



Engaged Capital, LLC

610 Newport Center Drive, Suite 250
Newport Beach, CA 92660
949-734-7900
www.engagedcapital.com

Form ADV, Part 2A Brochure

February 23, 2024

This brochure provides information about the qualifications and business practices of Engaged Capital, LLC ("Engaged Capital"). If you have any questions about the contents of this brochure, please contact us at 949-734-7900. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Any reference to or use of the terms "registered investment adviser" or "registered," does not imply that Engaged Capital or any person associated with Engaged Capital has achieved a certain level of skill or training.

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

ITEM 2 - MATERIAL CHANGES

Since the last Other-Than-Annual Amendment filed on June 6, 2023, there have been no material changes.

ITEM 3 - TABLE OF CONTENTS

| | |
|---|-----------|
| ITEM 1 - COVER PAGE..... | 1 |
| ITEM 3 - TABLE OF CONTENTS | 3 |
| ITEM 4 - ADVISORY BUSINESS | 5 |
| Description of Advisory Firm | 5 |
| Advisory Services Offered..... | 5 |
| Investment Mandates and Client Imposed Restrictions | 5 |
| Wrap Fee Programs | 6 |
| Assets Under Management | 6 |
| ITEM 5 - FEES AND COMPENSATION..... | 6 |
| Fee Schedule | 6 |
| Investment Management Fees | 6 |
| Performance Allocation..... | 6 |
| Billing Method | 7 |
| Management Fees..... | 7 |
| Performance Allocations | 8 |
| Other Fees and Expenses..... | 8 |
| Termination | 9 |
| ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT | 9 |
| ITEM 7 - TYPES OF CLIENTS..... | 9 |
| ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS | 10 |
| Methods of Analysis and Investment Strategies | 10 |
| General Investment Strategies..... | 10 |
| Methods of Analysis for Selecting Securities | 10 |
| Investing Involves Risk | 11 |
| Specific Risks | 12 |
| Equity Securities | 12 |
| Short Sales | 12 |
| Derivatives..... | 13 |
| Portfolio Concentration..... | 14 |

| | |
|---|-----------|
| Special Situation Investing | 15 |
| Inside Information | 15 |
| Importance of the Adviser | 15 |
| Limited Liquidity of Some Investments | 15 |
| Illiquidity of Fund Interests | 16 |
| ITEM 9 - DISCIPLINARY INFORMATION | 17 |
| ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS | 17 |
| Proprietary Private Fund | 17 |
| ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING..... | 17 |
| Personal Trading Practices | 18 |
| ITEM 12 - BROKERAGE PRACTICES..... | 19 |
| Factors Considered in Selecting Broker-Dealers for Client Transactions | 19 |
| Research and Other Benefits | 20 |
| Brokerage for Client Referrals | 21 |
| Directed Brokerage Transactions | 21 |
| Aggregation and Allocation of Transactions | 22 |
| ITEM 13 - REVIEW OF ACCOUNTS | 22 |
| ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION..... | 22 |
| ITEM 15 - CUSTODY | 23 |
| ITEM 16 - INVESTMENT DISCRETION | 23 |
| ITEM 17 - VOTING CLIENT SECURITIES | 24 |
| ITEM 18 - FINANCIAL INFORMATION | 24 |

ITEM 4 - ADVISORY BUSINESS

Description of Advisory Firm

Engaged Capital, LLC (“Engaged Capital,” “we,” “our,” or “us”) is a Delaware limited liability company headquartered in Newport Beach, California. Engaged Capital is registered as an investment adviser with the U.S. Securities and Exchange Commission. Glenn W. Welling, through Engaged Capital Holdings, LLC, is the principal owner of the firm. We were organized in February 2012.

Advisory Services Offered

Engaged Capital provides continuous and regular investment management services on a discretionary basis to private investment funds (“Funds”) that we have organized. The Funds are available only to qualified investors and only by a private offering memorandum. Under the rules of the Securities and Exchange Commission, investors are considered “qualified” if they meet certain minimum net worth and/or income requirements. For information about net worth and/or income requirements, see **Item 10 – Other Financial Industry Activities and Affiliations** below.

This Form ADV Part 2A Brochure is not an offer to sell, or a solicitation of an offer to purchase, partnership interests or shares in any Fund. Such an offer can only occur when the prospective investor receives the Funds’ offering documents.

Engaged Capital also provides continuous and regular investment management services on a discretionary basis to certain institutional clients (“Managed Accounts”), including pension plans, pursuant to managed account arrangements that generally parallel the investment management services being provided to a related Fund.

For information about our discretionary authority, see **Item 16 - Investment Discretion** below. We describe the fees charged for investment supervisory services below under **Item 5 - Fees and Compensation**.

Investment Mandates and Client Imposed Restrictions

The terms on which Engaged Capital manages a Fund or Managed Account are established at the time the Fund or Managed Account relationship is established. These terms are generally set out in the governing documents entered into by Engaged Capital with respect to the client and are disclosed in the offering documents for the Fund or the investment management agreement for the Managed Account client. Our primary strategy employs a long “constructive activist” approach, investing in small and mid-cap domestic equities.

In accordance with the governing documents of each Fund: (1) certain investors in the Fund may invest on terms that differ from the terms generally applicable to other investors; (2) other classes of ownership interests may be established with terms that differ from those described in the Fund’s offering documents; and (3) we may manage some Fund investors’ accounts under terms that differ from the terms described in the Fund’s offering documents. Such differing terms may be more

favorable than the terms provided to other investors and may include, but are not limited to, terms relating to the ability to withdraw or redeem capital, access to information, management and performance fees and allocations, and special rights to make future investments. Such modifications may in some cases be based upon, among other things, the size of an investor's investment, an agreement by an investor to maintain such investment for a specified period of time, a transfer from a Managed Account, or other commitments by the investor. For additional information about differing Fund terms for certain investors, see **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading** below.

Managed Accounts may, in addition to negotiating differing terms such as those described in the preceding paragraph, also request other provisions such as keeping a minimum level of cash in the account or restricting Engaged Capital from buying or selling certain specific securities or security types in the account. *If a Managed Account client or Fund investor directs Engaged Capital not to purchase a particular security or type of security, Engaged Capital may restrict that security from consideration as a portfolio investment, and thus will not buy the security for any clients, including the related Fund.* Engaged Capital reserves the right to not accept and/or to terminate a Managed Account if we feel that the client-imposed restrictions would limit or prevent us from meeting or maintaining the client's investment strategy.

Wrap Fee Programs

Engaged Capital does not manage accounts as part of a wrap or bundled fee program.

Assets Under Management

Engaged Capital manages client assets in discretionary accounts on a continuous and regular basis. As of December 31, 2023, our regulatory assets under management were \$752,991,460.

ITEM 5 - FEES AND COMPENSATION

Fee Schedule

Investment Management Fees

Engaged Capital may charge the Fund investors and Managed Accounts a management fee for investment management services. Our fees, which may be subject to negotiation, generally range from 1.00% to 1.75% annually, based primarily on the amount of assets being placed under management with us, the point in time in the life cycle of the relevant Fund that the assets are placed, and the length of the commitment. Certain special purpose funds may not have management fees.

Performance Allocation

Engaged Capital may also receive performance allocations or fees from Fund investors and Managed Accounts, which will generally range from 10% to 25% of any annual appreciation in a Fund investor's capital account or in a Managed Account. Such performance allocations may be subject to preferred returns, hurdles or high water mark requirements, as set forth in the relevant Fund documents or

investment management agreement. In addition, certain special purpose funds may have performance allocations of up to 30%.

General

Management fees and/or performance allocations are established at the time of organization of a Fund, the creation of new series of interests or share classes, or the beginning of the advisory relationship with a Managed Account and may vary among the Funds, among each Fund investor within a Fund, and among Managed Accounts. Specific details of such compensation and method of calculation are set out in the offering materials, disclosure documents, investment management agreements, and governing documents of the relevant Funds and Managed Accounts. We may also enter into strategic partnerships, side letter agreements, or other arrangements with specific investors in a Fund whereby such investors receive direct or indirect reductions of management fees or other compensation otherwise payable to Engaged Capital with respect to their investments.

Billing Method

Management Fees

Subject to any applicable Fund documents and/or investment management agreements, Engaged Capital's management fees are generally payable quarterly in advance at the beginning of each calendar quarter. We charge one fourth of the annual fee rate each quarter based on the market value of the client's portfolio as of the first day of the current calendar quarter. The formula used for the calculation is as follows: $(Annual\ Rate) \times (Total\ Assets\ Under\ Management\ as\ of\ Quarter-Beginning) / 4$.

For new Fund investors (subject to any applicable Fund documents) and Managed Accounts, the first payment is a pro-rata calculation due upon execution of the subscription or investment management agreement that takes into consideration the number of days remaining in the quarter and the initial value of the portfolio. The formula used to calculate the initial management fee would be as follows: $(Result\ of\ Quarterly\ Calculation) \times (Days\ Remaining\ in\ Quarter) / (Total\ Number\ of\ Days\ in\ Quarter)$. For management fee calculation purposes, a calendar quarter is a period beginning on January 1, April 1, July 1, or October 1 and ending on the day before the next quarter. A day is any calendar day including weekends and holidays. For new Fund investors and Managed Accounts, the number of days remaining in the quarter is the number of calendar days following the funding date of the new account.

Management fees charged to the Funds are paid directly from each Fund in accordance with the Fund documents. The Funds receive brokerage statements from the custodian monthly, and Fund investors receive monthly unaudited account statements. Managed Accounts typically provide their own custody arrangements. For Managed Accounts, it is up to the client whether they wish to have the management fees withdrawn directly from their custodian account or pay by check or wire transfer. With client authorization, Engaged Capital will automatically instruct the independent custodian to withdraw Engaged Capital's management fee from the client's account held by the custodian. The custodian statement will show the deduction of the management fee for those clients who authorize the management fees to be withdrawn directly from their custodian account. Engaged Capital will send an invoice to all Managed Account clients who choose not to have management fees withdrawn directly

from their custodian account. The invoice is payable upon receipt and will include the fee calculation and amount due.

For Managed Accounts, Engaged Capital will send a statement to each client who authorizes Engaged Capital to instruct the custodian to withdraw fees directly from the account. The statement will show the amount of the fee, the value of the client's assets upon which we based the fee, and the specific manner in which we calculated the fee. It is the client's responsibility to verify the accuracy of the fee calculation. The custodian will not determine whether the fee is properly calculated.

Performance Allocations

Any performance-based allocations to Engaged Capital will be payable annually in arrears based on the account market value on December 31 of the preceding calendar year. The formulas used for the calculation, as well as for any adjustments for contributions, withdrawals or terminations, will be set forth in the applicable Fund documents or investment management agreement. Certain special purpose funds may have performance allocations allocated at their termination or after capital in excess of invested capital has been distributed.

Other Fees and Expenses

Each Fund bears all fees, costs, or expenses of its organization, operation, and maintenance, including legal, auditing, tax, and accounting expenses; fees payable for administration, registrar and transfer agent, and other professional or expert services; investment and brokerage expenses such as commissions, markups or markdowns on securities, interest on margin accounts and other indebtedness, borrowing charges on securities sold short, and custodial fees; management fees; and other expenses incurred in the purchase and sale of investments, as determined by Engaged Capital. All clients, including all Managed Accounts, pay all brokerage commissions, stock transfer fees and taxes, margin charges, foreign exchange and settlement fees, and/or other charges incurred in connection with transactions in accounts, from the assets in the account. Other Fund expenses can include, but are not limited to: fees for quotation and other data services; fees related to accounting, trading, portfolio management, and risk management systems; research subscriptions and expenses incurred in visiting prospective and existing portfolio companies of the Fund, meeting with management teams of portfolio companies, and attending research conferences (including airfare, hotel accommodations, and meals); fees for third-party consultants on discrete projects relating to the Fund's investment strategy or business; broken trade and broken deal fees; expenses related to board representation, including compensation; expenses to register securities; costs and expenses incurred for the purpose of protecting and enhancing the value of the Funds (including the costs of instituting and defending litigation); U.S. federal, state, and local taxes, filing, and registration fees of the Funds; all costs, fees, and expenses relating to investor communications, relations, and the preparation and mailing of financial, tax, and performance information to investors; fees, costs, and expenses incurred in connection with compliance with the Foreign Account Tax Compliance Act (FATCA); all regulatory and compliance fees, costs, and expenses incurred in complying with regulatory requirements that directly result from management of the Funds (including expenses incurred in preparing Form PF); and

premiums and other costs of directors and officers (D&O), errors and omissions (E&O), and other insurance.

The above charges are in addition to the fees clients pay to Engaged Capital. See **Item 12 - Brokerage Practices** below for more information.

Termination

Fund investors have such withdrawal rights as may be specified in the applicable Fund documents. An investor in a Fund generally must provide at least 90 days' prior written notice for a withdrawal request and may be subject to the terms of a "gate" provision. In the case of Managed Accounts, either party may terminate the advisory agreement by providing written notice to the other party as may be provided in the advisory agreement, generally upon at least 90 days' prior written notice. Engaged Capital will refund any prepaid, unearned advisory fees based on the effective date of termination, using the following formula: $(Fees\ Paid) \times (Days\ Remaining\ in\ Quarter) / (Total\ Number\ of\ Days\ in\ Quarter)$. Certain special purpose funds do not allow investors to initiate withdrawals; withdrawals are determined by Engaged Capital when investments are sold.

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

As noted in **Item 5 – Fees and Compensation**, Engaged Capital may receive performance-based compensation from Fund investors and Managed Accounts. Engaged Capital has an incentive to favor, or take increased investment risk with respect to, Fund investors and Managed Accounts from which we receive higher performance-based compensation over Fund investors and Managed Accounts from which lower performance-based compensation is received. Engaged Capital has adopted policies and procedures reasonably designed to address these types of conflicts. Specifically, the policies and procedures are designed to allocate investment opportunities between accounts on a fair and equitable basis over time and to prevent non-suitable investments in client accounts.

ITEM 7 - TYPES OF CLIENTS

Investment in the Funds is generally only available to institutional investors and certain high net worth investors that are "accredited investors," "qualified clients," and "qualified purchasers," or non-"U.S. persons," within the meaning of the Securities Act of 1933 (the "Securities Act"), the Investment Advisers Act of 1940 (the "Advisers Act"), and the Investment Company Act of 1940, as applicable. The specified minimum investment amount in the Funds for any high-net-worth investors is \$1,000,000. For institutional investors that wish to invest in the Fund the minimum investment amount is \$10,000,000. After admission to the Fund, an investor may make additional investments of at least \$1,000,000. These minimum amounts are typically subject to discretion on the part of Engaged Capital, to permit investment of a smaller amount generally or with respect to any investor in the relevant Fund. Engaged Capital can also change the minimum investment requirements to new investors in the future.

A broad range of U.S. and non-U.S. institutional investors, including, among others, governmental and corporate pension and profit sharing plans, endowments, insurance companies, sovereign wealth funds,

funds of funds and certain high net worth individuals and family offices, may invest in the Funds or, if they are “qualified clients” (as defined above), may constitute Managed Accounts.

ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis and Investment Strategies

General Investment Strategies

Engaged Capital primarily employs a long “constructive activist” strategy to identify attractive investment opportunities over the full cycle of market and economic conditions. We primarily seek investments that can be made at discounts to our estimates of intrinsic value as determined by fundamental analysis and where there are one or more identifiable catalysts for recognition of that value within a defined investment timeframe. Such catalysts may include, among other events, a material corporate event (such as a sale of the company, restructuring or recapitalization), a significant change in the business model or a change in management, competitive position, or market recognition. In conjunction with the long-focused part of the activist strategy, Engaged Capital may hedge our concentrated long investments. This is typically accomplished through the short sale of a basket of equities that is comprised of companies that Engaged Capital believes are under-performing, over-valued companies with similar risks to the long position.

Investments span a broad spectrum of industries and geographies, generally focusing on companies with small to mid-market capitalizations. Investments are generally made in public equities in which we either work with management to effect change or, where management is unwilling to do so, we pursue a shareholder activist strategy.

Methods of Analysis for Selecting Securities

Engaged Capital utilizes multiple sources of information in analyzing investments, including financial newspapers and magazines, inspections of corporate activities, research material prepared by others, corporate rating services, annual reports, prospectuses, filings with the SEC, and company press releases. We also use industry magazines, third party consultants, regulatory filings filed with U.S. regulators, contacts at major companies and corporate executives, commercial and investment banks, financial intermediaries, other investment and advisory institutions, other direct and indirect contacts, and corporate performance measurement and valuation screening software. We may participate in on-site visits, industry group and portfolio company management meetings, creditors’ committees, steering committees or on the boards of directors of portfolio companies, which will also be a source of information with respect to such companies, subject to policies and procedures related to non-public and proprietary information.

Investment candidates must have 3 criteria: Valuation, Agenda and Engagement. The investment team ensures these criteria are resident in each position before establishing a portfolio position.

- Valuation: confirm >20% IRRs, 30% discount to present value and a 3:1 upside/downside ratio.

- **Agenda:** Identify and confirm the opportunities to remedy the company's mispriced valuation, conduct deep company specific fundamental research to validate agenda, meet with the company to validate/invalidate hypothesis and understand rationale for management's current plan, develop compelling fact-based plan to remedy the undervaluation using our expertise in the areas of corporate strategy, capital structure, capital allocation, investor communications, and executive compensation.
- **Engagement:** ensure governance structure allows, and shareholders in favor of change. We bring ideas to management/ board and assess receptivity to suggestions and working with Engaged Capital.

During our research we develop a deep understanding of value drivers and identify key risk factors that may be exacerbated by substandard ESG protocols (political, cultural, environmental, governance or economic). We also develop comprehensive strategies and an engagement plan to address these shortcomings.

Ongoing - Engaged then builds relationships with management and their board using the investment team's experience and deep network of large and influential shareholders, other activist funds, leading investment bankers, consultants, and current and former CEOs, CFOs, and board members.

We then educate management and the board on our value creation thesis. Our focus is on being constructive but strongly convincing while applying the necessary pressure to implement our Agenda. Concurrently we build knowledge and support of other shareholders by sharing our due diligence.

Once Engaged Capital has developed a relationship with the management team and/or board of directors of a portfolio company, we anticipate that our recommended changes, with respect to the portfolio company, will take 1 to 4 years to be fully implemented. Once we gain high conviction in Valuation, Agenda & Engagement we establish a core position. We expect that progress and value creation may occur throughout the holding period as we take advantage of short-term stock price volatility through a portfolio management process (discussed below). We will also influence changes that drive sustainability, inclusive cultures, good corporate citizenship and shareholder value, and track and measure progress on the identified initiatives to ensure impact.

Lastly, every one of Engaged's portfolio company board of directors has either an Engaged member or an Engaged nominee.

Investing Involves Risk

Prior to investing in either a Fund or a Managed Account, the investor should carefully consider:

1. That investing in securities involves risk of loss which clients should be prepared to bear;

2. That securities markets experience varying degrees of volatility;
3. That over time the client's assets may fluctuate and at any time be worth more or less than the amount invested; and
4. That clients should only commit assets that they feel are available for investment on a long-term basis.

Investment in a Fund or Managed Account is speculative and involves a substantial degree of risk, which is why investing in a Fund or Managed Account may not be suitable for all investors and is intended for sophisticated investors who can accept the risks associated with such investments. The investments may lose all or a substantial portion of their value and investors must be prepared to bear the risk of loss of their investments. Investors will not have recourse except with respect to the assets of the Fund or Managed Account. The Fund and Managed Account documents outline important information for investors. Investors should review all Fund and Managed Account document(s) carefully and should consider conducting additional due diligence before investing.

Specific Risks

Investment in a Fund or Managed Account involves significant risks, including those described below. The following list of risk factors does not purport to be a complete explanation of the risks involved in an investment in a Fund or Managed Account. Current and prospective investors should read the Fund's or Managed Account's governing documents in their entirety, and consult with their own advisers, before deciding whether to invest in a Fund or Managed Account. No assurance exists that a Fund or Managed Account will achieve its investment objective.

Equity Securities

Engaged Capital invests in equity securities, specifically the common stock of small and mid-capitalization companies that we believe have potential for capital appreciation significantly greater than that of the market averages. Equity securities of small and mid-capitalization companies might not be traded in volumes typical of equity securities of larger companies, and it may be more difficult for us to buy and sell significant amounts of smaller-capitalization company shares without an unfavorable impact on prevailing market prices. Furthermore, small-capitalization companies tend to attract little research coverage by the "street," which often results in relatively little interest from institutional investors. Equity securities of small companies are generally less liquid and subject to more abrupt or erratic market movements than those of larger capitalized companies. Additionally, the risk of bankruptcy or insolvency of many smaller companies, with the attendant losses to investors, is higher than for larger companies.

Short Sales

Short selling involves selling securities which may or may not be owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost of buying those securities to

cover the short position. There can be no assurance that the security necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the security to rise further, thereby exacerbating the loss.

Derivatives

Engaged Capital may use financial instruments known as derivatives. A derivative is generally defined as an instrument whose value is derived from, or based upon, some underlying index, reference rate (such as interest rates or currency exchange rates), security, commodity, or other asset. Derivatives include options, swaps, futures, structured securities, and other instruments and contracts. Derivatives typically allow an investor to hedge or speculate on the price movements of a particular security, financial benchmark currency, index or commodity at a fraction of the cost of investing in the underlying asset.

The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are leveraged, and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement not only can result in the loss of the entire investment, but may also expose the clients to the possibility of a loss exceeding the original amount invested.

In addition, derivative contracts may expose the clients to the credit risk of the parties with which the clients deal. Non-performance of such contracts by counterparties, for financial or other reasons, could expose the clients to losses, whether or not the transaction itself was profitable. Derivatives may also expose the clients to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts.

The following are some examples of the types of derivatives Engaged Capital employs.

Contracts for Differences

Engaged Capital may enter into contracts for differences. In these transactions, the clients and another party assume price positions in reference to an underlying security or other financial instrument. The “difference” is determined by comparing each party’s original position with the market price of such securities or financial instruments at a pre-determined closing date. Each party will then either receive or pay the difference, depending on the success of its investment. Financial markets for the securities or instruments that form the subject of a contract for differences can fluctuate significantly. Parties to a contract for differences assume the risk that the markets for the underlying securities will move in a direction unfavorable to their original positions. In addition, these contracts can often involve considerable economic leverage. As a result, such contracts can lead to disproportionately large losses as well as gains and relatively small market movements can have large impacts on the value of the investment.

Options

Engaged Capital may purchase and sell put and call options. A “put” gives a holder the right, in return for the premium paid, to require the writer of the put to purchase from the holder a security at a specified price. A “call” gives a holder the right, in return for the premium paid, to require the writer of the call to sell a security to the holder at a specified price. Put and call options are derivative securities traded on securities exchanges. Additionally, Engaged Capital may purchase options not traded on a securities exchange that may bear a greater risk of nonperformance than options traded on a securities exchange. Options not traded on an exchange are considered over-the-counter options and generally lack the liquidity of an exchange-traded option. Over-the-counter options may also involve the risk that the securities dealers participating in such transactions will fail to meet their obligations under the terms of the option and involve greater risk than traditional put and call options because of their complexity.

There are risks associated with the sale and purchase of call options. The seller (writer) of a call option that is covered (e.g., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security offset by the premium received if the option expires out of the money, and gives up the opportunity for gain on the underlying security above the exercise price of the option. If the seller of the call option owns a call option covering an equivalent number of shares with an exercise price equal to or less than the exercise price of the call written, the position is “fully hedged” if the option owned expires at the same time or later than the option written. The seller of an uncovered, unhedged call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The buyer of a call option assumes the risk of losing its entire investment in the call option. If the buyer of the call sells short the underlying security, the loss on the call will be offset in whole or in part by any gain on the short sale of the underlying security (if the market price of the underlying security declines).

There are also risks associated with the sale and purchase of put options. The seller (writer) of a put option that is covered (e.g., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sale price of the short position of the underlying security offset by the premium if the option expires out of the money, and thus the gain in the premium, and the option seller gives up the opportunity for gain on the underlying security below the exercise price of the option. If the seller of the put option owns a put option covering an equivalent number of shares with an exercise price equal to or greater than the exercise price of the put written, the position is “fully hedged” if the option owned expires at the same time or later than the option written. The seller of an uncovered, unhedged put option assumes the risk of a decline in the market price of the underlying security to zero. The buyer of a put option assumes the risk of losing his entire investment in the put option. If the buyer of the put holds the underlying security, the loss on the put will be offset in whole or in part by any gain on the underlying security.

Portfolio Concentration

The Funds and Managed Accounts may tend to have higher position concentrations than other private investment funds and separately managed accounts. Clients’ overall returns may depend in part on the

success of certain concentrated positions from time to time. Concentration may also magnify the volatility of the client's portfolio and substantially increase the risk profile of the portfolio.

Special Situation Investing

Special situation investing (such as our constructive activist strategy) requires making predictions about (i) the likelihood that an event will occur and (ii) the impact such event will have on the value of a company's securities. If the event fails to occur or it does not have the effect foreseen, losses can result. For example, the adoption of new business strategies or completion of asset dispositions or debt reduction programs by a company may not be valued as highly by the market as we had anticipated, resulting in losses. In addition, a company may announce a plan of restructuring which promises to enhance value and fail to implement it, resulting in losses to investors. In liquidations and other forms of corporate reorganization, the risk exists that the reorganization either will be unsuccessful, will be delayed 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 client of the security in respect of which such distribution was made.

Inside Information

From time to time, we or our affiliates, or members of a group of investors or managers with which we are acting, may work with the management team of a company in which we have invested or propose to invest in order to design an alternate strategic plan and assist them in its execution, and may secure the appointment of persons selected by us or other members of the group to the company's management team or board of directors. In the course of such activities, we may come into possession of material, non-public information concerning such company, and the possession of such information may limit our ability to buy or sell the securities issued by such company. Therefore, we may be required to refrain from buying or selling such securities at times when we might otherwise wish to buy or sell such securities.

Importance of the Adviser

The authority to make decisions and to exercise business discretion on behalf of the Funds and Managed Accounts is delegated to us. The success of our clients' accounts is therefore expected to depend significantly on the expertise of Glenn W. Welling and certain others of our key personnel. The death, incapacity or withdrawal of Mr. Welling or such other personnel could materially adversely affect our clients' accounts, including by triggering a material number of investor withdrawals or redemptions.

Limited Liquidity of Some Investments

Some of the securities in which the Funds and Managed Accounts invest may be relatively illiquid, either because they are thinly traded, because they are traded in the over-the-counter market, or on a regional exchange, or because they are subject to transfer restrictions. Trading may also be restricted if Engaged Capital has board representation or is otherwise considered an insider under regulations. The Funds and Managed Accounts may not be able to promptly liquidate those investments if the need should arise, and their ability to realize gains, or to avoid losses in periods of rapid market activity, may therefore be affected. In addition, the value assigned to such securities for purposes of valuing Interests and

determining net profits and net losses may differ from the value the Funds and Managed Accounts are ultimately able to realize.

Illiquidity of Fund Interests

Because withdrawal rights are limited and Fund interests are only transferable subject to the discretion of Engaged Capital, an investment in the Fund is relatively illiquid. An investment in the Fund should be considered only by persons who do not anticipate any short-term need for their funds.

Epidemics, Pandemics and Market Disruption.

Engaged's business may be materially affected by conditions in the global financial markets and economic conditions or events throughout the world that are outside of Engaged's control. This includes but is not limited to, economic uncertainty, slowdown in global growth, changes in laws (including laws relating to taxation and regulations on the financial industry), geo-political clashes (such as in Ukraine or the Middle East), due to disease, pandemics or other severe public health events. Worth noting as well are trade and travel barriers, volatility in commodity prices, currency exchange rates and controls and other national and international political circumstances. Disease, pandemics, or other severe public health events (such as novel strain virus) may necessitate partial or complete remote work. Heavy reliance on external sources for information and technology may make a business more vulnerable to cybersecurity incidents and cyberattacks.

Financial Institution Risks

Actual events involving reduced or limited liquidity, defaults, non-performance, or other adverse developments that affect financial institutions or other companies in the financial services industry, including banks and other custodians of a Client's funds and securities, or impact the financial services industry generally, as well as concerns or rumors about any events of these kinds, have in the past and may in the future lead to market-wide liquidity problems, defaults on financial obligations, non-performance of contractual obligations, and other adverse impacts on these financial institutions, investors that deposit funds and securities at these institutions, lenders and borrowers of these institutions, and other companies in the financial services industry. Investor concerns regarding the U.S. or international financial systems could result in less favorable commercial financing terms, including higher interest rates or costs and tighter financial and operating covenants, or systemic limitations on access to credit and liquidity sources, thereby making it more difficult to acquire financing on acceptable terms or at all. Any decline in available funding or access to cash and liquidity resources could, among other risks, adversely impact the ability to meet operating expenses, satisfy financial obligations, liquidate portfolio holdings, withdraw capital, or fulfill other obligations, or result in breaches of financial and/or contractual obligations. Any of these impacts, or any other impacts resulting from the factors described above or other related or similar factors not described above, could have material adverse impacts on portfolio holdings, Client performance, or business operations.

ITEM 9 - DISCIPLINARY INFORMATION

Engaged Capital and our personnel seek to maintain the highest level of business professionalism, integrity, and ethics. Engaged Capital does not have any disciplinary information to disclose.

ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Engaged Capital does not offer any other services or have any affiliates in the financial industry.

Proprietary Private Fund

Engaged Capital is the investment adviser to the Funds, which are private investment funds. Engaged Capital may also be the general partner of, or act in a similar capacity with respect to, the Funds. The Funds are not publicly offered or traded. The Funds are only available to “Accredited Investors” as the term is defined by Rule 501 of the Securities Act. Investors in a Fund must also meet the financial requirements of Rule 205-3(b) of the Investment Advisers Act of 1940. Those regulations generally provide that Engaged Capital may only offer interests in a Fund to certain institutions, certain organizations, certain trusts, or persons who meet stated income or net worth requirements. The offering memorandum and subscription agreement for any Fund (the “Offering Documents”) provide additional information on these standards. Prospective investors in a Fund receive the Offering Documents. This Form ADV Part 2A Brochure is not an offer to sell, or a solicitation of an offer to purchase, membership interests in any Fund. Such an offer can only occur when the prospective investor receives the Offering Documents.

There is a possibility that one or more of the firm’s principals may end up serving on the board of a portfolio company in connection with our engagement strategy with the company. If compensation is provided for the board position. Engaged principals may receive compensation for serving on the boards of portfolio companies either in the form of cash, stock, or options on stock. It is the policy of Engaged Capital that any such compensation be passed through to the funds or accounts invested in the portfolio company.

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

Engaged Capital believes that we owe clients the highest level of trust and fair dealing. As part of our fiduciary duty, we place the interests of our clients ahead of the interests of the firm and our personnel. Engaged Capital has adopted a Code of Ethics that emphasizes the high standards of conduct that we seek to observe. Engaged Capital’s personnel are required to conduct themselves with integrity at all times and follow the principles and policies detailed in our Code of Ethics.

Engaged Capital’s Code of Ethics attempts to address specific conflicts of interest that we have identified or that could likely arise. Engaged Capital’s personnel are required to follow clear guidelines from the Code of Ethics in areas such as gifts and entertainment, other business activities, prohibitions of insider trading, and adherence to applicable securities laws. Additionally, Engaged Capital’s personnel (all

considered “Access Persons”), are also subject to personal trading policies governed by the Code of Ethics (see below).

Engaged Capital will provide a complete copy of the Code of Ethics to any client or prospective client upon request.

Personal Trading Practices

A potential conflict of interest exists whenever investment advisers or their Access Persons trade in the same securities that they are purchasing and selling for clients. The advisers and Access Persons may have an incentive to take investment opportunities from clients for their own benefit, favor their personal trades over client transactions when allocating trades, or use the information about the transactions they intend to make for clients to their personal benefit by trading ahead of clients. In order to address this potential conflict of interest, Engaged Capital and our Access Persons generally may not purchase or sell securities for themselves that we also select for clients (including the Funds). This includes related securities (e.g., debt instruments, warrants, options, or futures). The exceptions to this general rule are: (1) Engaged Capital or its access persons may invest through special purpose vehicles controlled by Engaged Capital; and (2) Engaged Capital may invest alongside the Funds. Such investments are subject to rules and restrictions established by portfolio companies where applicable, and trading is subject to ensuring Engaged Capital investors are not disadvantaged.

Our policies to address these conflicts include the following:

1. Access Persons generally may not engage in personal trading of any small or mid-cap equity securities (defined as issuers with market capitalizations between \$300 million and \$9 billion) and must obtain pre-approval from the Chief Compliance Officer for any personal trades in any corporate securities or derivatives. Access persons may purchase or sell government securities, municipal securities, ETFs, and open and closed end funds without prior permission.
2. Clients are not to be disadvantaged and generally receive the opportunity to act on investment decisions prior to and in preference to accounts of Engaged Capital and our Access Persons.
3. Engaged Capital prohibits trading in a manner that takes personal advantage of price movements caused by client transactions.
4. Engaged Capital’s Chief Compliance Officer receives and reviews copies of statements from brokerage accounts of all Access Persons.
5. Conflicts of interest also may arise when Engaged Capital’s personnel become aware of limited offerings or IPOs, including private placements or offerings of interests in limited partnerships or any thinly traded securities, whether public or private. Given the inherent potential for conflict, limited offerings and IPOs demand extreme care. Engaged Capital’s personnel are required to obtain pre-approval from the Chief Compliance Officer before trading in these types of securities.

6. Under certain limited circumstances, we make exceptions to the policies stated above. Engaged Capital will maintain records of these trades, including the reasons for any exceptions.

Financial Interest in Fund Transactions and Fees

As a regular part of its business Engaged Capital creates special purpose vehicles to invest in one or more portfolio companies that are already investments of the Funds. The investments by these special purpose vehicles may benefit the Funds, which may also benefit Engaged Capital due to its interest in the performance of the Funds.

Engaged Capital may enter into agreements or other arrangements, directly or indirectly, with investors that commit significant capital to one or more of the Funds. Where such investors participate in a Fund through a dedicated related Fund (such as a master or feeder Fund), such related Fund may be granted terms that are more favorable than those applicable to other investors. Such preferential terms may include, but are not limited to, the allocation of a share of Engaged Capital's management fees and performance-based compensation earned with respect to Funds that have other investors, preemptive rights to invest in specified portions of Engaged Capital's future investment capacity, and approval rights over such matters as Engaged Capital's employment of outside service providers and senior investment personnel.

Engaged Capital, with respect to all Funds, may enter into side letters and other arrangements with certain investors pursuant to which more favorable management fees and performance-based compensation, including "most favored nation" provisions, may be granted to such investors.

All such preferential arrangements entered into with certain investors, including without limitation those described above under **Item 4 – Advisory Business**, present potential conflicts of interest with Engaged Capital's other Fund investors.

ITEM 12 - BROKERAGE PRACTICES

Factors Considered in Selecting Broker-Dealers for Client Transactions

Investment advisers have a fiduciary obligation to seek best execution for their clients. Best execution is not determined by the lowest possible commission costs, but by the best qualitative execution. Best execution means executing securities transactions for clients in such a manner that the client's total purchase costs or sale proceeds in each transaction are most favorable under the circumstances.

When it comes to best execution, investment advisers have the following specific fiduciary obligations:

1. to act in the best interest of clients when trading securities for clients' accounts, including attempting to avoid any conflicts of interest;
2. to continually seek to obtain the best overall deal for clients when placing clients' trades;
3. to periodically review executed client trades and the firm's trading practices to help confirm that clients are receiving best execution; and
4. to disclose any unavoidable conflicts of interest pertaining to client trading.

Our process of determining best execution involves not only an assessment of brokerage commissions or bid/offer spreads, but also an evaluation of broker-dealer ancillary services. We will consider the full range of a broker-dealer's services in assessing best execution, including:

- competitiveness of commission rates and spreads
- promptness of execution
- past history in executing orders
- clearance and settlement capabilities
- research capabilities and quality
- access to markets, investments (including access to new issues) and distribution network
- trade error rate and ability or willingness to correct errors
- anonymity/confidentiality
- market impact
- liquidity
- speed of execution
- expertise with complex transactions
- trading style and strategy
- geographic location

Although Engaged Capital will seek competitive commissions and spreads, we may not necessarily obtain the lowest possible rates for portfolio transactions. The commissions, spreads or other transaction fees charged by an executing broker-dealer may be higher or lower than those charged by other broker-dealers.

The broker-dealers we utilize to execute client transactions may become investors in Funds managed by Engaged Capital. Engaged Capital would therefore have an incentive to place trades through the broker-dealer in order to maintain or obtain additional investments in the Fund. Consistent with our policy to seek best execution of client transactions, Engaged Capital has adopted policies for the review of our brokerage practices (and the broker-dealers through which we place client trades) to confirm that (i) trades are placed in accordance with our standard brokerage practices, and (ii) broker-dealers who may also be Fund investors are not inappropriately favored.

Research and Other Benefits

As part of our trading activities on behalf of the Funds and Managed Accounts, Engaged Capital enters into arrangements where brokerage business is promised in exchange for proprietary or third party services (“soft dollar” arrangements). Engaged Capital receives a benefit under these arrangements because we do not need to produce or pay for the research, brokerage products or other services received. When we enter into any relationship that could be viewed as a soft dollar arrangement, we intend to comply with the “safe harbor” provided under Section 28(e) of the Securities and Exchange Act of 1934. Section 28(e) provides a safe harbor to investment managers that use commission dollars of their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the investment manager in performing investment decision-making responsibilities. Research products or services provided to us may include research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities, financial data and analytic applications, and other products and services providing lawful and appropriate assistance to us in the performance of our investment decision-making responsibilities. This

research may include both proprietary research or research created or developed by a third party. Under Section 28(e), research obtained with soft dollars generated by clients may be used by us to service accounts other than the clients, including clients that may not have paid for the soft dollar benefit. We do not seek to allocate soft dollar benefits to client accounts in proportion to the soft dollar credits the client accounts generate. In the last fiscal year, the Adviser used soft dollars for the purpose of obtaining research in compliance with the requirements of Section 28(e).

We may also receive research, brokerage products and other services in the ordinary course of trading on behalf of the Funds and Managed Accounts. These bundled services are made available to advisers such as Engaged Capital on an unsolicited basis, without regard to the rates of commissions charged or paid by clients or the volume of business directed to such broker-dealers. We may have an incentive, however, to select or recommend a broker-dealer based on our interest in receiving the research or brokerage products or other services, rather than on our clients' interest in receiving most favorable execution.

Engaged Capital will only use "soft" or commission dollars when we make a good faith determination that the commissions are reasonable in relation to the value of brokerage and research services provided, viewed in terms of either a particular transaction or our overall responsibilities to all clients.

Brokerage for Client Referrals

Engaged Capital does not receive client referrals from any broker-dealer or third party in exchange for using that broker-dealer or third party. In the future, a broker-dealer may become an investor in a Fund or a Managed Account client. This would present a conflict, as we would have an incentive to use that broker-dealer rather than one who was not a Fund investor or client. Our policies and procedures address such conflicts by requiring us generally to seek best execution when trading on behalf of the Funds and other clients.

Directed Brokerage Transactions

Managed Account Clients may have relationships with and desire to trade through specific broker-dealers for personal or financial considerations. Engaged Capital is prepared to work with any broker-dealer that a Managed Account client chooses. For the following reasons, however, Managed Account clients who direct Engaged Capital to use a particular broker-dealer for trading may pay higher commission charges than our other clients. Engaged Capital may not have authority to negotiate commissions or obtain volume discounts, and best execution may not be achieved. Such clients should further understand that when they direct Engaged Capital to use a specific broker, disparity in transaction charges might exist between the transaction costs charged to the Funds and other clients. Additionally, Engaged Capital may not be able to aggregate the orders of clients who have directed brokerage with other clients. In these circumstances, the trades for clients who direct Engaged Capital to use a particular broker-dealer may be placed after the trades of other clients and may receive less favorable prices.

Cross Trades

The firm will not affect principal or internal cross-trades for client accounts. From time to time, the firm may engage in broker-coordinated cross-trades between client accounts. The firm will only direct a broker-coordinated cross-trade when the firm believes that the transaction is fair and in the best interest of our clients, that no client is being disfavored by the transaction, and that the transaction receives the best execution. Before a cross-trade can be implemented our CCO is required to write a memorandum documenting the reasons supporting the trade.

Aggregation and Allocation of Transactions

In order to minimize execution costs and obtain best execution for the Funds' and Managed Accounts' transactions in marketable securities, Engaged Capital may bunch orders for the Funds and Managed Accounts (subject to our obligation to obtain best execution and otherwise treat our clients in a fair and equitable manner). As an investment adviser to both the Funds and Managed Accounts (collectively, "clients"), we generally execute transactions and allocate trades on a pro rata basis to each Fund and Managed Account. Any exceptions to the pro rata rule are discussed with the CCO and documented to ensure fairness of the process under the circumstances and how those decisions were made. We may aggregate orders for clients in the same securities in an effort to seek best execution, negotiate more favorable commission rates, and/or allocate differences in prices, commissions, and other transaction costs equitably among our clients. These are benefits of aggregating orders that we might not obtain if we placed those orders independently.

ITEM 13 - REVIEW OF ACCOUNTS

Our portfolio managers manage portfolios on a continuous basis and generally review all positions in client accounts daily. Engaged Capital research analysts and risk personnel are also involved in ongoing monitoring and evaluation of portfolio positions. Engaged Capital has incorporated a formal risk assessment as part of the portfolio monitoring process.

Engaged Capital investors receive periodic account reports. The nature and frequency of regular reports to investors in the Funds depends on the terms of the governing documents of such Funds. Typically, investors in the Funds are provided with monthly unaudited account statements, monthly performance and risk summary reports, written quarterly letters, tax information necessary for the completion of their annual tax returns, and annual audited financial statements. Each Managed Account client receives a statement from the custodian that includes an accounting of all holdings and transactions in the account for the reporting period. In addition, Engaged Capital provides written reports detailing performance in Managed Account client accounts on a quarterly basis. Engaged Capital may also provide additional reporting as agreed upon by Engaged Capital and the client on a case-by-case basis.

ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

Engaged Capital may compensate individuals or organizations for the introduction of investors to the Funds. If a solicitor introduces an investor to a Fund, that solicitor will be in compliance with all applicable broker-dealer or other regulation and will also make appropriate disclosure of the nature of

the solicitor relationship with Engaged Capital to prospective investors at the time of the solicitation. The disclosure of the nature of the solicitor relationship will include disclosure of the compensation or fee structure between Engaged Capital and the solicitor.

The Adviser may retain placement agents to solicit commitments from investors in exchange for a fee equal to an annual percentage, ranging from 0.50% to 0.60% of the aggregate amount of investor assets in the Funds, and 10% of incentive amounts realized, subject to certain exclusions and exceptions. Due to the agreement the Adviser has with the placement agent, the placement agent has an incentive to recommend the Adviser, resulting in a material conflict of interest. These arrangements are in compliance with the new marketing rule, Rule 206(4)-1 of the Investment Advisers Act of 1940 (the “Advisers Act”) as of the effective date, November 4, 2022.

ITEM 15 - CUSTODY

Engaged Capital is deemed to have custody of the assets of certain private funds where Engaged Capital has the ability to request funds from the custodian out of the account. Engaged Capital has put controls in place, in compliance with federal rules, to protect the assets of each Fund where we have this authority. A qualified custodian holds the Fund’s assets. In addition, an independent accountant audits the account each year, and we send copies of the annual audited financial statements to all investors in the Fund within 120 days of the Fund’s fiscal year end. An independent accountant will also audit the Fund upon liquidation.

Engaged Capital also has limited custody of our Managed Account clients’ funds or securities when such clients authorize us to deduct our management fees directly from the client’s account. All Managed Account clients’ accounts are held by independent qualified custodians who send statements directly to the client at least quarterly. The statements will reflect the client’s funds and securities held with the qualified custodian as well as any transactions that occurred in the account, including the deduction of Engaged Capital’s fees. Managed Account clients should carefully review the account statements they receive from their qualified custodian. When such clients receive statements from Engaged Capital as well as from the qualified custodian, they should compare these two reports carefully. Clients with any questions about their statements should contact us at the address or phone number on the cover of this brochure. Clients who do not receive their statement from their qualified custodian at least quarterly should also notify us.

ITEM 16 - INVESTMENT DISCRETION

Engaged Capital has full discretion to decide the specific security to trade, the quantity, and the timing of transactions for the Funds and Managed Accounts. Engaged Capital will not contact clients before placing trades in their account, but Managed Account clients will receive confirmations directly from their custodian for any trades placed. Managed Account clients grant us discretionary authority in the

contracts they sign with us. Such clients also give us trading authority over their accounts when they sign the custodian paperwork. Fund investors should review the limited partnership agreements and/or articles of association for the Funds, which outline this authority.

However, certain Managed Account client-imposed conditions may limit our discretionary authority, such as where the client prohibits transactions in specific security types or directs Engaged Capital to execute transactions through specific broker-dealers. See also ***Investment Mandates and Client Imposed Restrictions*** under ***Item 4*** and ***Item 12 – Brokerage Practices***, above.

ITEM 17 - VOTING CLIENT SECURITIES

We are responsible for voting the proxies issued on securities held in the Funds and Managed Accounts. We have adopted Proxy Voting Policies and Procedures in an effort to ensure we cast votes in the best interests of our clients. These Proxy Voting Policies and Procedures are summarized as follows:

Engaged Capital believes that proxy voting is an important part of shareholder engagement as it gives shareholders a voice in the decision-making process of a portfolio company's board of directors and management. We review each and every proxy proposal to determine whether or not it is in the best interests of the shareholders and whether it is consistent with our engagement strategy. As a result, we could vote similar proposals at different companies in different ways.

If we have a conflict of interest we will disclose the conflict to investors in the Fund and our Managed Accounts, or we will contact a third party to advise Engaged Capital to determine the vote and/or provide voting recommendations. In the case of a conflict of interest resulting from a particular employee's personal relationships, we will remove the employee from the decision-making process with respect to the proxy vote. At any time, Fund investors and Managed Account clients may contact us to request information about how we voted proxies or to get a copy of our Proxy Voting Policies and Procedures.

ITEM 18 - FINANCIAL INFORMATION

Registered investment advisers are required in this item to provide clients with certain financial information or disclosures about the firm's financial condition, if any of the following facts or circumstances are present. As Engaged Capital does not require the prepayment of more than \$1,200 in fees per client, six months or more in advance, does not have or foresee any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy proceeding, no disclosure is required.