agents, or similar persons who refer potential clients or 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 is deemed to have custody over the Oasis Funds' assets. In accordance with the Custody Rule, a qualified custodian is not required to deliver quarterly account statements to the Oasis Funds or their investors because (i) the Oasis 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 Oasis 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 Oasis Fund's fiscal year.

The Firm does not have custody over the assets held by the Sub-Advised Fund. As noted above in Item 13, the adviser to such Fund will periodically receive account statements from the custodian of such Fund. Such adviser should carefully review these statements.

## **Item 16**

### **Investment Discretion**

The Firm accepts discretionary investment authority to manage securities accounts on behalf of the Vehicles. The Firm is committed to adhering to the investment strategy and program set forth in each Vehicle'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 Oasis Funds, the Firm provides all investors with Governing Documents that set forth the relevant Oasis Fund'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 Oasis 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 may contract with an institutional, non-retail 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.

## **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 the Vehicles' 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, and does from time to time abstain, from voting a proxy if it believes that such action is in the best interest of a particular Vehicle or if it believes that the cost of voting such proxy would outweigh the potential benefit of voting. Investors or clients cannot direct the Firm's proxy votes.

At times, conflicts 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 (if applicable). 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.