

PARABELLUM CAPITAL

Form ADV 2A

Brochure

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PARABELLUM CAPITAL, LLC
156 West 56TH Street, Suite 902
New York, NY 10019
(212) 726-2640
<http://www.parabellumcap.com>

This brochure ("**Brochure**") provides information about the qualifications and business practices of Parabellum Capital, LLC ("**Parabellum Capital**"). If you have any questions about the contents of this brochure, please contact us at 212-726-2640 or info@parabellumcap.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("**SEC**") or by any state securities authority.

Additional information about Parabellum Capital, LLC also is available on the SEC's website at <https://adviserinfo.sec.gov/>.

Please note that registration as an investment adviser with the SEC does not imply any level of skill, training or ability with respect to the provision of investment advisory services.

ITEM 2 – MATERIAL CHANGES

There have been no material changes to this brochure since the Adviser's initial filing in June 2018.

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ITEM 4 – PARABELLUM CAPITAL, LLC ADVISORY BUSINESS

Parabellum Capital, LLC (“**Parabellum Capital**” or the “**Firm**”), a Delaware limited liability company, is headquartered in New York, NY, and was founded in January 2012. Managing Principal Howard Shams and Managing Principal Aaron Z. Katz are the owners and Principals of Parabellum Capital (the “**Principals**”). Parabellum Capital seeks to generate long-term capital appreciation by primarily investing in a range of contracts, the underlying values of which are derived from commercial litigation (the “**Litigation Finance Investments**”).

Parabellum Capital provides discretionary investment advisory services to Parabellum Partners I, LP, a Delaware limited partnership formed as a private equity pooled investment vehicle (the “**Master Fund**”), and Parabellum Partners I Offshore, LTD, a Cayman Islands exempted company (the “**Offshore Feeder Fund**”) which invests substantially all of its assets in the Master Fund. The Master Fund together with the Offshore Feeder Fund will be referred to as the “**Fund**”. Parabellum Capital also provides discretionary investment advisory services to a co-investment fund vehicle (the “**Co-Investment Fund**”) to co-invest in certain selected Litigation Finance Investment opportunities alongside the Fund. The Co-Investment limited partner investment rights are outlined in the Co-Investment governing documents. The Master Fund, Offshore Feeder Fund and the Co-Investment Vehicle are collectively referred to as the “**Funds**”.

Parabellum provides discretionary investment management services to the Funds in accordance with the applicable limited partnership agreements, investment management agreements, operating agreements, offering memoranda and other such agreements (the “**Offering Documents**”).

PBLM General Partner I, LLC, a Delaware limited liability company, is the Funds General Partner (the “**General Partner**”). The Offering Documents of the Funds typically allow the general partner to control the business and affairs of the Funds.

The Firm also provides non-discretionary investment management services to an investor in a separately managed account pursuant to the terms outlined in an Asset Management Agreement (the “**Separately Managed Account**”).

The Funds along with the Separately Managed Account are each considered a “**Client**” and collectively, the “**Client Accounts**”.

“**Investors**” refer to investors or limited partners in the Funds. Parabellum does not expect to tailor advisory services to any individual or particular needs of the Investors in the Funds. Parabellum Capital may accommodate Investor restrictions at the Firm’s discretion. Generally, Investors accept the terms of advisory services as set forth in each Offering Documents. The Firm expects to have broad investment authority with respect to the Funds and, as such, investors should consider whether

the investment objectives of the Funds are in line with their individual objectives and risk tolerance prior to investment.

The Funds are exempt from registration under the Investment Company Act of 1940, as amended (the “Investment Company Act”), pursuant to Section 3(c)(7) of the Investment Company Act. Interests in the Funds are privately offered only to qualified investors. Generally, the Fund’s investors are high net worth individuals or institutions, such as endowments, foundations, pension funds, trusts, family offices, and other professional investors.

Parabellum Capital does not participate in wrap fee programs.

As of December 31, 2018, the Firm managed \$202,075,165 of discretionary regulatory assets under management, and \$3,516,507 of non-discretionary regulatory assets under management for a total of \$205,591,672 regulatory assets under management.

ITEM 5 – FEES AND COMPENSATION

Parabellum Capital generally charges the Master Fund and Offshore Feeder Fund a management fee, payable quarterly in advance, of up to 2% per annum of the capital commitment during the investment period of each limited partner, as further disclosed in each Funds’ Offering Documents. After the termination of the investment period, the management fee is charged on the sum of amounts committed or deployed in investments. The Fund will also be responsible for payment of organizational expenses, subject to a cap, and operating expenses pursuant to the Offering Documents.

The Co-Investment Fund is not charged a management fee; however, it reimburses Parabellum Capital for any Co-Investment Fund expenses (“Management Expenses”) paid on the Co-Investment Fund’s behalf and all direct costs incurred by Parabellum Capital in managing the Co-Investment Fund as defined in the relevant Offering Documents and allocated pro-rata among the Investors in accordance with their respective capital commitments at the time of allocation. The Co-Investment Fund Investors are also responsible for due diligence costs in connection with the review of investments, in addition to their capital commitments, subject to an expense cap. Expenses reimbursed to Parabellum Capital will be due upon receipt of the drawdown notice.

The Separately Managed Account is subject to an asset management fee of 1.5% paid quarterly in advance. Parabellum Capital is also entitled to reimbursement of certain operating expenses as defined in the Asset Management Agreement.

Parabellum Capital’s fees and compensation arrangements may vary among the Investors in the Funds. The specific terms of such arrangements are established by Parabellum Capital, and as set forth in each Fund’s Offering Documents.

Parabellum Capital will bear the ordinary day-to-day expenses incidental to the operation of the Client Accounts pursuant to the Offering Documents and Asset Management Agreement such as ordinary overhead expenses including rent, furniture & fixtures, equipment, office supplies, computer hardware, clerical expenses and all salaries, bonuses and benefits paid to, or on behalf of, its support personnel.

The Fund will bear all organizational and offering costs and expenses not to exceed Fifty Thousand Dollars (\$50,000) which will be amortized over a period of sixty (60) months. The Fund will also bear all costs and expenses relating to the activities, operations and maintenance (to the extent not reimbursed in connection with an investment), including, without limitation, all fees, costs and expenses associated (directly or indirectly) with the sourcing, acquiring, holding, monitoring and disposing of its investments or proposed investments (including, without limitation, consulting services, due diligence and investment-related travel and entertainment expenses, as well as all fees and expenses due to any legal, regulatory, financial, accounting, consulting or other advisors, or any finder, placement agent or investment bank in connection with the sourcing, acquiring, holding, monitoring and disposing of investments or proposed investments), brokerage commissions and securities transaction costs, custodial, transfer agent, all entity-level taxes, fees or other governmental charges (including any entity-level taxes, fees or other governmental charges levied against any AIV (as defined below) or SPV (as defined below)), the costs of any insurance (including, without limitation, directors and officers insurance, if any), expenses incurred in collecting monies owed to the Fund, extraordinary expenses (including, without limitation, litigation-related and indemnification expenses), legal, regulatory, auditing, consulting, research and accounting fees and expenses, the costs of any reporting to investors and meetings of investors, the costs of any administrator, the maintenance of books and records, expenses incurred in connection with the dissolution, liquidation and termination of the Fund, and the reasonable out-of-pocket expenses incurred by members of the Investment Committee and/or by members of the Advisory Board in connection with their activities on behalf of the Fund. Please refer to the Offering Documents for additional expense information.

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

Parabellum Capital and/or its affiliate(s) accept performance-based compensation from certain of the Clients.

The General Partner will generally receive an additional performance-based carried interest fee of 20% of the net profits earned from all investments in the Fund, with an 8% preferred return on capital invested pursuant to the Fund's Offering Documents.

The General Partner will generally receive a 7.5% performance-based carried interest from the Co-Investment Fund pursuant to the Investors' return of one-hundred percent of their respective capital contributions in accordance with the Co-Investment Fund's Offering Documents.

Parabellum Capital will generally receive a 20% performance-based incentive fee from the Separately Managed Account pursuant to the Investor's return of one-hundred percent of their respective capital contributions and payment of a 10% preferred return on capital invested pursuant to the Asset Management Agreement. Parabellum Capital may also be eligible to receive additional incentive fees upon meeting specific return targets beyond the 20% performance-based incentive fee based on Investor's Internal Rate of Return.

The General Partner of the Funds and Parabellum Capital for the Separately Managed Account are subject to a "claw back" of carried interest or incentive fee previously received to the extent that the General Partner/Parabellum Capital has received cumulative distributions in excess of amounts otherwise distributable to such General Partner by the Funds as carried interest or Parabellum Capital for the Separately Managed Account as incentive fee. In no event will the General Partner of the Funds or Parabellum Capital for the Separately Managed Account be required to restore more than the cumulative distributions received by such General Partner as carried interest or the Firm as incentive fee, determined on an after-tax basis. The existence of a General Partner's /Firm's carried interest/incentive fee may create an incentive for the General Partner and/or Firm to make investments that are riskier for the Funds or Separately Managed Account than would be the case if the General Partner and/or Firm did not receive carried interest.

Because Parabellum Capital and its affiliates manages more than one Client account, the potential exists for one Client to be favored over another Client. In particular, Parabellum Capital, its affiliates, and their investment personnel have a greater incentive to favor Clients that pay Parabellum Capital or its affiliates higher performance-based compensation. In addition, principals and certain employees of Parabellum Capital may have personal investments in one or more of the Clients, and such investments will not be proportionate among the various Clients. Accordingly, Parabellum Capital has an incentive to favor Clients in which its principals or employees have a greater interest.

Parabellum Capital has adopted policies and procedures intended to address conflicts of interest relating to the management of multiple Client accounts and Clients in which Parabellum Capital's principal or employees invest. In particular, Parabellum Capital has adopted investment allocation policies designed to achieve equitable allocation among Clients. Consistent with its fiduciary duty to its Clients, Parabellum Capital allocates litigation finance investment opportunities equitably among its Clients taking into account several factors, such as relative amounts of capital available for new investments, for which participation is appropriate.

Fund investors should review the respective Fund's Offering Documents for detailed information with respect to performance-based fees.

ITEM 7 – TYPES OF CLIENTS

Parabellum Capital's clients consist of the Funds and the Separately Managed Account, which are intended for sophisticated investors. Investors in the Funds are not considered clients of Parabellum Capital. Such investors may include, but are not limited to, pension plans (corporate, state and foreign), charitable foundations, endowments, fund of funds, sovereign wealth funds, private funds, investment companies, trusts, family offices, private banks, high net worth individuals and other entities and institutions. Investors in the Funds must generally be "accredited investors" as that term is defined in Rule 501 of Regulation D of the Securities Act of 1933 and "qualified purchasers" within the meaning of Section 2(a)(51) and Rule 2a51-1 under the Investment Company Act of 1940.

Fund investors are required to commit or contribute certain minimum capital amounts to become limited partners of the limited partnership as disclosed in the confidential private offering memorandum of the Funds. Currently, the minimum required investment is \$5,000,000. This minimum amount is subject to change or waiver at the sole direction of the Funds' General Partner.

Any initial and additional subscription minimums are disclosed in the Offering Documents for the Funds.

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGY AND RISK OF LOSS

Parabellum Capital seeks to provide investors with attractive returns, uncorrelated to broader markets, by investing in a range of Litigation Finance Investments. Direct litigation investments by the Client Accounts typically take the form of equity-like, and occasionally fixed-income like, products. Special situation investments by the Client Accounts may take the form of other instruments.¹ The Firm expects to invest in a full range of business disputes, including those based on antitrust, bankruptcy, contract, business torts, corporate control or governance, false claims, intellectual property, international arbitration, trade secrets, qui tam (whistleblower), and other types of commercial disputes.

The Firm believes that its sourcing, due diligence and execution capabilities enable it to invest in attractive commercial litigation finance opportunities. The Firm optimizes the return profile of each investment further through customized

¹ . Although not a primary investment strategy, the Firm expects to identify legal claim-driven situations ("Special Situations") where it believes that the resolution of that legal claim will be the primary driver of material change in the value of a company's equity or debt securities over a defined time horizon.

structuring solutions, some of which may enhance each investment's risk/return profile by improving the security and priority of returns.

The Firm generally utilizes the following basic criteria when sourcing and reviewing potential Litigation Finance Investments, although the Firm may diverge from these criteria on an opportunistic basis:

- (i) the Firm generally invests in claims brought by corporations or other business entities;
- (ii) the Firm primarily investments in U.S.-based disputes, but it may also invest in international arbitrations or other cross-border/international law disputes;
- (iii) the Firm invests in matters that can reasonably be expected to have a maximum duration of four (4) years from the initial capital drawdown with respect to such matter; and
- (iv) the Funds' general investment size per matter will be in the range of Two Million Dollars (\$2,000,000) to Eight Million Dollars (\$8,000,000) but may be smaller in appropriate circumstances. This investment size range may produce a highly diversified portfolio of investments, but the Firm may choose to pursue larger and more concentrated investments if the General Partner deems such investments as attractive opportunities for the Funds.

Parabellum Capital takes an active, hands-on approach to commercial litigation finance investing, deal sourcing and portfolio management. The Firm's robust transaction origination is based on a combination of the Principals' extensive network of relationships, strong research efforts, and thorough due diligence and deal evaluation.

An investment in the Funds and the Separately Managed Account involves a high degree of risk. This following list of risk factors does not purport to be a complete disclosure of all risks that may be relevant to a decision to purchase an interest in the Funds or Separately Managed Account. Prospective Investors in the Funds or a Separately Managed Account should carefully consider the following investment risks and considerations in evaluating the Funds or Separately Managed Account and their business before making a decision to purchase an interest in an investment vehicle. As a result of these considerations, as well as other risks inherent in any investment, there can be no assurance that the Funds or Separately Managed Account will meet its investment objectives or otherwise be able to successfully carry out its investment program, or that an Investor will receive a return of capital. A full identification of risks is disclosed in the Offering Documents or Asset Management Agreement.

Operating History. The Client Accounts have limited operating history. Consequently, there is no information as to the nature and terms of particular investments which the Client Accounts will acquire or manage. Determinations by Investors to invest in the Funds or a Separately Managed Account must be made primarily on the basis of an Investor's appraisal of the ability of Parabellum Capital to implement the proposed objectives and operations of the Funds.

Recovery Risks and Timing Uncertainty. Parties to a litigation, arbitration or settlement agreement must have the ability to pay a fee, judgment, award or the agreed upon amount if a case outcome or transaction is ultimately successful or completed. Part of the investment process involves Parabellum Capital's assessment of this ability to pay. However, if the party is unable to pay or further challenges the validity of a judgment or award, the Client Accounts may have difficulties ultimately collecting its share of monetary judgments or awards. Further, given the nature of these recoveries, the Client Accounts cannot always control the ultimate timing of an amount recovered, and there is no assurance that the Investment Manager will be able to predict the timing of any such payments.

Concentration of Investments. The Client Accounts' investments are expected to be concentrated in a relatively small number of investments. This concentration of investments may expose the Client Account to greater risk than if its investments were spread across a larger number of opportunities. In the event of a negative outcome of one or more of such investments, the Client Accounts' overall returns may be impacted much more negatively than they would be if its investments were spread more broadly.

Future Regulatory Developments. This Brochure cannot address or anticipate every possible current or future regulation that may affect the Clients, the Investors, the Firm or their respective businesses and operations, including with respect to Litigation Finance Investments specifically. Such regulations may have a significant impact on the Clients, including, without limitation, restricting the types of investments the Clients may make or requiring the Client Accounts to disclose certain confidential information regarding its terms, investments or Limited Partners. In addition, such regulatory scrutiny may increase the Client Accounts exposure to potential liabilities and to legal, compliance and other related costs. Increased regulatory oversight may also impose additional administrative burdens on the General Partner and/or the Firm, including, without limitation, responding to investigations and implementing new policies and procedures. Such burdens may divert the General Partner's and/or the Firm's time, attention and resources from the Firm's business and investment activities. The General Partner, in its sole and absolute discretion, may cause the Client Accounts to be subject to certain regulations if it believes that an investment or business activity is in the Client Accounts' interest, even if such regulations may have a detrimental effect on one or more Limited Partners. Prospective investors are encouraged to consult their own advisors regarding an investment in the Funds or Separately Managed Account.

Reliance on the Principals. The General Partner has the ultimate responsibility for the Clients' management, operations and investment decisions. Pursuant to the Investment Management Agreement, the Firm will provide certain investment management and administrative services to the Clients. Accordingly, the success of the Clients' investing will, to a large degree, be dependent on the investment personnel of the Firm, who will make investing decisions with respect to the assets of the Clients. Competition in the financial services industry for experienced and capable employees, such as the Firm's personnel, is intense. The loss of the services of any of such personnel could adversely affect the Client Accounts.

Evaluation and Disclosure of Cases and Case Performance. Due to competitive and legal considerations and restrictions, the Clients, the General Partner and the Firm may not be able to provide to the Investors details of the underlying investment opportunity that they intend to pursue. The Investors in the Funds or Separately Managed Account will not have an opportunity to evaluate any investment themselves and will be wholly dependent upon the Investment Manager's ability to assess and manage investments made by the Firm.

Reliance on Outside Counsel and Experts. As part of the due diligence process in which the Client Accounts engage, the Client Accounts might rely on the advice and opinion of outside counsel and other experts in assessing potential opportunities. Further, the Clients, the General Partner and the Firm will sometimes be dependent upon the skills and efforts of independent law firms to complete any settlement or underlying litigation or transactional matter. There is no guarantee that the ultimate outcome of any opportunities will be in line with a law firm's or expert's initial assessment.

Terminated or Rejected Settlements. Some Litigation Finance Investments pertain to litigation in which a settlement agreement or some form of agreement in principle between the parties exists. However, in some circumstances, these settlements, whether finalized or under a memorandum of understanding, require court approval or procedural steps beyond the Clients' control. If parties to an agreement or agreement in principle, or the relevant judicial authorities, terminate or reject a settlement, the Clients could suffer losses in its Litigation Finance Investments.

Legal Professional Duties. For most investments made by the Clients, the Clients will not be the client of the law firm representing the party to the litigation or transaction and will not have the ability to control decisions made by the parties or the law firm. Lawyers are generally required to act pursuant to their clients' directives and are fiduciaries to their clients, not to the Clients. The law firms involved also will be subject to an overriding duty to the courts and not the Clients.

Equity Securities. The Firm may acquire common stocks. Equity securities fluctuate in value, often based on factors unrelated to the value of the issuer of the

securities. The market price of equity securities may be affected by general economic and market conditions, such as a broad decline in stock market prices, or by conditions affecting specific issuers, such as changes in earnings forecasts.

Operational Risks. Operational risks arising from mistakes made with respect to the Client Account's investment activities and/or from other similar disruptions in the Client Account's operations may cause the Client Accounts to suffer financial loss, the disruption of its business, liability to clients or third parties, regulatory intervention and reputational damage. The Client Accounts relies heavily on the Investment Manager's financial, accounting and other data-processing systems. However, no guarantees can be made that such systems will be successful. The failure of one or more of such systems may have an adverse effect on the Client Accounts.

Valuation: The Client assets may be invested in securities which are illiquid or very thinly traded. These investments may be extremely difficult to ascribe a market value, at specific points of time. Third party pricing information may not be available for certain positions held by the Clients.

Cybersecurity Risk. Parabellum Capital, the Client Accounts and the service providers, may be subject to operational and information security risks resulting from cyber-attacks. Cyber-attacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information or various other forms of cybersecurity breaches. Cybersecurity attacks affecting Parabellum Capital, the Client Accounts or its service providers may adversely impact the Client Accounts. For instance, cyber-attacks may interfere with the processing or execution of Client Account transactions, cause the release of confidential information, including private information about investors, subject the Client Accounts and Parabellum to regulatory fines or financial losses, or cause reputational damage.

ITEM 9 – DISCIPLINARY INFORMATION

Neither Parabellum Capital nor any of its officers or employees have been sanctioned or disciplined by any federal securities or commodities regulatory agency, self-regulatory organization or state for any violation of their statutes, regulations or rules nor have they ever been involved in any civil or criminal action relating to any violation of the federal or state securities or commodities laws.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

The Funds, as defined in Item 4, are affiliates of Parabellum Capital, as is PBLM General Partner I, LLC, the Funds' General Partner. The General Partner is wholly owned by the Principals.

ITEM 11 – CODE OF ETHICS

Parabellum Capital has adopted a code of ethics (the "Code of Ethics") designed to address and mitigate potential conflicts of interest as required under Rule 204A-1 of the Advisers Act. The Code of Ethics describes the Investment Adviser's high standard of business conduct and fiduciary duty to the Client Accounts. The Code of Ethics requires the Firm's employees to act in the best interests of the Client Accounts to the exclusion of contrary interests, act in good faith and in an ethical manner, avoid conflicts of interest with the Client Accounts to the extent reasonably possible, and identify and manage conflicts of interest to the extent that they arise. Parabellum Capital employees are also required to comply with applicable provisions of the federal securities laws and make prompt reports to the Firm or other appropriate party of any actual or suspected violations of such laws by Parabellum Capital or its employees. Initially, upon hire, and on an annual basis thereafter Parabellum Capital will require that all employees certify to their receipt, review, understanding and compliance with the provisions of the Firm's Code.

In addition, the Code sets forth formal policies and procedures with respect to the personal securities trading activities of the Firm's employees. The Code prohibits personal securities transactions of issuers who have been placed on the Firm's restricted list and requires written pre-approval for all initial-public offerings and private placements. The Code requires employees to report all securities transactions and provide a summary of securities holdings initially upon hire and on an annual basis thereafter. The Code also addresses outside activities of employees, conflicts of interest, policies and procedures concerning the prevention of insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and the pre-clearance and reporting of political contributions.

Among other requirements, the Code of Ethics requires employees to:

- Submit to the CCO an initial and an annual report listing their securities holdings and a quarterly report of transactions;
- Pre-clear personal securities transactions, other than those specifically exempted by the Code of Ethics, by the CCO;
- Provide duplicate copies of account statements to the CCO for review (unless a specific exemption applies);
- Obtain approval from the CCO prior to investing in Private Placements (limited offerings) and IPOs;
- Comply with the federal securities laws, certifying that they have read and understand the Code of Ethics and reporting any violations of the Code of Ethics to the CCO;
- Not trade either in their personal accounts or on behalf of the Client Accounts on the basis of material non-public information; and
- Not inappropriately use their position for a personal benefit.

Supervised persons who violate the Code of Ethics and the Investment Adviser's compliance policies and procedures are subject to disciplinary action including, but not limited to, written warnings, fines and termination of employment.

Participation or Interest in Client Transactions

Parabellum Capital investigates and structures potential investments of the Client Accounts, as described in Item 16 below. The Principals and employees of Parabellum Capital will have a material financial interest in these investments by virtue of their relationship to the General Partner of the Funds, as described in Item 6 above. The Code of Ethics and Compliance Manual are designed to ensure compliance with the provisions of each Partnership Agreement addressing potential conflicts of interest involving the Parabellum Capital and its related persons.

Parabellum Capital will provide a complete copy of the Code to any Investor and/or Client or prospective Investor and/or Client upon request sent to the Chief Compliance Officer ("CCO").

ITEM 12 – BROKERAGE PRACTICES

Due to the nature of its business, Parabellum Capital does not use soft dollars, receive client referrals from broker-dealers or permit its clients to direct brokerage.

Parabellum Capital's objective in selecting brokers and dealers and in effecting portfolio transactions is to seek to obtain the best combination of price and execution on transactions effected for accounts. The best net price, giving effect to brokerage commissions, spreads and other costs, is normally an important factor in this decision, but a number of other judgmental factors will be considered as they are deemed relevant. Parabellum Capital periodically reviews all approved brokers and commissions paid to evaluate best execution.

ITEM 13 – REVIEW OF ACCOUNTS

Parabellum Capital provides continual portfolio management and administrative services to the Client Accounts, including reviewing and monitoring developments in investment portfolios. The Principals and other professional staff at the Director level have primary responsibility for such reviews and advising on disposition opportunities. Investors in the Funds are provided with audited annual financial reports and quarterly unaudited summary financial information in accordance with the terms of the Funds' limited partnership agreement. This information may be provided electronically. Investors in the Funds are also provided with annual tax information and quarterly investor letters and capital account statements.

The Separately Managed Account Investor receives reports pursuant to the Asset Management Agreement.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

Parabellum Capital maintains agreements with third-party placement agents whereby Parabellum Capital pays the placement agent a portion of the management fee it receives with respect to solicited investors or a separately managed client relationship. These solicitation arrangements are and will be fully disclosed to the applicable Investors and/or Clients and will comply with the requirements of Rule 206(4)3 under the Advisors Act, and the CCO will verify compliance with Rule 206(4)3. The third-party is required to provide prospective investors with a current copy of Parabellum Capital's Part 2 of Form ADV.

Any marketing fee or commission in connection with any investor referral activities, including ongoing payments, will be borne solely by Parabellum Capital and not by the Funds or the referred investor.

ITEM 15 – CUSTODY

Parabellum Capital complies with the requirements of Rule 206(4)-2 of the Advisers Act (the “**Custody Rule**”) with regards to Parabellum Capital's custody of the assets of the Funds managed by Parabellum Capital by meeting the conditions of the pooled vehicle annual audit provision.

Annually, upon completion of the annual audit of the Funds managed by Parabellum Capital, Parabellum Capital shall seek to ensure that the audited financials are delivered to Investors within 120 days of the fiscal year end. The audited financial statements will be prepared by an independent accounting firm that is registered with and subject to review by the Public Company Accounting Oversight Board, in accordance with U.S. Generally Accepted Accounting Principles. Investors should carefully review the audited financial statements.

Parabellum Capital does not have custody of the Separately Managed Account's funds or securities.

ITEM 16 – INVESTMENT DISCRETION

Parabellum Capital has complete investment discretion in managing the investments of the Funds. The terms of these investments, the Firm's investment strategy and guidelines around the use of the Firm's discretion are described in detail in the Funds' Private Placement Memorandum. Through the use of this discretion, Parabellum Capital seeks to generate long-term capital appreciation by investing in Commercial Litigation Finance Investments including those based on antitrust, bankruptcy, contract, corporate control or governance, False Claims Act,

intellectual property, international arbitration, trade secrets and other types of commercial disputes. The Firm may also invest in the securities of firms where the resolution of a legal claim will be the primary driver of material change in the value of that company's equity or debt securities over a defined time horizon.

Parabellum Capital provides non-discretionary investment management over the Separately Managed Account and will provide suitable investment recommendations pursuant to the Asset Management Agreement.

ITEM 17 – VOTING CLIENT SECURITIES

Parabellum Capital invests primarily in Commercial Litigation Finance Investments and therefore generally is not in a position to vote public company proxies. However, the Firm has established written policies and procedures setting forth the principles and procedures by which Parabellum Capital votes or gives consent with respect to securities owned by the Funds. A copy of Parabellum Capital's voting procedures is contained within the Firm's compliance manual and available to Investors upon request.

ITEM 18 – FINANCIAL INFORMATION

Parabellum Capital does not have any financial condition reasonably likely to impair its ability to meet contractual commitments to Clients and has not been the subject of a bankruptcy proceeding at any time during the past ten years. Parabellum Capital does not require or solicit prepayment of more than \$1,200 in fees per Fund, six months or so in advance and therefore has not included a balance sheet.

ITEM 19 – REQUIREMENTS FOR STATE REGISTERED ADVISERS

Not Applicable.