

Parsifal Capital Management, LP

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This “**Brochure**” provides information about the qualifications and business practices of Parsifal Capital Management, LP. If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer (“**CCO**”), Lucas Warford, by email at lucas@parsifalmanagement.com. Information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “**SEC**”) or by any state securities authority.

Parsifal Capital Management, LP is a Registered Investment Adviser with the SEC. Registration as an investment adviser does not imply that Parsifal Capital Management, LP or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

Additional information about Parsifal Capital Management, LP is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

The update of this Brochure dated October 7, 2019 reflects changes in Parsifal's business, including the launch of a separately managed account client, and related changes to Parsifal's conflicts of interest disclosure and policies and procedures to reflect this change, and other routine updates and clarifying changes since Parsifal's last annual amendment, which was filed on June 24, 2019.

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Item 4: Advisory Business

Parsifal Capital Management, LP (hereinafter “**Parsifal**”, “**we**”, “**us**”, “**our**”, “**Investment Manager**” or the “**Firm**”) is organized as a Delaware limited partnership with a principal place of business in Greenwich, Connecticut, which was founded in November 2018. Parsifal Capital Management GP, LLC is the parent company (“**Parent Company**”) of the Investment Manager. David Zorub is the principal owner of the Parent Company.

Parsifal currently serves as the investment adviser, with discretionary trading authority, to private, pooled investment vehicles, the securities of which are offered through a private placement memorandum to accredited investors, as defined under the Securities Act of 1933, as amended, and qualified purchasers, as defined under the Investment Company Act of 1940, as amended. Parsifal provides discretionary investment management services to qualified investors through its private funds:

- Parsifal Offshore Ltd., a Cayman Islands exempted company (the “**Offshore Fund**”);
- Parsifal Fund, LP, a Delaware limited partnership (the “**Onshore Fund**”); and
- Parsifal Master Fund Ltd., a Cayman Islands exempted limited partnership (the “**Master Fund**”).

The Master Fund, the Onshore Fund and the Offshore Fund are herein each referred to as a “**Fund**”, and collectively referred to as the “**Funds**”. The Onshore Fund’s “**Limited Partners**” and the Offshore Fund’s “**Shareholders**” are hereafter collectively referred to as the “**Investors**” where appropriate. Our investment decisions and advice with respect to the Funds are subject to each Fund’s investment objectives and guidelines, as set forth in its respective Confidential Private Offering Memorandum or Confidential Explanatory Memorandum (the “**Offering Documents**”).

Parsifal also provides investment advisory services to a separately managed account (the “**Account**”, and collectively with the Funds, the “**Clients**”) that is managed according to an investment advisory agreement (the “**Advisory Agreement**” and, collectively with the Offering Documents, the “**Governing Documents**”). The Account is traded pari-passu with the Funds and has similar terms. Parsifal may also accept other clients, including additional private funds, at any time.

We do not tailor our advisory services to the individual needs of any particular investor. Except as imposed by regulatory requirements or as expressly set forth in the Governing Documents, Clients may not impose restrictions on investing in certain securities or certain types of securities.

We do not currently participate in any Wrap Fee Programs.

As of September 30, 2019, we had \$462.3 million regulatory assets under management, all managed on a discretionary basis.

Item 5: Fees and Compensation

Asset-Based and Performance-Based Compensation

Funds

The fees and compensation applicable to each of the Funds are set forth in detail in the corresponding Offering Documents. A brief summary of the fees and compensation applicable to the Funds is provided below.

- *Management Fee*

Parsifal is paid an investment management fee monthly in advance (the “**Management Fee**”) based on the net asset value of the Funds on the first business day of each month. The Management Fee is prorated for any period that is less than a full month and adjusted for any contributions and withdrawals made during the month. The Management Fee ranges from 1.00% to 2.00% per annum.

The Investment Manager, in its sole discretion, may waive or modify the Management Fee for certain Investors. An initial seed investor (the “**Strategic Investor**”) is entitled to receive a portion of the Management Fee.

- *Incentive Allocation*

Parsifal or an affiliate will receive an annual incentive allocation (“**Incentive Allocation**”) equal to a percentage of the net profits of each Investor in the Funds. The Incentive Allocation percentage ranges from 15% to 25% per annum. The Incentive Allocation is generally charged at the end of each fiscal year via a reallocation from the account of each Investor in the Funds to the account of the General Partner. In general, incentive allocations will be subject to a loss carryforward provision.

The Investment Manager, in its sole discretion, may waive or modify the Incentive Allocation for certain Investors. The Strategic Investor is entitled to receive a portion of the Incentive Allocation.

Account

Fees for services provided to the Account are negotiated with the Account Client and documented in the terms of the Advisory Agreement.

Payment of Fees

Parsifal has the ability to deduct fees directly from the Funds’ assets and Parsifal bills the Account for all fees.

Prepayment of Fees

If for some reason an investment in a Fund is redeemed prior to the expiration of a period in which it has pre-paid fees, Parsifal would typically rebate the fees for the period of time during which the investor was not invested.

Other Types of Fees or Expenses

Parsifal is authorized to incur and pay in the name and on behalf of the Funds all expenses which they deem necessary or advisable.

The Firm is responsible for and shall pay, or cause to be paid, all of its own ordinary administrative and overhead expenses, including, without limitation, all costs and expenses related to rent, furniture, fixtures, equipment, office supplies, clerical expenses and all salaries, bonuses and benefits paid to, or on behalf of, personnel of the Firm.

The Funds bear all expenses relating to their ongoing structure and operation, including: (i) management fees; (ii) all investment-related costs and expenses (i.e., expenses that, in the Firm's sole discretion, are related to the investment of the Funds' assets, whether or not such investments are consummated), including commissions and charges, interest on margin accounts and other indebtedness, expenses relating to short sales, clearing and settlement charges, option premiums and custodial and service fees, research-related expenses (including research-related travel expenses), expenses relating to consultants, attorneys, brokers or other professionals or advisors who provide research, advice or due diligence services with regard to investments; (iii) fees and expenses related to portfolio exposure and performance management systems, risk management services and software related to trade reconciliation, treasury, margin, financial and counterparty management, risk monitoring, performance reporting, valuation quotation services (e.g., Bloomberg terminals, historical and live financial data and other similar services and data feeds) and trade order management systems (including systems that facilitate trade compliance, commission management, stock locates and transaction cost analysis, and third party service providers used for implementation, custom reporting, updates, consultations, support, maintenance, monitoring and data extracts); (iv) the Funds' legal, accounting, tax preparation and other tax-related expenses (including preparation and mailing costs of financial statements, tax returns and other reports to investors), auditing, consulting and other professional expenses; (v) third-party administration costs, fees and expenses (including any costs, fees and expenses related to investor communications, relations, reporting or other investor materials, tax preparation and related reporting, performance information, data extraction and other types of reporting and any audit or accounting services provided by a third-party administrator); (vi) all fees and charges of custodians, clearing agencies and banks; (vii) compliance and reporting expenses and expenses attributable to regulatory filings that are made with respect to the Funds or assets of the Funds (including Section 13 filings, Section 16 filings, Form D, Form PF, FATCA, anti-money laundering compliance, state security filings, general regulatory compliance and non-U.S. position reporting filings, if applicable, and non-U.S. filings, if any); (viii) the Funds' pro rata share of Fund-related insurance costs (including the Funds' pro rata portion of director's and officer's insurance, errors and omissions insurance, fidelity insurance and other similar policies covering the General Partner and/or the Firm); (ix) any taxes (including but not limited to any withholding taxes, transfer taxes, stamp duties and other governmental or self-regulatory agency-related charges or duties); (x) all costs and expenses incurred in attempting to protect and enhance the value of a Fund investment (including any fees and expenses associated with any pending or threatened litigation, audit, investigation, administrative or other proceeding, as well as any settlement costs); (xi) fees paid to proxy and securities class action advisory firms; (xv) expenses relating to the offer and sale of Fund interests and withdrawals and transfers thereof; (xvi) other reasonable expenses related to the purchase, sale, preservation or transmittal of the Funds' assets and (xvii) any extraordinary expenses (e.g., indemnification expenses).

The Funds shall also bear their pro rata share of the Master Fund's expenses. In addition, Client accounts will incur brokerage and other transaction costs. Please refer to Item 12 of this Firm Brochure for a discussion of Parsifal's brokerage practices.

The Account is subject to different fees and expenses, which are set forth in the Advisory Agreement entered into between the Account and the Investment Manager.

Notwithstanding the foregoing, Parsifal Capital Partners, LLC, a Delaware limited liability company (the “**General Partner**”) and/or the Firm, as applicable, may specially allocate the expenses described herein in any other manner, including by allocating certain expenses to certain (but not all) investors, if the General Partner and/or the Firm, as applicable, reasonably determines, in its discretion, that it is more equitable to do so.

To the extent that expenses to be borne by the Clients are paid by the Firm or its affiliates, the Clients will reimburse the Firm or its affiliates for such expenses. We may waive any such reimbursement with respect to any Client expenses. Any waiver by us for reimbursement of any Client expenses shall not serve as a waiver of reimbursement for any future Client expenses to be paid by us or our affiliates.

The allocation of expenses by Parsifal between it and any Client and among Clients represents a conflict of interest for Parsifal. Parsifal has adopted an expense allocation policy that is designed to address this conflict. Parsifal allocates expenses to each Client in accordance with the Client’s arrangements with Parsifal (including applicable client disclosures). Parsifal seeks to allocate shared expenses for products and services benefitting Parsifal and the Client and not covered in the Client’s arrangements in a fair and reasonable manner. Parsifal generally allocates common Client expenses among multiple Clients pro rata based on assets under management. Parsifal may deviate from this standard allocation method if it determines that an expense disproportionately benefits a particular Client or group of Clients. Where Parsifal determines that an expense disproportionately benefits a particular Client, Parsifal may charge all or part of the expense to that client.

Neither the Firm nor its employees accept compensation, including sales charges or service fees, from any person for the sale of securities or other investment products.

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

As described in Item 5, we and our affiliates are entitled to a performance-based compensation from Clients.

Parsifal and its investment personnel provide investment management services to multiple portfolios for multiple Clients. Certain client accounts may have higher asset-based fees or be subject to more favorable performance-based compensation arrangements than other accounts. Such performance-based compensation may create an incentive for Parsifal to make investments that are riskier or more speculative than would be the case in the absence of such performance-based compensation arrangements. When Parsifal and its investment personnel manage more than one Client account a potential exists for one Client account to be favored over another Client account. Parsifal and its investment personnel have a greater incentive to favor Client accounts that pay Parsifal (and indirectly its investment personnel) performance-based compensation or higher fees. Parsifal has implemented policies and procedures intended to address these conflicts of interest. A description of Parsifal’s allocation policy is included below and Parsifal’s aggregation policy is described in Item 12 of this Brochure.

Allocation of Investment Opportunities

Parsifal manages multiple Client accounts. Accordingly, Parsifal has adopted and implemented policies and procedures intended to address conflicts of interest that may arise relating to the

management of multiple accounts, including accounts with different fee arrangements, and the allocation of investment opportunities.

In allocating investment opportunities among Clients, it is Parsifal's policy that all Clients should be treated fairly and that, to the extent possible, all Clients should receive equivalent treatment. To the extent a particular investment is suitable for more than one Client, such investment will be allocated between the Clients *pro rata* based on assets under management or in some other manner that Parsifal determines is fair and equitable under the circumstances to all Clients. All transactions will be made on a best execution basis. However, for a variety of reasons, investments may not be allocated to a particular Client or may be allocated differently among Clients' accounts (*e.g.*, not on a *pro rata* basis), and Parsifal may allocate investment opportunities among Client accounts that pursue the same or a similar strategy based on various factors it deems relevant, including, without limitation, the following: the investment strategy; the amount of capital available for investment; exposure targets; the investment objectives, guidelines or restrictions of a Client account; the current composition of an account, the need to ramp up or rebalance a portfolio; risk management considerations; to avoid a de minimis allocation to one or more accounts; the need for cash to satisfy withdrawal requests or other obligations; tax considerations; the need to bring a Client account in compliance with its investment guidelines; and any other information determined to be relevant to the fair allocation of investment opportunities. For the Account, Parsifal will also consider direct conversations with underlying management of such managed account for final decision making on whether or not an investment is suitable for their specific account.

When Parsifal has determined, based on the above factors, among others, that an investment opportunity is appropriate for more than one Client, Parsifal will seek to allocate such investment *pari-passu*, or in a manner aimed at achieving equal exposures across the Clients with respect to the particular position, in each case based on each Client's net asset value or total capital commitments, as applicable.

Even accounts that are typically managed on a *pari passu* basis may, from time to time, receive differing allocations of securities based on consideration of the above factors, including but not limited to if a position is at a different percentage at a particular Client account, in which case generally the undersized position will be allocated to first, then the remaining order will be allocated *pari passu* between the Clients. The CCO is responsible for monitoring Parsifal's Client trading for compliance with this policy. At least periodically, the CCO, with the assistance of the CIO, if necessary, will compare the performance of Parsifal's Client accounts with substantially similar investment objectives, guidelines and restrictions.

Item 7: Types of Clients

Our clients consist of the Funds and the Account, as described in Item 4 above; however, Parsifal may in the future serve as investment manager to other client accounts. The Funds are generally open to, among others, institutions, pension plans, endowments, high net-worth individuals, financially sophisticated individuals, and other sophisticated investors.

With respect to the Funds, any initial and additional subscription minimums are disclosed in the Offering Documents for the Fund. With respect to the Account, Parsifal does not have any standard requirements for opening or maintaining a separately managed account and may, in its discretion, require a different investment minimum for any account.

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

The descriptions set forth in this Brochure of specific advisory services that we offer to Clients, and investment strategies pursued and investments made by us on behalf of our Clients, should not be understood to limit in any way our investment activities. We may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that we consider appropriate, subject to each Client's investment objectives and guidelines as set forth in the Governing Documents. The investment strategies we pursue are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Client will be achieved.

Investment Objective

The Investment Manager deploys a global, cross-asset, opportunistic investment strategy on behalf of Clients. The Investment Manager focuses on long-term capital appreciation across market cycles through fundamental analysis of businesses and securities. The Investment Manager seeks to execute this mandate by focusing on traditional long/short equity, event-driven and special situations equity and credit opportunities sourced on a global basis. The mandate of the Clients may also include behind the scenes or publicly active efforts on Clients' behalf as shareholders and/or creditors. Clients' investment opportunities may be expressed through a wide range of instruments, including among others listed or OTC equities, indices, and options, futures, total return swaps, corporate bonds, bank loans, credit derivatives, and foreign exchange. In addition to identifying attractive investment opportunities, the Investment Manager will seek to add further value through its portfolio construction and risk management practices. Depending on market conditions, portfolio construction may result in significant position concentration. There can be no assurance that Clients will achieve their objective or avoid significant loss.

The Investment Manager may utilize leverage in the pursuit of Clients' investment objectives.

Material Risks Relating to Investment Strategies

An investment in the Funds or the Account involves significant risks and is suitable only for sophisticated persons who can bear the economic risk of the loss of their entire investment, who have a limited need for liquidity in their investment and who meet the conditions set forth in the relevant Governing Documents. There can be no assurances that Clients will achieve their investment objectives. An investment in the Funds or the Account carries with it the inherent risks associated with investments in global equity, credit and derivative instruments, as well as additional risks including the use of leverage and short sales. The following summary identifies the material risks related to the Investment Manager's significant investment strategies and should be carefully evaluated before making an investment with the Investment Manager; however, the following does not intend to identify all possible risks of an investment with the Investment Manager or provide a full description of the identified risks. Investors and potential investors in the Funds should refer to the Offering Documents of the Funds for a further discussion of the applicable risks.

Equity-Related Instruments in General

The Investment Manager invests in global equity securities and equity-related instruments on behalf of Clients. Equity securities represent ownership interests in their respective issuers and generally carry the most risk associated with a specific issuer's capital structure.

The price of equity securities and their related financial instruments vary for a variety of reasons, including but not limited to supply and demand of the equity securities, the actual or perceived business opportunities associated with the issuer, the current and potential future cash flow of the issuer, the issuer's management, their ability to execute on a specific business plan, the general economic environment, and the outlook for the overall economy. To the extent a Client owns an equity security or otherwise has exposure to an equity security or an equity-related financial instrument, this investment carries the risks associated with owning equities and may also carry risks associated with the form of financial instrument (e.g., options, derivative or securities-based futures contract). Any investment in equities or equity-related instruments entails a significant risk of loss.

Absolute Value Strategy Risk

The Investment Manager pursues absolute value strategies on behalf of Clients by taking long positions in securities believed to be undervalued and short positions in securities believed to be overvalued. In the event that the perceived mispricings underlying a Client's trading positions were to fail to converge toward, or were to diverge further from, the Investment Manager's expectations, such Client may incur a loss. Even pure riskless arbitrage can result in significant losses if the arbitrage is not sustained (due, for example, to margin calls) until expiration, and Clients will rarely engage in true arbitrage as opposed to relative value trading (which is inherently a higher-risk strategy).

Special Situations

The Investment Manager may invest on behalf of Clients in companies involved in (or the target of) acquisition attempts or tender offers or in companies involved in or undergoing work-outs, liquidations, spin-offs, reorganizations, bankruptcies or other catalytic changes or similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the applicable Client of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the applicable Client may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which Clients may invest, there is a potential risk of loss by each Client of its entire investment in such companies. In connection with such transactions (or otherwise), Clients may purchase securities on a when-issued basis, which means that delivery and payment take place sometime after the date of the commitment to purchase and is often conditioned upon the occurrence of a subsequent event, such as approval and consummation of a merger, reorganization or debt restructuring. The purchase price or interest rate receivable with respect to a when-issued security can be fixed when a Client enters into the commitment. Such securities are subject to changes in market value prior to their delivery.

Event Driven Strategy Risk

There are significant business risks associated with event driven investing. Because of the inherently speculative nature of this activity, the results may fluctuate from period to period, and, as part of the Clients' investment strategy, are not expected to correlate with the direction of the equity markets. The Investment Manager may invest (long and short) on behalf of Clients in a company in anticipation of an event that may occur in the future, including the possible success of an activist campaign. The reliance on these events is inherently speculative, and the movement

of any financial instrument is also subject to market, financial and monetary forces that affect prices. Additionally, any profit may be offset by carrying costs (e.g., the cost of a stock borrow) or expenses (e.g. litigation).

The Investment Manager may seek to capitalize on these events through the use of derivatives, including options. While options can provide an effective way to execute an investment strategy, the price of an option is a function of the time to expiry. If the event does not affect price in the time frame expected, the price of the option will decay in time and Clients could lose money in respect of that investment. Investments based on an event driven strategy are speculative and bear a high risk of loss.

Short Sales

Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on a Client's portfolio. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase.

Convertible Securities

The Investment Manager may invest on behalf of Clients in convertible securities, securities that may be exchanged or converted into a predetermined number of the issuer's underlying shares or the shares of another company or that are indexed to an unmanaged market index at the option of the holder during a specified time period. Convertible securities may take the form of convertible preferred stock, convertible bonds or debentures, stock purchase warrants, zero-coupon bonds or liquid-yield option notes, stock index notes, mandatories, or a combination of the features of these securities. Prior to conversion, convertible securities have the same general characteristics as non-convertible debt securities. As with all debt securities, the market value of convertible securities tends to decline as interest rates increase and conversely, increase as interest rates decline. Convertible securities, however, also appreciate when the underlying common stock appreciates, and conversely, depreciate when the underlying common stock depreciates.

Non-U.S. Securities

Investing in securities of non-U.S. governments and companies that are generally denominated in non-U.S. currencies and utilization of options on non-U.S. securities involves certain considerations comprising both risks and opportunities not typically associated with investing in securities of the United States government or United States companies. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, foreign government restrictions, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Fixed Income Securities

The Investment Manager may invest in fixed income securities and other debt securities on behalf of Clients. Certain of these securities may be unrated by a recognized credit-rating agency or below investment grade, which are subject to greater risk of loss of principal and interest than higher-rated debt securities. Accordingly, these securities tend to be more sensitive to economic

conditions and tend to reflect individual corporate developments to a greater extent than do higher-rated securities, which primarily react to fluctuations in the general level of interest rates. Issuers of lower-rated debt securities are often highly-leveraged and may not have access to more traditional methods of financing. Furthermore, trading in these types of securities may be limited or disrupted by an economic recession, resulting in an adverse impact on the value of such securities. Moreover, it is likely that an economic downturn could affect the ability of the issuers to repay principal and pay interest thereon resulting in a high potential of default.

Additionally, the Investment Manager may invest in debt securities that rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. The Investment Manager may invest in debt securities which are not protected by financial covenants or limitations on additional indebtedness. Clients will therefore be subject to credit and liquidity risks. In addition, the market for credit spreads is often inefficient and illiquid, making it difficult to accurately calculate discounting spreads for valuing financial instruments. Investment in a debt instrument will normally involve the assumption of interest rate risk.

Concentration

Each Client's portfolio will be primarily invested in equity, credit and derivative instruments. Furthermore, each Client's investment portfolio (on account of size, investment strategy and other considerations) may be confined to the securities of relatively few issuers. Accordingly, each Client's portfolio generally will not be diversified among a wide range of issuers, industries, geographic areas, capitalizations or types of securities. As a result, the investment portfolio of each Client's may be subject to more rapid change in value than would be the case if such Client were required to maintain a wider diversification.

Hedging Transactions

Although the Investment Manager may utilize a variety of financial instruments on behalf of Clients, such as derivatives, options, interest rate swaps, swaptions, government bonds, equity indices, caps and floors, futures and forward contracts generally for risk management purposes (the Investment Manager may also utilize them for speculative purposes), there can be no assurances that a particular hedge is appropriate, or that a certain risk is measured properly. Further, while the Investment Manager may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance and increased (rather than reduced) risk for Clients than if it did not engage in any such hedging transactions. Moreover, the Clients will always be exposed to certain risks that cannot be hedged, such as credit risk (relating both to particular securities and counterparties). In addition, the Investment Manager may choose not to enter into hedging transactions with respect to some or all of Clients' positions.

Derivative Financial Instruments and Techniques

The Investment Manager invests in derivative financial instruments on behalf of Clients. The risks posed by such instruments and techniques, which can be extremely complex and may involve leveraging of the applicable Client's assets, include: (1) credit risks (the exposure to the possibility of loss resulting from a counterparty's failure to meet its financial obligations); (2) market risk (adverse movements in the price of a financial asset); (3) legal risks (the characterization of a transaction or a party's legal capacity to enter into it could render the financial contract unenforceable, and the insolvency or bankruptcy of a counterparty could pre-empt otherwise enforceable contract rights); (4) operations risk (inadequate controls, deficient procedures, human error, system failure or fraud); (5) documentation risk (exposure to losses resulting from

inadequate documentation); (6) liquidity risk (exposure to losses created by inability to prematurely terminate the derivative); (7) system risk (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system); (8) concentration risk (exposure to losses from the concentration of closely related risks such as exposure to a particular industry or exposure linked to a particular entity); and (9) settlement risk (the risk faced when one party to a transaction has performed its obligations under a contract but has not yet received value from its counterparty).

Use of derivatives and other techniques such as short sales involves certain additional risks, including (i) dependence on the ability to predict movements in the price of the securities hedged; (ii) imperfect correlation between movements in the securities on which the derivative is based and movements in the assets of the underlying portfolio; and (iii) possible impediments to effective portfolio management or the ability to meet short-term obligations because of the percentage of a portfolio's assets segregated to cover its obligations. In addition, by hedging a particular position, any potential gain from an increase in value of such position may be limited.

Credit Default Swap Agreements

The "buyer" in a credit default contract is obligated to pay the "seller" a periodic stream of payments over the term of the contract in return for a contingent payment upon the occurrence of a credit event with respect to an underlying reference obligation. Generally, a credit event means bankruptcy, failure to pay or obligation acceleration. If a credit event occurs, the seller typically must pay the contingent payment to the buyer, which is typically the "par value" (full notional value) of the reference obligation. The contingent payment may be a cash settlement or by physical delivery of the reference obligation in return for payment of the face amount of the obligation. A Client may be either the buyer or seller in the transaction. If a Client is a buyer and no credit event occurs, such Client may lose its investment and recover nothing. However, if a credit event occurs, the buyer typically receives full notional value for a reference obligation that may have little or no value. As a seller, the Client receives a fixed rate of income throughout the term of the contract, which typically is between one month and ten years, provided that no credit event occurs. If a credit event occurs, the seller may pay the buyer the full notional value of the reference obligations.

Credit default swaps involve greater risks than if a Client had invested in the reference obligation directly. In addition to general market risks, credit default swaps are subject to liquidity risk and credit risk. A buyer also may lose its investment and recover nothing should no credit event occur. If a credit event were to occur, the value of the reference obligation received by the seller, coupled with the periodic payments previously received, may be less than the full notional value it pays to the buyer, resulting in a loss of value to the applicable Client.

Options

The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss). Over-the-counter options also involve counterparty solvency risk.

Use of Leverage

The Investment Manager may utilize leverage on behalf of Clients. This results in each Client controlling substantially more assets than it has equity. Leverage increases a Client's returns if the Client earns a greater return on investments purchased with borrowed funds than the Client's cost of borrowing such funds. However, the use of leverage exposes a Client to additional levels of risk, including (i) greater losses from investments than would otherwise have been the case had the Client not borrowed to make the investments, (ii) margin calls or interim margin requirements which may force premature liquidations of investment positions and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the Fund's cost of borrowing such funds. In the event of a sudden, precipitous drop in value of a Client's assets, the Client might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying its losses.

In an unsettled credit environment, the Investment Manager may find it difficult or impossible to obtain leverage for the Clients. In such event, the Investment Manager could find it difficult to implement a Client's strategy. In addition, any leverage obtained, if terminated on short notice by the lender, could result in the Investment Manager being forced to unwind the Client's positions quickly and at prices below what the Investment Manager deems to be fair value for such positions.

Initial Public Offerings

The Investment Manager may invest in initial public offerings on behalf of Clients. Investments in initial public offerings (or shortly thereafter) may involve higher risks than investments issued in secondary public offerings or purchases on a secondary market due to a variety of factors, including, without limitation, the limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the issuer and limited operating history of the issuer. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them. These factors may contribute to substantial price volatility for these securities and, thus, for the value of the Clients' interests.

Side Letters

The Fund has entered into an agreement with the Strategic Investor (as described below) and may enter into other agreements ("Side Letters") with certain prospective or existing investors whereby such investors may be subject to terms and conditions that are more advantageous than those set forth in the Offering Documents. For example, such terms and conditions may provide for special rights to make future investments in the Fund, other investment vehicles or managed accounts; special withdrawal rights, relating to frequency or notice; a reduction or rebate in fees or withdrawal charges to be paid by the investors and/or other terms; rights to receive reports from the Fund on a more frequent basis or that include information not provided to other investors (including, without limitation, more detailed information regarding portfolio positions) and such other rights as may be negotiated by the Fund and such investors. The modifications are solely at the discretion of the Fund and may, among other things, be based on the size of the investor's investment in the Fund or affiliated investment entity, an agreement by an investor to maintain such investment in the Fund for a significant period of time, or other similar commitment by an investor to the Fund.

The Strategic Investor

The Strategic Investor and/or its affiliates have, directly or indirectly, made a significant investment in the Funds. The Strategic Investor's investment should not be construed as a recommendation to other prospective investors. The Strategic Investor and its affiliates are not sponsors or promoters of the Clients, will not be active in the management or day-to-day business activities of the Investment Manager or its affiliates (collectively, the "**Manager Parties**") and the Clients, will have no involvement with or responsibility or liability to investors in the Clients or any other person for the Manager Parties' compliance or non-compliance with applicable legal, investment, tax or regulatory requirements, have no duties to the investors in the Funds or other Clients and will not be liable to the investors for exercising or not exercising any rights that they may have. The Strategic Investor and its affiliates will not be responsible for the performance of the Clients, nor is the Strategic Investor or its affiliates responsible for the content, accuracy or completeness of the Governing Documents or any other marketing materials of the Clients, the General Partner or the Investment Manager.

The Strategic Investor will receive a portion of the guaranteed amounts and performance amounts relating to its investment in the Funds, which amounts will reduce the amounts of Management Fee and Incentive Allocation, respectively, otherwise payable and/or allocable to the Manager Parties. Due to these arrangements, the Strategic Investor will have access to information not generally available to the other Investors in the Funds. The Strategic Investor will have no obligation to disclose such information to the other Investors in the Funds or to use such information for the benefit of the Funds. The Strategic Investor will be required to maintain its investment for a period of time (the "**Lock-Up Period**"); provided, that the Strategic Investor will have certain special withdrawal rights during this period without being subject to the Lock-Up Period, including, among other things, the ability to withdraw up to its entire investment upon the occurrence of certain events without substantial prior notice, with substantially less prior notice than required from the other Investors in the Funds and, unless the General Partner extends such right to the other Investors in the Funds, ahead of other Investors in the Funds. In addition, the Strategic Investor will receive certain additional rights, including, without limitation: (i) notice and consent rights pertaining to certain actions of the Manager Parties, the Funds, (ii) capacity rights; (iii) certain fee discount arrangements for its affiliates; and (iv) certain other rights that are in addition to, and may be more favorable than, the rights of other Investors in the Funds. After the Lock-Up Period, the Strategic Investor may withdraw its investment, in whole or in part, without notice to other Investors in the Funds. In the event that the Strategic Investor makes a substantial withdrawal, such event may have an adverse effect on the Funds and the remaining Investors.

Investors will generally not be notified of a withdrawal by the Strategic Investor from the Funds, and, therefore, they will not be able to withdraw in advance of, or contemporaneously with, such withdrawal.

Item 9: Disciplinary Information

There are no legal or disciplinary events that are material to an investor's or prospective investor's evaluation of our advisory business or the integrity of our management.

Item 10: Other Financial Industry Activities and Affiliations

Not applicable.

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

Code of Ethics

Parsifal has adopted a “**Code of Ethics**” that establishes the high standard of conduct that we expect of our employees and procedures regarding our employees’ personal trading of securities. Our employees are required to certify their adherence to the terms set forth in the Code of Ethics upon commencement of employment and annually thereafter. Employees also are required to provide quarterly certifications of compliance with certain Code of Ethics provisions.

The foundation of our Code of Ethics is based upon the following underlying fiduciary principles:

- Employees must at all times place the interests of the Clients first;
- Employees must ensure that all personal securities transactions are conducted consistent with the Code of Ethics’ Employee Personal Investment Policy (described below); and
- Employees must not take inappropriate advantage of their position at the Firm.

Employees are not permitted to purchase any “**Covered Securities**” (as defined in the Code of Ethics) whether for such employee’s personal accounts (including any other accounts in which the employee has any beneficial ownership or control) or any accounts of any members of such employee’s family/household (as described in the Code of Ethics). Employees are permitted to maintain personal brokerage accounts, and are allowed to liquidate positions held prior to employment, (a “**Liquidating Trade**”) subject to pre-clearance by the CCO. Employees are prohibited from participating in Initial Public Offerings (“**IPOs**”). Employees are also prohibited from personally, or on behalf of a Client, purchasing or selling securities that appear on the Firm’s Restricted List.

Employees must obtain pre-approval from the CCO before: (i) purchasing or selling interests or shares of private equity fund or hedge funds, (ii) engaging in any outside business activities; or (iii) making any private investments.

Employees are also required to direct all brokerage firms with which the employee or a member of such employee’s family/household maintains an account in which Covered Securities are held or may be purchased or sold, to provide contemporaneous duplicate brokerage confirmations and monthly statements, in hardcopy or electronic format, to the CCO. These records are used to monitor compliance with the foregoing policies.

Parsifal believes that this prohibition mitigates the most likely conflicts of interest that may arise from personal trading activity by generally prohibiting trading in securities that largely comprise the investable universe of its Clients. However, it is possible that, at times, employees could have an interest in the same public or private securities (or related securities, such as options or warrants) that are bought and sold for Clients (such as in the case of legacy positions described above) and may therefore benefit from market activity of Clients.

Further, Parsifal’s employees may, and currently do, invest in the Funds. As a result, such employees have a financial interest in the investments made by the Funds. Employees also have access to information that is not available to other investors in the Funds.

Other features of Parsifal’s Code of Ethics, as supplemented by its Compliance Manual, include: policies for the treatment of confidential information; prohibitions on market manipulation; restrictions on the acceptance and giving of significant gifts; reporting of certain gifts and entertainment; and requirements and approval relating to outside securities activities.

We will provide a copy of our Code of Ethics to our investors, or any prospective investor, upon request, to be viewed on the premises.

Item 12: Brokerage Practices

Parsifal is authorized to determine the broker-dealer to be used for executing securities transaction for the Funds. In selecting broker-dealers to execute transactions, we do not need to solicit competitive bids and do not have an obligation to seek the lowest available commission cost. It is not our practice to negotiate “execution only” commission rates; therefore, the Funds may be deemed to be paying for research, brokerage or other services provided by the broker which are included in the commission rate.

We shall also have the authority to select and appoint custodians of the assets of the Funds. The Firm’s authority is limited by its own internal policies and procedures and each Fund’s investment guidelines.

Best Execution

In selecting an appropriate broker-dealer to effect a client trade, we seek to obtain “**Best Execution**,” meaning generally the execution of a securities transaction for a client in such a manner that a client’s total costs or proceeds in the transaction are most favorable under the circumstances. Accordingly, in seeking Best Execution, we will take into consideration the price of a security offered by the broker-dealer, as well as a broker-dealers’ full range and quality of their services including, among other things, their facilities, reliability and financial responsibility, execution capability, commission rates, responsiveness to us, brokerage and research services provided to us (for example, research ideas, analysis, and investment strategies), special execution and block positioning capabilities, clearance, and settlement and custodial services. The CCO periodically evaluates the broker-dealers used by Parsifal to execute client trades using the foregoing factors.

Soft Dollars

The Firm may use “**Soft Dollars**”. In such cases, Soft Dollar credits, generated by Clients’ trading activities, would be used to purchase brokerage and research services. We intend to keep any such arrangements within the parameters of the safe harbor of Section 28(e) of the Exchange Act.

When Parsifal uses client commissions to obtain Section 28(e) eligible research and brokerage products and services, the CCO periodically reviews and evaluates its soft dollar practices, to determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer. This determination will be viewed in terms of either the specific transaction or Parsifal’s overall responsibilities to the accounts or portfolios over which Parsifal exercises investment discretion.

The use of client commissions (or markups or markdowns) to obtain research and brokerage products and services raises conflicts of interest. For example, the provision by a broker of research and other services and property to us creates an incentive for us to select such broker since we would not have to pay for such research and other services and property as opposed to solely seeking the most favorable execution for a client.

Parsifal may cause Clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), resulting in higher transaction costs for clients.

The research and brokerage services obtained by the use of commissions arising from a Client's portfolio transactions may be used by Parsifal in its other investment activities for all accounts it manages, and Parsifal does not seek to allocate soft dollar benefits among Clients proportionally to the amount of soft dollar credits generated. Accordingly, a particular account may not necessarily, in any particular instance, be the direct or indirect beneficiary of the research or brokerage services provided, notwithstanding the fact that such account incurred costs in respect of such services.

In some instances, Parsifal may obtain a product or service that is used, in part, by Parsifal for Section 28(e) eligible purposes and, in part, for other purposes. In such instances, Parsifal will make a good faith effort to determine the relative proportion of the product or service used to assist Parsifal in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e). Such determination will be made based on the actual use of the product or service by Parsifal's personnel. The proportion of the product or service attributable to assisting Parsifal in carrying out its investment decision-making responsibilities will be paid through brokerage commissions generated by client transactions and the proportion attributable to administrative or other purposes outside Section 28(e) will be paid for by Parsifal from its own resources. The determination by Parsifal of the appropriate allocation of "mixed use" products and services creates a potential conflict of interest between Parsifal and clients.

Brokerage for Client Referrals

Parsifal may place transactions with a broker or dealer that (i) provides Parsifal with the opportunity to participate in capital introduction events sponsored by the broker-dealer or (ii) refers investors to Funds or other products advised by Parsifal (or an affiliate), if otherwise consistent with seeking best execution, provided Parsifal is not selecting the broker-dealer as a means of remuneration for the opportunity to participate in such capital introduction events or the referral of investors.

Order Aggregation

From time to time, it may be appropriate for Parsifal to aggregate client orders for the purchase or sale of securities. When Parsifal has determined that an investment opportunity is appropriate for multiple Clients, Parsifal may, in its sole discretion, aggregate Client orders for the purchase or sale of securities.

Parsifal will generally follow the guidelines set forth below in aggregating Client orders for securities, including any orders placed for private investment vehicles:

- Where purchase or sale orders are placed at the same time with the same order instructions (i.e., position amounts, price limits, etc.), client accounts will generally participate on an average share price basis.
- Where trade orders contain different instructions or limitations, or are placed at different times, client accounts will generally pay (or receive) prices corresponding to the executed transactions based on order instructions and timing of trades.

- If the aggregated order is partially filled, it will be allocated among clients in accordance with Parsifal's general allocation of investments and aggregation of orders policies described herein.
- Personnel of Parsifal responsible for trading securities on behalf of client accounts will typically monitor the markets in which Parsifal trades in an effort to increase flexibility and efficiency of Parsifal's trading practices in order to maximize benefits for client accounts.

Item 13: Review of Accounts

Periodic Reviews

We perform various periodic reviews of each Client's portfolio. Such reviews are conducted by our officers.

Our portfolio manager and investment professionals continuously monitor and analyze the transactions, positions, and investment levels of the Clients to ensure that they conform with the investment objectives and guidelines that are stated in the Client's Governing Documents. In these reviews, the Firm pays particular attention to any changes in the investment's fundamentals, overall risk management and changes in the markets that may affect price levels.

Account Reporting

We will distribute an audited financial report for the Funds with respect to the previous fiscal year to all Fund Investors within 120 days of fiscal year end. We may also distribute monthly unaudited net asset value statements, month-end performance reports, and a quarterly investor letter for the Funds to all Fund Investors.

The Account receives reports in accordance with the requirements of its Advisory Agreement.

Item 14: Client Referrals and Other Compensation

We do not receive economic benefits from non-clients for providing investment advice and other advisory services. Neither we nor any of our related persons, directly or indirectly, compensate any person who is not a supervised person for client referrals.

Item 15: Custody

We are deemed to have custody of the Fund client's funds and securities because we have the authority to obtain Fund clients funds or securities, for example, by deducting advisory fees from a Fund client's account or otherwise withdrawing funds from a Client's account. Account statements related to the Funds are sent by qualified custodians to Parsifal.

We comply with Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended (the "**Advisers Act**") (i.e., the "custody rule") by meeting the conditions of the pooled vehicle annual audit approach. Upon completion of the relevant Fund's annual audit by an independent auditor that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board (PCAOB), we will distribute the Fund's audited financial statements to all Investors in the Funds within 120 days of such Fund's fiscal year end.

Parsifal does not have custody of the Account Client's assets.

Item 16: Investment Discretion

We have full discretionary investment authority with respect to the Clients, including authority to make decisions with respect to which securities to be bought and sold (subject to restrictions on its activities set forth in the applicable Governing Documents), as well as the amount and price of those securities.

Item 17: Voting Client Securities

In compliance with Rule 206(4)-6 of the Advisers Act (i.e., the “proxy voting rule”), we have adopted proxy voting policies and procedures. The general policy is to vote all proxy proposals, amendments, consents or resolutions (collectively, “**Proxies**”) in a prudent and diligent manner that will serve the applicable Client’s best interests and is in line with the Client’s investment objectives.

We may take into account all relevant factors, as determined by us in our discretion, including, without limitation:

- the impact on the value of the securities or instruments owned by the relevant client and the returns on those securities;
- the anticipated associated costs and benefits;
- the continued or increased availability of portfolio information; and
- industry and business practices.

Generally, Clients may not direct our vote in a particular solicitation.

Clients may obtain a copy of our proxy voting policies and our proxy voting record upon request.

Item 18: Financial Information

We are not required to include a balance sheet for our most recent fiscal year, are not aware of any financial condition reasonably likely to impair our ability to meet contractual commitments to Clients and have not been the subject of a bankruptcy petition at any time during the past ten years.