



**ITEM 1
COVER PAGE**

**PART 2A OF FORM ADV
FIRM BROCHURE**

PALESTRA CAPITAL MANAGEMENT LLC

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This brochure provides information about the qualifications and business practices of Palestra Capital Management LLC ("Palestra" or the "Company"). If you have any questions about the contents of this brochure, please contact us at (212) 291-7487. Palestra is registered as an investment adviser with the United States Securities and Exchange Commission ("SEC"). Registration with the SEC does not imply a certain level of skill or training, and the information in this brochure has not been verified by the SEC or any state securities authority.

Additional information about Palestra is available on the SEC's website at: www.adviserinfo.sec.gov.

ITEM 2
MATERIAL CHANGES

Palestra is required to identify and discuss any material changes made to its brochure since the last annual brochure update, dated March 2018. We have made certain updates to this brochure to reflect that fact that Palestra is managing an additional account. See Items 4, 5, 8 and 12 for more information.

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ITEM 4

ADVISOR BUSINESS

Palestra was founded in September 2011 by Jeremy Schiffman and Andrew Immerman. Mr. Schiffman and Mr. Immerman are equal owners of Palestra and serve as the Company's portfolio managers. Mr. Schiffman and Mr. Immerman's ownership of Palestra is held through Palestra Management, LP, a Delaware limited partnership.

Due to the use of leverage and short selling, the Company's "regulatory assets under management," as defined by the SEC, may exceed the private funds' net capital. As of December 31, 2018, Palestra's regulatory assets under management were approximately \$4,075,764,011, all of which are managed on a discretionary basis.

Most or all investments are made through the Palestra Capital Master Fund, L.P. (the "Master Fund"), and investors contribute capital through affiliated onshore and offshore feeder funds. As of December 31, 2018, Palestra has established an internally funded account (the "Long Account") that generally trades with significant overlap with the long positions held by the Master Fund. The Long Account is funded by Palestra's co-founders and represents less than one percent of the Master Fund's December 31, 2018 net asset value. There is no current intention of marketing the Long Account to third parties and the co-founders may choose to terminate the Long Account at any point in time. References to Palestra's "private funds" include the Master Fund, each feeder fund and the proprietary account referenced above. All information about Palestra and the private funds contained in this brochure is qualified in its entirety by the information in the private funds' confidential offering materials. Palestra may establish additional client or proprietary accounts in the future that follow similar or different strategies to its current accounts.

Palestra manages its private funds using fundamental, research-intensive analytic processes. The Company primarily makes long and short investments in equities and will also selectively invest in credit and derivative opportunities. Investments are tailored to reflect the stated investment objectives and restrictions of the Company's private funds, but will generally not be tailored to reflect the needs or restrictions of individual investors.

ITEM 5

FEES AND COMPENSATION

Palestra is paid a quarterly asset based investment management fee, payable in advance, equal to between 1.5% per annum and 2.0% per annum based on the value of the private funds (other than the Long Account) as of the first day of each calendar quarter. The management fee is pro-rated for any period less than a full quarter. Palestra and its affiliate also receive annual performance-based compensation between 17.5% and 20%, which is subject to a “high water mark” as described in the private funds’ confidential offering materials. Palestra and its affiliates debit fees and performance-based compensation directly from the applicable private funds; investors are not invoiced separately for fees.

Palestra and its affiliate may waive or modify the management fees and incentive allocations for certain investors, including employees, relatives of employees, and certain large or strategic investors.

In addition to management fees and incentive allocations, investors indirectly bear costs associated with the private funds’ operations, which are more fully described in the private funds’ confidential offering materials or operative documents and include: legal, compliance (including expenses relating to compliance or regulatory filings, including Form PF, made with respect to the private funds’ assets, and fees of third party compliance providers), private fund administration, audit and accounting expenses (including third party accounting services); organizational expenses; investment expenses such as commissions, research fees and expenses (including research-related travel subject to certain restrictions); interest on margin accounts and other indebtedness; borrowing charges on securities sold short; custodial fees; bank service fees; private fund-related insurance costs (including D&O and E&O insurance for the Investment Manager, the General Partner and outside Directorship liability); fees and expenses of the Review Committee; the Partnership’s pro rata share of the expenses of the Master Fund; and any other expenses reasonably related to the purchase, sale or transmittal of private fund assets. The private funds may invest in other pooled investment vehicles, in which case the private funds will be indirectly responsible for their pro-rata share of the expenses of those pools.

Palestra’s allocation of expenses among its accounts may be subject to conflicts of interest. To address such potential conflicts, Palestra has adopted an expense allocation policy. To the extent expenses relate to a specific account, the expense will be borne entirely by the specific account. In the case of expenses which relate to more than one account, each account will bear their pro rata share of the expense, typically based upon each account’s net assets.

Complete information regarding private fund expenses are provided in the relevant private fund offering memoranda or operative documents. Investors should review the confidential offering memorandum of the private fund in which they are invested to fully understand the types of fees and expenses paid for by the relevant private fund.

ITEM 6
PERFORMANCE-BASED FEES AND SIDE-BY SIDE MANAGEMENT

Because Palestra's affiliate, Palestra Capital Management GP, LLC, has the opportunity to collect performance-based compensation from the private funds (other than the Long Account), the Company may have an incentive to recommend investments that are more speculative than would otherwise be prudent in an effort to generate outsized gains. Palestra seeks to mitigate this conflict of interest by providing investors with monthly risk reports and quarterly letters discussing the Master Fund's investment activities.

Some investment managers experience a conflict of interest because they manage accounts with differing fee structures, which could lead to the favorable treatment of accounts paying higher fees at the expense of accounts paying lower fees. Palestra seeks to mitigate this conflict of interest by making substantially all investments for fee paying investors through a single master fund. Further, the Long Account does not currently charge fees, thus mitigating this conflict.

ITEM 7
TYPES OF CLIENTS

Palestra provides investment advice to the private funds. Investors must be either:

- both “qualified purchasers” as defined in the 1940 Act and “accredited investors” as defined in the Securities Act of 1933 or
- non-United States persons.

Per the private funds confidential offering memorandums, investments in the private funds are subject to a \$2 million minimum for initial investments only. An affiliate of Palestra has the authority to waive the minimum investment threshold at its discretion, and has done so for certain investors.

ITEM 8

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis

We generate investment ideas by evaluating our investment universe and searching for opportunities where our fundamental-based investment approach and industry expertise enable us to develop a differentiated view relative to the market. We identify these opportunities through bottom-up work on companies, industry-specific thematic work, special situations and screening.

We conduct rigorous, fundamental analysis of a potential investment, its products and services and the industry in which it operates. We execute a repeatable process characterized by a number of tasks including the following: a review of relevant public documents including company filings, Wall Street and independent third-party research, and trade publications, an analysis of historical financial results, discussions with company management and competitors, customers and suppliers, and consultations with industry experts, legal and accounting firms, and other proprietary contacts that our investment team has cultivated.

We will evaluate the intrinsic value of a potential investment through multiple lenses, including traditional metrics such as discounted cash flow and comparable company analysis and non-traditional metrics such as strategic value, break-up scenarios and restructuring potential. We will typically analyze several scenarios in our assessment of risk and reward including both micro factors relating to the company and macro factors relating to the broader economy. We utilize our evaluation of risk, reward, and conviction in order to determine the appropriate size of any given long or short investment.

Investment Strategies

Palestra seeks to own securities that we believe trade at a significant discount to intrinsic value and to sell short securities we believe trade at a premium to intrinsic value. The Company focuses where we believe our fundamental-based approach to industry and company-specific research provide us with a differentiated view relative to the market. Lastly, we seek to evaluate the timeliness and path to value of each investment.

Long Investments. Typical long investments may include the following:

- Contrarian and Deep-Value Opportunities: These situations are characterized by securities trading at deep discounts to intrinsic value predicated on fear or pessimism, often occurring after a period of underperformance.
- Companies with Underappreciated Quality or Growth: These companies may trade at reasonable multiples relative to the broader market, but are undergoing a positive shift that has yet to be fully appreciated. Examples include companies experiencing improving unit economics or increasing returns to scale which have yet to be recognized by the market.
- Companies Nearing Inflection Points: These opportunities are characterized by inflection points in growth or profitability which can result from the change in a

variety of factors including end-market supply and demand dynamics, product cycles or pricing power.

- Special Situations: Examples include takeover situations, restructurings, spin-offs, and “hidden assets” such as land, reserves or other non-EBITDA-producing assets that are not being appropriately valued by the market.

Short Investments. Palestra views short investing as an integral part of our investment strategy. Short investments are intended to be profit contributors in addition to helping protect capital in the event of a significant decline in market indices. In general, each short position must stand on its own, although we may use a short position as a hedge if deemed appropriate. We utilize the same investment framework for short investments as we do for long investments, but given the higher loss potential of a short investment, we generally seek to be more tactical and give careful consideration to the risk of loss.

The characteristics of typical short investments are generally the opposite of the long investments described previously. Examples include the following:

- Companies Facing Increasing Competition: These short investments are characterized by increasing competition relative to history, which can be driven by current competitors, new entrants, or from substitute products or services. In our experience, when competition increases in a company’s market, it often results in negative earnings surprises and multiple compression for an extended period of time.
- Companies Transitioning from “Great” to “Good”: Companies with historically high growth rates or margins are often rewarded with high earnings multiples despite, in certain instances, lower growth prospects going forward. In other words, the multiple assigned to these companies may be backward looking, not forward looking. Examples may include companies experiencing an end to “low-hanging” market share gains or companies historically viewed as “growth stocks” reaching a downward inflection point in their growth trajectory.
- Companies with Unsustainable Business Models: These investments can be broken into two buckets. First, younger companies who, despite often robust revenue growth, have business models that are unlikely to create enduring shareholder profits and economic value. Second, companies who have taken advantage of temporary opportunities in the marketplace to earn high returns, but cannot defend these returns over time due to various factors including low barriers to entry or poor competitive positioning.
- Other common characteristics of short investments include poor management (characterized often by poor capital allocation decisions), declining returns on invested capital, aggressive or fraudulent accounting, and cyclical growth that is perceived by the market to be secular.

Material Risks

An investment in the private funds is speculative and is not intended as a complete investment program. It is designed only for experienced and sophisticated persons who are able to bear the risk of the substantial impairment or loss of their entire investment in the private funds. The following information is intended to present a summary of the material risks associated with an investment in the private funds. Any prospective investor in the private funds should carefully review the risk factors described in the private funds' confidential offering materials.

Nature of Investments

Palestra has broad discretion in making investments for the private funds. Investments will generally consist of equity securities, equity-related instruments, credit instruments and other assets that may be affected by business, financial market or legal uncertainties. There can be no assurance that the Company will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on investments. Prices of investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the private funds' activities and the value of their investments. In addition, the value of the private funds' portfolios may fluctuate as the general level of interest rates fluctuates. No guarantee or representation is made that the private funds' investment objectives will be achieved.

Equity-Related Instruments in General

Palestra typically uses equity-related instruments in its investment program. Certain options and other equity-related instruments are subject to various types of risks, including market risk, liquidity risk, counterparty credit risk, legal risk and operations risk. In addition, equity-related instruments can involve significant economic leverage and, in some cases, involve significant risks of loss.

Use of Leverage

The private funds utilize leverage, although the degree and frequency of use may vary between the private funds. The use of leverage results in the private funds controlling substantially more assets than they have equity. Leverage increases the private funds' returns if the private funds earn greater returns on investments purchased with borrowed funds than the private funds' cost of borrowing. However, the use of leverage exposes the private funds to additional levels of risk, including (i) greater losses from investments than would otherwise have been the case had the private funds 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 private funds' cost of borrowing. In the event of a sudden, precipitous drop in value of the private funds' assets, the private funds might not be able to liquidate assets quickly enough to repay their borrowings, further magnifying losses. In an unsettled credit environment, the Company may find it difficult or impossible to obtain leverage for the private funds. In such event, the private funds could find it difficult to implement their strategy. In addition, any leverage obtained, if terminated on short notice by the lender, could result in Palestra being forced to unwind positions quickly and at prices below what the Company deems to be fair value for such positions.

High Growth Industry Related Risks

The private funds may invest in the securities of high growth companies. These securities may be very volatile. In addition, these companies may face undeveloped or limited markets, have limited products, have no proven profit-making history, may operate at a loss or with substantial variations in operating results from period to period, have limited access to capital and/or be in the developmental stages of their businesses, have limited ability to protect their rights to certain patents, copyrights, trademarks and other trade secrets, or be otherwise adversely affected by the extremely competitive markets in which many of their competitors operate.

Short Sales

The Master Fund engages in short sales as an integral part of its strategy. While the Long Account does not anticipate selling securities short as an integral component of its strategy, it may from time to time, in Palestra's sole discretion, engage in short selling in order to hedge exposure to the extent Palestra believes that such hedging will aid in achieving the Long Account's overall investment objective. Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on the private funds' portfolios. 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.

Options

The private funds occasionally purchase and sell 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.

Small to Medium Capitalization Companies

The private funds may invest a portion of their assets in the stocks of companies with small-to medium-sized market capitalizations. While the Company believes these investments often provide significant potential for appreciation, those stocks, particularly smaller-capitalization stocks, involve higher risks in some respects than do investments in stocks of larger companies. For example, prices of such stocks are often more volatile than prices of large-capitalization stocks. In addition, due to thin trading in some such stocks, an investment in these stocks may be more illiquid than that of larger capitalization stocks.

Non-U.S. Securities

The private funds occasionally invest in 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.

Special Situations

The private funds may invest 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 private funds 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 private funds 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 the private funds may invest, there is a potential risk of loss by the private funds of its entire investment in such companies.

Lack of Diversification

The private funds' portfolios may not be as diversified as other investment vehicles. Accordingly, the private funds' portfolios may be subject to more rapid change in value than would be the case if the private funds were required to maintain a wide diversification.

Convergence Risk

The private funds may pursue relative value strategies 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 the private funds' trading positions were to fail to converge toward, or were to diverge further from, Palestra's expectations, the private funds may incur a loss.

Portfolio Turnover

The investment strategy of the private funds generally requires Palestra to actively trade the private funds' portfolios, and as a result, turnover and brokerage commission expenses of the private funds may significantly exceed those of other investment entities of comparable size. Active trading can also increase the tax burden of clients and investors.

Counterparty Risk

The private funds occasionally invest in swaps, "synthetic" or derivative instruments, repurchase agreements, forward contracts, certain types of options or other customized financial instruments, or, in certain circumstances, non-U.S. securities. When investing in these types of instruments, the private funds take the risk of non-performance by the other party to the contract. This risk may include credit risk of the counterparty and the risk of settlement default. This risk may differ materially from those entailed in exchange-traded transactions that generally are supported by guarantees of clearing organizations, daily mark-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between

two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default.

Brokerage and Custodial Risk

There are risks involved in dealing with the custodians or prime brokers who settle fund trades. Although Palestra monitors the prime brokers and believes that they are appropriate custodians, there is no guarantee that the prime brokers, or any other custodian that the private funds may use from time to time, will not become bankrupt or insolvent. While both the U.S. Bankruptcy Code and the U.S. Securities Investor Protection Act of 1970 seek to protect customer property in the event of a bankruptcy, insolvency, failure, or liquidation of a broker-dealer, there is no certainty that, in the event of a failure of a broker-dealer that has custody of fund assets, the private funds would not incur losses due to their assets being unavailable for a period of time, the ultimate receipt of less than full recovery of their assets, or both.

The private funds and/or the custodians used by the private funds may appoint sub-custodians in certain non-U.S. jurisdictions to hold the assets of the private funds. The prime brokers may not be responsible for cash or assets which are held by sub-custodians in certain non-U.S. jurisdictions, nor for any losses suffered by the private funds as a result of the bankruptcy or insolvency of any such sub-custodian. The private funds may therefore have a potential exposure on the default of any sub-custodian and, as a result, many of the protections that would normally be provided to a fund by a custodian may not be available to the private funds. Under certain circumstances, including certain transactions where the private funds' assets are pledged as collateral for leverage from a non-broker-dealer custodian or a non-broker-dealer affiliate of the prime brokers, or where the private funds' assets are held at a non-U.S. custodian, the securities and other assets deposited with the custodian or broker may not be clearly identified as being assets of the private funds and the private funds could be exposed to a credit risk with regard to such parties. Custody services in certain non-U.S. jurisdictions remain undeveloped and, accordingly, there is a transaction and custody risk of dealing in certain non-U.S. jurisdictions. Given the undeveloped state of regulations on custodial activities and bankruptcy, insolvency, or mismanagement in certain non-U.S. jurisdictions, the ability of the private funds to recover assets held by a sub-custodian in the event of the sub-custodian's bankruptcy or insolvency could be in doubt, as the private funds may be subject to significantly less favorable laws than many of the protections that would be available under U.S. laws. In addition, there may be practical or time problems associated with enforcing the private funds' rights to their assets in the case of a bankruptcy or insolvency of any such party.

Substantial Redemptions

In the event that there are substantial redemptions, it may be more difficult for the private funds to generate returns since it will be operating on a smaller asset base. The private funds will be responsible for fees and expenses regardless of its size or profitability. If there are substantial redemptions within a limited period of time, it may be difficult for the private funds to provide sufficient funds to meet such redemptions without liquidating positions prematurely at inappropriate times or on unfavorable terms, or increasing the concentration of illiquid assets in the private funds portfolio. Substantial redemption requests may require the private funds to suspend redemptions or liquidate the private funds. Investors will not generally receive notification of substantial redemption requests in respect of any particular redemption date from the private funds and, therefore, may not have the opportunity to redeem their private fund interests prior to or at the same time as the redeeming investors.

Lack of Liquidity of Fund Investments

While Palestra expects the vast majority of the private funds' portfolios to be liquid, fund assets may, at any given time, include securities and other financial instruments or obligations that are thinly-traded or for which no market exists and/or which are restricted as to their transferability under applicable securities laws. The sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to accurately value any such investments.

Limited Redemption and Transfer Rights

An investor in Palestra's private funds generally will be permitted to redeem all or any portion of its holdings only in accordance with the terms described in the private funds' confidential offering materials. Transfers of interests will be permitted only with the written consent of the private funds' directors. Accordingly, investments should only be made by investors willing and able to commit their assets for an appreciable period of time.

Incentive Allocation

The allocation of a percentage of the applicable private funds' net profits to an affiliate of Palestra creates an incentive to make investments that are riskier or more speculative than would be the case if this allocation were not made. Since the allocation is calculated on a basis that includes unrealized appreciation of assets, such allocation may be greater than if it were based solely on realized gains.

Strategic Investors

Strategic investors will be granted certain rights in exchange for a commitment to make a significant seed investment in the private funds. The strategic investors' investment should not be construed as a recommendation to other prospective investors. The strategic investors will not be involved in the management or performance of the private funds or Palestra. Among other rights, the strategic investors will be entitled to receive (i) a portion of the management fee and incentive allocation, (ii) capacity rights, (iii) special redemption rights in limited circumstances, and (iv) reports on a more frequent basis. The strategic investors may exit, in whole or in part, without notice to other investors. In the event that the strategic investors were to make a substantial redemption, such event may have an adverse effect on the private funds. In addition, the private funds will indemnify the strategic investors in accordance with the relevant seed investment agreement with each strategic investor.

Cybersecurity Breaches and Identity Theft

The term "cybersecurity" refers to the technology processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that, in either case, can result in damage and disruption to hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. The information and technology systems of Palestra and of key service providers may be vulnerable to potential damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. The private funds may incur substantial costs as a result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, adverse

investor reaction and reputational damage. Any such breach could cause significant interruptions in the operations of Palestra and the private funds and expose both the private funds and Palestra (which in turn may be indemnified by the private funds) to civil liability as well as regulatory inquiry and/or action. Investors could be exposed to losses resulting from unauthorized use of their personal information and any such breach could also cause substantial withdrawals from the private funds. Although Palestra has implemented various measures designed to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, it may be necessary for Palestra to make a significant investment to fix or replace them and to seek to remedy the effect of such issues. Similar types of cybersecurity risks are also present for issuers of securities in which the private fund invests, which could affect their business and financial performance, resulting in material adverse consequences for such issuers, and causing the private funds' investment in such securities to lose value.

Reliance on Andrew Immerman and Jeremy Schiffman

The private funds rely heavily on the services of the managing members of the Company, and Messrs. Andrew Immerman and Jeremy Schiffman. Messrs. Immerman and Schiffman are responsible for all of the major decisions affecting the private funds. Should Messrs. Immerman or Schiffman determine to discontinue managing the affairs of, or withdraw from, Palestra or should Mr. Immerman or Mr. Schiffman die, be incapacitated or, for some other reason, be unable to effectively manage the affairs of Palestra, the business and results of the operations of the private funds may be adversely affected.

Side Letters

The private funds have entered into agreements ("Side Letters") with certain prospective or existing investors whereby such investors are subject to terms and conditions that are different or more advantageous than those that are offered or available to other investors. For example, such terms and conditions may provide for special rights to make future investments in the private funds, other investment vehicles or managed accounts; special redemption rights, relating to frequency or notice; a reduction or rebate in fees or redemption charges to be paid by the investor and/or other terms; rights to receive reports from the private funds 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 private funds and such investors. The modifications are solely at the discretion of the private funds and may, among other things, be based on the size of the investor's investment in the private funds or affiliated investment entity, an agreement by an investor to maintain such investment in the private funds for a significant period of time, or other similar commitment by an investor to the private funds.

Non-Disclosure of Positions

In an effort to protect the confidentiality of their positions, the private funds generally will not disclose all of their positions to investors on an ongoing basis, although Palestra, in its sole discretion, may permit such disclosure to certain investors, if it determines that there are sufficient confidentiality agreements and procedures in place. The private funds' directors, in their sole discretion, may determine to issue a new class of shares to such investors in these circumstances.

Potential Conflicts of Interest

Palestra will use its best efforts in connection with the purposes and objectives of the private funds and will devote so much of its time and effort to the affairs of the private funds as may, in its judgment, be necessary to accomplish the purposes of the private funds. Although it currently does not manage any client assets other than the private funds, under the terms of the private funds' management agreement, Palestra and its affiliate may conduct any other business, including any business within the securities industry, whether or not such business is in competition with the private funds. Without limiting the generality of the foregoing, Palestra and its affiliate may act as investment adviser or investment manager for others, may manage funds, separate accounts or capital for others, may have, make and maintain investments in their own name or through other entities and may serve as an officer, director, consultant, partner or stockholder of one or more investment funds, partnerships, securities firms or advisory firms. Such other entities or accounts may have investment objectives or may implement investment strategies similar or different to those of the private funds. In addition, Palestra and its affiliate may, through other investments, including other investment funds, have interests in the securities in which the private funds invest as well as interests in investments in which the private funds do not invest. Palestra and its affiliate may give advice or take action with respect to such other entities or accounts that differs from the advice given with respect to the private funds. To the extent a particular investment is suitable for both the private funds and any other accounts managed by Palestra or its affiliate, such investments will be allocated between the private funds and such other accounts in a manner that Palestra and its affiliate determines are fair and equitable under the circumstances to all clients, including the private funds. As of December 31, 2018, Palestra has established the Long Account which generally trades with significant overlap with the long positions held by the Master Fund.

As a result of the foregoing, Palestra and its affiliates will have conflicts of interest in allocating their time and activity between the accounts that it manages, in allocating investments among such accounts and in effecting transactions for such accounts, including accounts in which Palestra or its affiliates may have a greater financial interest. In particular, Palestra's management of the Long Account poses a risk that Palestra or individuals who are in a position to control the allocation of investment opportunities among the accounts or the timing of trades will favor the proprietary account. Please refer to Item 12 in this brochure for further details on Palestra's policies and procedures to address conflicts of interest relating to the allocation of investment opportunities.

In addition, purchase and sale transactions (including swaps) may be effected between the private funds and the other entities or accounts subject to the following guidelines: (i) such transactions shall be effected for cash consideration at the current market price of the particular securities, (ii) no extraordinary brokerage commissions or fees (i.e., except for customary transfer fees or commissions) or other remuneration shall be paid in connection with any such transaction and (iii) such transactions must comply with all applicable laws.

From the standpoint of the private funds, simultaneous identical portfolio transactions for multiple accounts may tend to decrease the prices received, and increase the prices required to be paid, by the private funds for portfolio sales and purchases. Where less than the maximum desired number of shares of a particular security to be purchased is available at a favorable price, the shares purchased will be allocated among the various accounts in an equitable manner as determined by Palestra or its affiliate. Further, it may not always be possible or consistent with the investment objectives of the various accounts for the same investment positions to be taken or liquidated at

the same time or at the same price; however, all transactions will be made on a “best execution” basis.

It should be noted that the private funds’ prime brokers and administrator each acts as prime broker and administrator for other funds and thus may be subject to conflicts of interest from time to time.

ITEM 9

DISCIPLINARY INFORMATION

On January 26, 2017, Palestra voluntarily agreed, without admitting or denying any allegations, to a settlement with the SEC relating to Rule 105 of Regulation M under the Securities Exchange Act of 1934 (“Rule 105”). Rule 105 generally prohibits purchasing an equity security in a public offering if the purchaser sold short the same security during the Rule 105 restricted period (generally five business days before the pricing of the offering). Rule 105 applies irrespective of any intent to violate the rule.

The SEC order notes that in determining to accept Palestra’s settlement order the SEC considered “remedial acts promptly undertaken” by Palestra. Palestra cooperated with the SEC at all times during its investigation and has implemented further policies and procedures to protect against future inadvertent Rule 105 violations, as well as an internal training program to educate its employees further on its nuances. Pursuant to the settlement Palestra was ordered to cease and desist from committing or causing any future violations of Rule 105, and agreed to pay a total of \$180,968 in disgorgement, prejudgment interest, and penalties. This payment has been borne in full by the Palestra Management Company.

ITEM 10
OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

As described above, Palestra's initial private funds received seed investments from two strategic investors that are unaffiliated with Palestra. These strategic investors are financial services firms that are, or have affiliates that are, investment advisers and broker-dealers. The private funds' strategic investors may also be, or have affiliates that are, active in other financial services capacities.

Palestra and the private funds may trade through affiliates of the strategic investors. The Company will trade with affiliates of the strategic investors only when such transactions are expected to offer best execution. Palestra's executives, including the Chief Compliance Officer, will periodically evaluate the execution quality obtained from all trading counterparties. Palestra and the private funds may receive other types of products and services from affiliates of the strategic investors, including prime brokerage services. The Company and the private funds will seek to negotiate the purchase of products and services from affiliates of the strategic investors at arm's length, and the Chief Compliance Officer will monitor the use of such vendors on an ongoing basis.

ITEM 11
CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT
TRANSACTIONS AND PERSONAL TRADING

Palestra has adopted a written Code of Ethics (the “Code”) that is applicable to all employees. Among other things, the Code requires Palestra and its employees to act in clients’ best interests, put client interests ahead of their own interests and comply with all applicable regulations. Palestra’s restrictions on personal securities trading apply to employees, as well as employees’ family members living in the same household. Investors and prospective investors may obtain a copy of the Code by contacting Gregory Resnick (Chief Compliance Officer) by email at gresnick@palestracap.com or by telephone 212-291-7487.

Palestra’s Code generally prohibits employees from executing personal securities transactions in publicly traded single-name equity securities, but, for the avoidance of doubt, excludes the trading activity of the Long Account. Palestra has adopted the Code, which contains policies and procedures designed to minimize any actual or potential conflicts, including pre-clearance by the Chief Compliance Officer of any transaction in other than Pre-Approved Securities, as defined in the Code. It is possible that an employee and a client could transact in the same security at or around the same time; however, the Code prohibits personal trading that would give even the appearance of impropriety, which is to be determined by the Chief Compliance Officer through the pre-clearance requirement. Employee transactions are required to be reported on a quarterly basis for review by the Chief Compliance Officer.

ITEM 12

BROKERAGE PRACTICES

Palestra has discretionary authority on behalf of the private funds to determine what securities are bought or sold and the broker-dealer(s) that will affect those transactions.

Palestra has engaged certain financial institutions to serve as prime brokers (the “Prime Brokers”) to the private funds. The Prime Brokers may provide other services that are beneficial to Palestra, but not necessarily beneficial to the private funds, including, without limitation, capital introduction programs, and other services or items. The Prime Brokers will also serve certain administrative functions including the issuance of broker account statements. In addition to the Prime Brokers, Palestra is authorized to determine the broker or dealer to be used for each securities transaction.

While Palestra need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread, trades will be placed for execution with broker-dealers on the basis of seeking best execution. The Company’s Managing Members, Chief Compliance Officer and Trader meet at least twice per year to evaluate the execution quality that the Company has received. In evaluating execution quality, the Company considers a variety of qualitative and quantitative factors including, among other things, price and transaction costs, speed, availability of trading algorithms, access to IPOs, expertise in trading certain types of securities, responsiveness, back-office controls, and the provision of research. Although cost is an important factor in Palestra’s selection of trading counterparties, the Company may trade with broker-dealers that charge more than the lowest available commissions. Palestra does not consider the referral of investors when evaluating execution quality or setting long-term commission targets.

Palestra receives research products and services from the broker-dealers with which it trades. All such soft dollar benefits are consistent with the regulatory safe harbor described in Section 28(e) of the Securities Exchange Act of 1934. Soft dollar benefits may include, among other things, proprietary research generated by broker-dealers, as well as Bloomberg software, third party analysis, reports, and data. Palestra may also use soft dollar benefits to consult with paid industry experts, and to pay for the Company’s order management system. Palestra manages multiple private funds and as a result, the possibility exists that a private fund may “pay up” for certain products and services that are not exclusively for the benefit of that private fund and instead may also benefit another account. Palestra is not required to allocate soft dollar benefits to the private funds proportionately to the soft dollar credits generated.

In some instances, the Adviser obtains a product or service that is used, in part, by the Adviser for Section 28(e) eligible purposes and, in part, for other purposes. In such instances, the Adviser will make a good faith effort to determine the relative proportion of the product or service used to assist the Adviser 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 the Adviser’s personnel. The proportion of the product or service attributable to assisting the Adviser in carrying out its investment decision-making responsibilities will be paid through brokerage commissions generated by client transactions. The determination of the appropriate allocation of “mixed use” products and services creates a potential conflict of interest between the Adviser and clients.

Palestra's receipt of soft dollar benefits presents a conflict of interest because trading activity by the private funds is used to pay for research that the Company could pay for using hard dollars or potentially generate internally. Palestra could also have an incentive to trade through broker-dealers that offer soft dollar credits, even though other broker-dealers might offer superior or lower-cost execution. The Company's selection of trading counterparties and use of soft dollars is reviewed in connection with periodic best execution reviews.

Palestra may purchase or sell the same security for the accounts contemporaneously and may use the same executing broker. Palestra will, where possible, aggregate orders for the purchase or sale of the same security submitted contemporaneously for execution using the same executing broker. When an aggregated order is filled (completely or partially), Palestra allocates the securities purchased or proceeds of sale pro rata among the participating accounts, based on the purchase or sale order. Adjustments or changes may be made under certain circumstances. If the order at a particular broker is filled at several different prices, through multiple trades, generally all such participating accounts will receive the average price and pay the average commission, subject to odd lots, rounding and market practice. To the extent an aggregated order is allocated to the accounts at an average price, a private fund participating in the trade may pay a higher price than if Palestra did not aggregate the order. In general, Palestra allocates opportunities among the private funds on a pro rata basis. However, for a variety of reasons, including for purposes of rebalancing, investment restrictions, differences in investment objectives and/or investment strategies, tax issues, regulatory consequences, odd lots, availability of clearing, credit and financing, and other considerations, Palestra may allocate trades solely to one account and/or may allocate trades to all accounts on an other than pro rata basis. Palestra will seek to act in a fair and equitable manner in allocating investment and trading opportunities among accounts, but recognizes its allocation decisions may be subject to conflicts of interest. In order to mitigate such potential conflicts of interest, Palestra will regularly monitor allocations amongst accounts to ensure that investments made are appropriate and in accordance with its investment allocation policies and procedures.

If Palestra makes an error while placing a trade, the Company will document the error and seek to correct it promptly in a way that mitigates any losses. Any gains or losses associated with trading errors will be borne by the private funds, except that losses associated with errors due to gross negligence or willful misconduct will be borne by Palestra. The Company is subject to a conflict of interest in determining whether an error was due to gross negligence or willful misconduct.

ITEM 13

REVIEW OF ACCOUNTS

Palestra's founders serve as the Company's co-portfolio managers. The co-portfolio managers monitor the private funds' positions on an ongoing basis. Geographic, political, macro-economic, and/or issuer-specific events may prompt particular scrutiny of the Company's investments, but even in the absence of material events the co-portfolio managers are actively involved in the monitoring of the private funds' investments on a daily basis.

Palestra will send investors weekly and monthly performance estimates, as well as unaudited monthly investor statements. The Company will also provide current and prospective investors with monthly statistical reports and quarterly letters. The quarterly letters will generally include qualitative discussions of the Master Fund's positioning, outlook and performance.

ITEM 14
CLIENT REFERRALS AND OTHER COMPENSATION

Palestra does not have any arrangements in place to compensate anyone or be compensated for the referral of investors.

With respect to the selection criteria for Prime Brokers identified above in Item 12, Palestra may have access to certain services that may influence Palestra's decision to engage certain of its Prime Brokers. Specifically, the Prime Brokers may provide Palestra with access to their respective capital introduction services. While this presents a conflict and may be considered indirect payment for referrals, Palestra's decision to engage its prime brokers, as noted above in Item 12, will be based on a wide range of selection criteria and not focus on access to capital introduction services.

ITEM 15

CUSTODY

The Company is deemed to have custody over the private funds' assets because an affiliate of Palestra serves as the general partner to the private funds' various legal entities. All of the private funds' assets are held by qualified custodians, and audited financial statements for the private funds are distributed to all investors on an annual basis within no greater than 120 days of the fiscal year end.

ITEM 16
INVESTMENT DISCRETION

Palestra has investment discretion over the private funds' assets. The private funds grant the Company discretionary authority through the execution of an investment management agreement.

ITEM 17

VOTING CLIENT SECURITIES

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Investment Advisers Act, Palestra has adopted and implemented written policies and procedures governing the voting of client securities. All proxies that Palestra receives will be treated in accordance with these policies and procedures. Investors in the private funds cannot influence the Company's proxy voting activities, but may request a copy of Palestra's written proxy voting policies and procedures. Investors should contact the Chief Compliance Officer, Gregory Resnick, at 212-291-7487 for more information about proxy voting.

For each routine proxy that does not pose an apparent conflict of interest, the Chief Compliance Officer will be responsible for casting a vote that is believed to be in the best interests of the private funds. Palestra anticipates that the Chief Compliance Officer will generally vote in accordance with management recommendations for such routine proxies.

If a proxy appears to be non-routine and/or material, the Chief Compliance Officer will vote in accordance with instructions provided by the Managing Member and Research Analyst who are most familiar with the position.

If a proxy appears to pose a conflict of interest, the Chief Compliance Officer will convene a meeting with both Managing Members. The Chief Compliance Officer will describe the proxy vote under consideration and identify the perceived conflict of interest. The Chief Compliance Officer and Managing Members will review any documentation associated with the proxy vote and seek to determine how to vote in the private funds' best interests. If the Chief Compliance Officer and Managing Members reach a unanimous voting decision then the Chief Compliance Officer will vote the proxy accordingly. If the Chief Compliance Officer and Managing Members do not reach a unanimous conclusion, they will consult with a professional proxy voting service or with outside legal counsel. The voting recommendation from the voting service or outside legal counsel will be binding on Palestra.

ITEM 18
FINANCIAL INFORMATION

Palestra has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.