



**ITEM 1
COVER PAGE**

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

PALESTRA CAPITAL MANAGEMENT LLC

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This brochure (the “Brochure”) provides information about the qualifications and business practices of Palestra Capital Management LLC (“Palestra”, the “Company”, “we”, “us”, and similar terms). If you have any questions about the contents of this Brochure, please contact us at (212) 291-7480 or legal@palestracap.com. Palestra is registered as an investment adviser with the United States Securities and Exchange Commission (“SEC”). Registration with the SEC does not imply a certain level of skill or training, and the information in this brochure has not been approved or verified by the SEC or any state securities authority.

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

ITEM 2

MATERIAL CHANGES

This Brochure, dated March 2023, serves as an update to Palestra's last annual amendment filed in March 2022. Although we have not made any changes that we deem to be material since the most recent update, Palestra routinely makes updates and clarifying changes to the Brochure in an effort to improve and clarify the descriptions of its business practices and compliance policies and procedures or in response to evolving industry and firm practices. Accordingly, we recommend that you read this Brochure carefully and in its entirety.

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ADVISOR BUSINESS

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

Palestra provides investment advisory services on a discretionary basis to its clients, which currently consist of the following pooled investment vehicles intended for high-net-worth, financially sophisticated individual investors and institutional investors (referred to herein as the "private funds"):

- Palestra Capital Master Fund, L.P. (the "Master Fund"), including its affiliated onshore and offshore feeder funds, which is Palestra's flagship private fund; and
- PCM Fund, LP (the "Long Account"), which is a private fund internally funded by Palestra's co-founders and certain employees that generally trades with significant overlap with the long positions of the Master Fund.

References in this document to Palestra's "accounts" refer specifically to each of the trading accounts managed by Palestra: the Master Fund and the Long Account. All information about Palestra and the private funds contained in the Brochure is qualified in its entirety by the information in the private funds' confidential offering materials. Palestra is permitted to establish additional client or proprietary accounts, including special purpose vehicles, co-investment funds, and similar investment vehicles, in the future that follow similar or different strategies to its current accounts.

Palestra manages the private funds using fundamental, research-intensive analytic processes. The Company primarily makes long and short investments in equities and will also selectively invest in credit and derivative opportunities. Investments are tailored to reflect the stated investment objectives and restrictions of the private funds, but will generally not be tailored to reflect the needs or restrictions of individual investors. The investment strategies that Palestra employs in managing the private funds are discussed in more detail in Item 8 "Methods of Analysis, Investment Strategies and Risk of Loss" below.

Due to the use of leverage and short selling, the Company's "regulatory assets under management," as defined by the SEC, generally exceeds the private funds' net capital. As of December 31, 2022, Palestra's regulatory assets under management were \$4,099,747,359, all of which are managed on a discretionary basis.

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FEES AND COMPENSATION

Palestra is paid a quarterly asset based management fee, payable in advance, equal to between 1.25% per annum and 2.0% per annum based on the value of the Master Fund as of the first day of each calendar quarter. The management fee is pro-rated for any period less than a full quarter. The Long Account is not currently subject to a management fee.

Palestra (or an affiliate) receives annual performance-based compensation from the Master Fund between 17.5% and 20%, subject to a “high water mark” as described in the Master Fund’s confidential offering materials. The Long Account is not currently subject to performance-based compensation.

A third party fund administrator calculates the management fee and performance-based compensation for Palestra’s review. Once confirmed, Palestra and its affiliates debit fees and performance-based compensation directly from the applicable private funds; investors in the private funds are not invoiced separately for fees.

Palestra and its affiliates are permitted to waive or modify the management fees and performance-based compensation for certain investors in the private funds, including members, employees or affiliates of Palestra, relatives of such persons, and certain large or strategic investors, and have done so. For more detailed information and a complete description of the management fee and performance-based compensation refer to the relevant private fund’s confidential offering materials.

In addition to management fees and performance-based compensation, investors indirectly bear costs associated with the private funds’ operations, which are more fully described in the private funds’ confidential offering materials or operative documents and include: legal, tax, and regulatory compliance, filings and reporting (including, without limitation, expenses attributable to regulatory filings which are made with respect to the private fund assets (e.g., including, without limitation, filings required to be made pursuant to Sections 13 and 16 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), Form PF, Annex IV, Form D, state securities filings, Bureau of Economic Affairs and Treasury International Capital filings and similar non-U.S. filings), fees of third party compliance providers, private fund administration, audit and accounting expenses (including third party accounting and tax services); out-of-pocket expenses of members of any advisory committee; shareholder proxy voting services; organizational expenses; investment expenses such as commissions, research fees and expenses (including, without limitation, research-related travel subject to certain limitations; fees for research reports and subscriptions, surveys, statistical and/or market data and other data sets and research-related tools); interest on margin accounts and other indebtedness; borrowing charges on securities sold short; custodial fees; bank service fees; private fund-related insurance costs (including D&O and E&O insurance for the Company and its affiliates and outside directorship liability); directors’ fees and expenses; fees and expenses of anti-money laundering officers; fees and expenses of the Review Committee; the respective feeder funds’ pro rata share of the expenses of the Master Fund; and any other expenses reasonably related to the purchase, sale or transmittal of private fund assets. Brokerage fees and expenses are discussed in more detail in Item 12 “Brokerage Practices” below.

The private funds are permitted to invest in other pooled investment vehicles, in which case the private funds will be indirectly responsible for their pro-rata share of the expenses of those pools.

Common expenses frequently will be incurred on behalf of more than one private fund. Palestra seeks to allocate those common expenses among the private funds in a manner that is fair and reasonable over time. However, the allocation of expenses among its private funds represents a potential conflict of interest for Palestra. To address such potential conflicts, Palestra has adopted an expense allocation policy. Expenses incurred directly by a private fund or exclusively for its benefit will be borne solely by such private fund. Palestra allocates expenses incurred jointly for more than one private fund using a variety of methods, including methods based on assets under management, relative use of a product or service, the nature or source of a product or service, the relative benefits derived by a private fund from a product or service, or other relevant factors. Expense allocation determinations involve assumptions, estimates and projections and depend on the subjective judgment of Palestra in assessing actual or potential benefits received by each of the private funds. The portion of a common expense that Palestra allocates to a private fund for a particular product or service may not reflect the relative benefit derived by the private fund from that product or service in any particular instance. While Palestra will allocate expenses in good faith in accordance with its expense allocation policies and procedures, there can be no assurance that any expense will be allocated in a particular manner and there may be alternative allocations of expenses that may also be reasonable.

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

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PERFORMANCE-BASED FEES AND SIDE-BY SIDE MANAGEMENT

Because Palestra's affiliate, Palestra Capital Management GP LLC, has the opportunity to collect performance-based compensation from the private funds (other than the Long Account), the Company may have an incentive to recommend investments that are more speculative than would otherwise be prudent in an effort to generate outsized gains. Palestra seeks to mitigate this conflict of interest by providing investors with periodic risk reports and/or letters discussing the respective private fund's investment activities. Further, Palestra provides investors with disclosure as to how performance-based compensation is charged with respect to a particular private fund and the risks associated with such performance-based compensation prior to making an investment.

Since Palestra manages multiple accounts, a potential conflict of interest exists for one account to be favored over another account. This includes conflicts of interest related to management of accounts with differing fee arrangements, which could lead to the favorable treatment of accounts paying higher fees at the expense of accounts paying lower fees. In addition, the Company's investment personnel may, and currently do, invest in the private funds, which could lead to more favorable treatment of accounts in which such personnel have more significant investments in their respective personal capacities. Palestra has adopted and implemented written policies and procedures intended to address conflicts of interest that may arise relating to the management of multiple accounts. For a variety of reasons, investment opportunities and specific trades may not be allocated to an account or may be allocated differently among accounts (e.g., not on a pro rata basis). Palestra has adopted a written policy pursuant to which it seeks to allocate investment opportunities and specific trades among accounts in a fair and equitable manner, bearing in mind, among other things, the size, investment objectives, risk tolerance, return targets, diversification considerations, permissible and preferred asset classes, and liquidity needs of each account. Final allocation decisions are under the purview of the Company.

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TYPES OF CLIENTS

The private funds are pooled private investment funds that are offered to high-net-worth, financially sophisticated individual investors and institutional investors. Interests in the private funds are not registered under the Securities Act of 1933, as amended (the “Securities Act”), and such private funds are not registered under the Investment Company Act of 1940, as amended. Accordingly, interests in the private funds are offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements either in private transactions within the United States or in offshore transactions.

Per the private funds’ confidential offering materials, investments in the private funds are subject to a \$2 million minimum for initial investments only. The Company and its affiliates have the authority to waive the minimum investment threshold at their discretion, and have done so for certain investors.

ITEM 8

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis

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

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

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

Investment Strategies

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

Long Investments. Typical long investments include the following:

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

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

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

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

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

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

Material Risks

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

Nature of Investments

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

Equity-Related Instruments in General

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

Fundamental Analysis

Trading decisions made by Palestra on behalf of the private funds are generally based on fundamental analysis. Data on which fundamental analysis relies may be inaccurate or may be generally available to other market participants. To the extent that any such data is inaccurate or that other market participants have developed, based on such data, trading strategies similar to the private funds' trading strategies, the private funds may not be able to realize their investment goals. In addition, fundamental market information is subject to interpretation. To the extent that Palestra misinterprets the meaning of certain data, the applicable private fund may incur losses.

Use of Leverage

The private funds utilize leverage, although the degree and frequency of use typically varies between the accounts. The use of leverage results in the private funds holding substantially more assets than they have equity. Leverage increases the private funds' returns if the private funds earn greater returns on investments purchased with borrowed funds than the private funds' cost of borrowing such funds. However, the use of leverage exposes the private funds to additional levels of risk, including (i) greater losses from investments than would otherwise have been the case had the private funds not borrowed to make the investments, (ii) margin calls or interim margin requirements which may force premature liquidations of investment positions and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the private funds'

cost of borrowing such funds. In the event of a sudden, precipitous drop in value of the private funds' assets, the private funds might not be able to liquidate assets quickly enough to repay their borrowings, further magnifying losses. In an unsettled credit environment, the Company may find it difficult or impossible to obtain leverage for the private funds. In such event, the private funds could find it difficult to implement their strategy. In addition, any leverage obtained, if terminated on short notice by the lender, could result in Palestra being forced to unwind positions quickly and at prices below what the Company deems to be fair value for such positions.

High Growth Industry Related Risks

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

Small to Medium Capitalization Companies

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

Non-U.S. Securities

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

Special Situations

The private funds invest in companies involved in (or the target of) acquisition attempts or tender offers or in companies involved in or undergoing work-outs, liquidations, spin-offs, reorganizations, bankruptcies or other catalytic changes or similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the private funds of the security or other financial instrument in respect of which such distribution is received.

Similarly, if an anticipated transaction does not in fact occur, the private funds may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which the private funds may invest, there is a potential risk of loss by the private funds of its entire investment in such companies.

Lack of Diversification

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

Convergence Risk

The Master Fund from time to time pursues relative value strategies by taking long positions in securities believed to be undervalued and short positions in securities believed to be overvalued. In the event that the perceived mispricings underlying the Master Fund's trading positions were to fail to converge toward, or were to diverge further from, Palestra's expectations, the Master Fund may incur a loss.

Portfolio Turnover

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

General Economic Conditions

The success of the private funds' activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, and national and international political circumstances. These factors may affect the level and volatility of the prices and liquidity of the private funds' investments and could impair the private funds' profitability or result in losses. Palestra may consider some or all of these factors when making trading decisions. The private funds could incur material losses even if Palestra reacts quickly to difficult market conditions and even a well-analyzed approach may not protect the private funds from significant losses under certain market conditions.

Risks Associated with Investments in the Technology Industry

The private funds invest in technology and technology-related markets (e.g., media and telecommunications). Certain technology and technology-related companies allocate, or may have allocated, greater than usual amounts to research and product development. The securities of such companies may experience above-average price movements associated with the perceived prospects of success of the research and development programs. In addition, companies in which the private funds invest could be adversely affected by lack of commercial acceptance of a new product or products or by technological change and obsolescence. Some of these companies may have limited operating histories. As a result, these companies may face undeveloped or limited markets, have limited products, have no proven profit-making history, may operate at a loss or with substantial variations in operating results from period to period, have limited access to capital and/or be in the developmental stages of their businesses.

Further, many companies with proprietary technology rely on a combination of patent, copyright, trademark and trade secret protection and non-disclosure agreements to establish and protect their proprietary rights, which may be essential to the growth and profitability of the company. There can be no assurance that a particular company will be able to protect these rights or will have the financial resources to do so, or that competitors will not develop or patent technologies that are substantially equivalent or superior to the technology of a company in which the private funds invest. Conversely, other companies may make infringement claims against a company in which the private funds invest, which could have a material adverse effect on such company.

The markets in which many technology and technology-related companies operate are extremely competitive. New technologies and improved products and services are continually being developed, rendering older technologies, products and services obsolete. Moreover, competition can result in significant downward pressure on pricing. There can be no assurance that companies in which the private funds invest will successfully penetrate their markets or establish or maintain competitive advantages.

Risks Associated with Internet Companies

The private funds have investments in Internet companies, including companies focused on e-commerce, social networking and online advertising. The securities of such companies can be volatile and the marketplace in which these companies operate are extremely competitive particularly since this sector may not present the capital intensive barriers to entry that may exist in a more traditional retail commerce company. Because the markets in which these companies operate are so competitive, there can be no assurance that a company which has significant market share will be able to protect that market share as competitors develop technologies or interfaces that are substantially equivalent or superior to the technology of a company in which the private funds invest. Additionally, consumer tastes and preferences can change very quickly with the result that a company's market share may decrease rapidly if consumer focus shifts to its competitors. In addition, many of these companies may trade at very high multiples to current earnings with their stock prices reflecting significant future growth which may or may not occur.

Risks Associated with Investments in the Industrials Sector

The private funds invest in issuers in the industrials sector, such as those involved in construction and manufacturing, transportation (e.g., rails and roads), aerospace and defense, industrial machinery and equipment and electrical components and equipment. The industrials sector includes, among other industries, aerospace and defense, building products, electrical equipment and machinery, as well as transportation, construction and engineering services. The industrials sector, and companies operating therein, can be significantly affected by general economic trends, including employment, economic growth, and interest rates, changes in consumer sentiment and spending, commodity prices, legislation, government regulation and spending, import controls and worldwide competition. For example, adverse changes in the prices of certain commodities and unit volume reductions resulting from an oversupply of materials used in industrials and energy equipment and services industries can adversely affect those industries. Furthermore, companies in the industrials sector can also be adversely affected by liability for environmental damage, depletion of resources and mandated expenditures for safety and pollution control. Any of the foregoing could have an adverse impact on any investments the private funds may make in the industrials sector and, therefore, on the private funds' performance.

Risks Associated with Investments in the Consumer Sector

The private funds invest in issuers in the consumer sector, which investments involve substantial risk. The success of consumer product manufacturers and retailers is tied closely to the performance of the overall domestic and global economy, interest rates, competition and consumer confidence. Success depends heavily on disposable household income and consumer spending. Also, companies in the consumer discretionary sector may be subject to severe competition, which may have an adverse impact on their respective profitability. Changes in demographics and consumer tastes can also affect the demand for, and success of, consumer products and services in the marketplace.

Special Risks Related to Investments in Greater China

The introduction of new or amended policies or legislation by governments of the territories administered by the People's Republic of China ("PRC") (including Hong Kong and Macau) and territories administered by the Republic of China (Taiwan and some neighboring islands) (collectively, "Greater China") or the interpretation of those laws in jurisdictions under which companies operate could have an adverse impact on the assets, operations and ultimately the financial performance of companies in which the private funds invest.

Changes in political conditions in Greater China may lead to less liberal or less business friendly investment policies by the governments of Greater China. Such changes may also lead to the implementation of embargoes or economic sanctions by developed countries against Chinese companies or companies doing business in Greater China, which in turn could compel companies to prematurely terminate their business arrangements, or require the private funds to sell their investments at less than fair market value or prevent the repatriation of the sale proceeds from any termination or dissolution of the private funds' business arrangements.

Although in recent years the government of the PRC has implemented economic reforms, reduced state ownership and established better corporate governance in business enterprises, a substantial portion of productive assets in the PRC are still owned by the government of the PRC. In addition, the government of the PRC continues to play a significant role in regulating industry by imposing industrial policies. It also exercises significant control over economic growth in the PRC through the allocation of resources, control of foreign currency-denominated obligations, establishment of monetary policy and provision of preferential treatment to particular industries or companies. The future earnings of companies could be affected if the Chinese Government were to reverse recent trends and impose restrictions which affect (directly or indirectly) the businesses of companies.

Short Sales

The Master Fund invests in short sales as an integral part of its strategy. While the Long Account does not anticipate selling securities short as an integral component of its strategy, it may from time to time, in Palestra's sole discretion, engage in short selling in order to hedge exposure to the extent Palestra believes that such hedging will aid in achieving the Long Account's overall investment objective. Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on the private funds' portfolios. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase.

There is also the risk that the securities borrowed by the private funds in connection with a short sale must be returned to the securities lender on short notice. If a request for return of borrowed securities occurs at a time when other short sellers of the security are receiving similar requests, a “short squeeze” can occur, and the private funds may be compelled to replace borrowed securities previously sold short with purchases on the open market at the most disadvantageous time, possibly at prices significantly in excess of the proceeds received in originally selling the securities short. The private funds’ inability to continue to borrow securities previously sold short may also force the private funds to unwind other elements of an investment position, possibly at a loss.

Currency Risks

The investments of the private funds that are denominated in non-U.S. currencies are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. From time to time, the Company may try to hedge these risks by investing in currencies and options thereon, forward currency exchange contracts, or any combination thereof, but there can be no assurance that such strategies will be implemented or, if implemented, will be effective. The private funds may also invest in currencies for speculative purposes.

Convertible Securities

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

Options

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

Credit Derivatives

Credit derivative transactions expose the parties to the risk of counterparty default. It is expected that all securities and other assets deposited with custodians or brokers will be clearly identified as being assets (directly or indirectly) of the private fund, and hence the private fund should not be exposed to credit risk with regard to such parties. However, it may not always be possible to achieve this segregation, and there may be practical or time problems associated with enforcing rights to its assets in the case of an insolvency of any such party.

Credit Default Swaps

The buyer of a credit default contract is obligated to pay the seller a periodic stream of payments over the term of the contract in return for a contingent payment upon the occurrence of a credit event with respect to an underlying reference obligation or entity. Generally, a credit event means bankruptcy, failure to pay, cross default/acceleration, obligation acceleration, repudiation/moratorium, restructuring, or a rating decline. The private fund may be either the buyer or seller in a transaction. If the private fund is a buyer and no credit event occurs, the private fund will have made fixed payments and received nothing. However, if a credit event occurs, the private fund, as a buyer, typically will receive full notional value for a reference obligation that may have little or no value. As a seller, the private fund receives a fixed rate of income throughout the term of the contract, which typically is between one month and five years, provided that no credit event occurs. If a credit event occurs, the seller may pay the buyer the full notional value of the reference obligation which may have little or no value.

In addition to general market risks, credit default swaps are subject to liquidity risk and counterparty credit risk. Swap contracts are not traded on exchanges and are not otherwise regulated, and as a consequence, investors in such contracts do not benefit from regulatory protections. The selling of credit default swaps involves greater risks than if the private fund had invested in the reference obligation directly. If a credit event were to occur, the value of the reference obligation received by the seller, coupled with the periodic payments previously received, may be less than the full notional value it pays to the buyer, resulting in a loss of value. The buyer of credit default swaps will incur a loss if the seller fails to perform on its obligation should a credit event occur. In certain circumstances, the buyer can receive the notional value of a credit default swap only by delivering a physical security to the seller, and is at risk if the deliverable security is unavailable or illiquid.

Futures Contracts

The use of futures is a specialized activity that involves investment strategies and risks different from those associated with ordinary portfolio securities transactions, and there can be no guarantee that their use will increase a private fund's return or not cause a private fund to sustain large losses. While the use of these instruments by the private fund may reduce certain risks associated with portfolio positions, these techniques themselves entail certain other risks. The private funds could experience losses if the value of its futures positions are poorly correlated with its other investments, or if it could not close out its positions because of an illiquid market. In addition, the private funds will incur transaction costs, including trading commissions, in connection with its futures transactions and these transactions could significantly increase the private funds' investment turnover rate. There is no assurance that a liquid secondary market will exist for futures contracts, and the private funds may be required to maintain a position until exercise or expiration, which could result in losses. Many futures exchanges limit the amount of fluctuation permitted in

contract prices during a single trading day. Once the daily limit has been reached in a particular contract, no trades may be made that day at a price beyond that limit. Contract prices could move to the daily limit for several consecutive trading days permitting little or no trading, thereby preventing prompt liquidation of futures positions and potentially subjecting the private funds to substantial losses.

Exchange-Traded Funds (“ETFs”)

The private funds may make investments in the securities of ETFs. ETFs represent interests in: (i) fixed portfolios of common stocks designed to track the price and dividend yield performance of broad-based securities indices (such as the S&P 500 or NASDAQ 100); or (ii) “baskets” of industry-specific securities. ETFs are traded on an exchange and, like shares of common stock, the value of ETF securities fluctuates in relation to changes in the value of its underlying portfolio of securities. However, the market price of ETF securities may not be equivalent to the pro rata value of its underlying portfolio of securities. ETFs are subject to the risks of an investment in a broad-based portfolio of common stocks or to the risks of a concentrated, industry-specific investment in common stocks. In addition, U.S. securities laws place certain restrictions on the percentage of ownership that a private investment fund may have in an ETF.

Private Investments

The private funds may invest in the private equity of companies. Investments in the private equity of companies at various stages in their development involve a high degree of business and financial risk. Private companies with limited operating histories may require substantial additional capital to support expansion or to achieve or maintain a competitive position, may produce substantial variations in operating results from period to period or may operate at a loss. Further, such investments may not have a readily available market price and may be illiquid due to legal or other restrictions on transfer, or because there is no liquid market for such securities. As a result, the private fund may not be able to sell these investments when it desires to do so or to realized what it believes to be their fair value in the event of a sale. The private funds’ ability to realize value from an investment in the private equity of a company will depend largely upon successful completion of the company’s initial public offering or the sale of the company to another company, which may not occur for a period of several years after the date of the private funds’ investment, or may not occur at all. In addition, the private funds may be subject to, or may agree to become subject to, lock-up periods subsequent to an initial public offering or other liquidity event.

Restricted Securities

The private funds may invest in restricted securities. Restricted securities cannot be sold to the public without registration under the Securities Act. Unless registered for sale, restricted securities can be sold only in privately negotiated transactions or pursuant to an exemption from registration (e.g., under Rule 144A of the Securities Act). Although these securities may be resold in privately negotiated transactions, because there is often little liquidity for these securities, they may be difficult and take a substantial amount of time to sell, and the prices realized from these sales could be less than those originally paid by the private fund. Restricted securities may involve a high degree of business and financial risk which may result in substantial losses.

PIPE Transactions

A private investment in public equity (“PIPE”) transaction will generally result in the private fund acquiring either restricted stock or an instrument convertible into restricted stock. As with

investments in other types of restricted securities, such an investment may be illiquid. The private fund's ability to dispose of assets acquired in PIPE transactions may depend on the registration of such assets for resale. Any number of factors may prevent or delay a proposed registration. Alternatively, it may be possible for assets acquired in a PIPE transaction to be resold in transactions exempt from registration in accordance with Rule 144 under the Securities Act, or otherwise under the Federal securities laws. There is no guarantee that an active trading market for these assets will exist at the time of disposition, and the lack of such a market could negatively impact the market value of the private funds' investments in such securities.

Derivatives and Counterparty Risk

The private funds invest in swaps, derivative or synthetic instruments, repurchase agreements, forward contracts, over-the-counter investments, certain types of options or other customized financial instruments, or, in certain circumstances, non-U.S. securities. When investing in these types of instruments, the private funds take the risk of non-performance by the other party to the contract. This risk may include credit risk with regard to the parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions that generally are supported by guarantees of clearing organizations, daily mark-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default.

Repurchase and Reverse Repurchase Agreements

In a reverse repurchase transaction, Palestra causes the private funds to "buy" securities issued from a broker-dealer or financial institution, subject to the obligation of the broker-dealer or financial institution to repurchase such securities at the price paid by the private funds, plus interest at a negotiated rate. The use of repurchase and reverse repurchase agreements by Palestra on behalf of the private funds involves certain risks. For example, if the seller of securities to the private funds under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, any alternative measures taken by Palestra to dispose of such securities on behalf of its clients could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, Palestra's ability to dispose of clients' underlying securities may be restricted. It is possible, in a bankruptcy or other liquidation scenario, that Palestra may not be able to substantiate the applicable private funds' interest in the underlying securities. Finally, if a seller defaults on its obligation to repurchase securities under a reverse repurchase agreement, the private funds may suffer a loss to the extent that Palestra is forced to liquidate such positions in the market, and proceeds from the sale of such underlying securities are less than the repurchase price agreed to by the defaulting seller. Similar elements of risk arise in the event of the bankruptcy or insolvency of other third party participants in such transactions.

Brokerage and Custodial Risk

There are risks involved in dealing with the custodians or prime brokers who settle fund trades. Although Palestra monitors the prime brokers and believes that they are appropriate custodians, there is no guarantee that the prime brokers, or any other custodian that the private funds may use from time to time, will not become bankrupt or insolvent. While both the U.S. Bankruptcy Code and the U.S. Securities Investor Protection Act of 1970 seek to protect customer property in the event of a bankruptcy, insolvency, failure, or liquidation of a broker-dealer, there is no certainty

that, in the event of a failure of a broker-dealer that has custody of fund assets, the private funds would not incur losses due to their assets being unavailable for a period of time, the ultimate receipt of less than full recovery of their assets, or both.

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

Substantial Redemptions

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

Lack of Liquidity of Private Fund Investments

The private funds' assets may, at any given time, include securities and other financial instruments or obligations which are thinly-traded or for which no market exists and/or which are restricted as to their transferability under applicable securities laws. The sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to accurately value any such investments. Further, if at the time of a requested withdrawal a private fund does not have a sufficient amount of cash or liquid assets, the private fund may have to meet such withdrawal

request through distributions of illiquid assets in-kind, either directly to the investor or through a liquidating account mechanism or trust.

Limited Redemption and Transfer Rights

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

Incentive Allocation

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

Cybersecurity Breaches and Identity Theft

The term "cybersecurity" refers to the technology processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that, in either case, can result in damage and disruption to hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. The information and technology systems of Palestra and of key service providers may be vulnerable to potential damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. The private funds may incur substantial costs as a result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction and reputational damage. Any such breach could cause significant interruptions in the operations of Palestra and the private funds and expose both the private funds and Palestra (which in turn may be indemnified by the private funds) to civil liability as well as regulatory inquiry and/or action. Investors could be exposed to losses resulting from unauthorized use of their personal information and any such breach could also cause substantial withdrawals from the private funds. Although Palestra has implemented various measures designed to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, it may be necessary for Palestra to make a significant investment to fix or replace them and to seek to remedy the effect of such issues. Similar types of cybersecurity risks are also present for issuers of securities in which the private fund invests, which could affect their business and financial performance, resulting in material adverse consequences for such issuers, and causing the private funds' investment in such securities to lose value.

Reliance on Andrew Immerman and Jeremy Schiffman

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

Side Letters

The private funds have entered into agreements (“Side Letters”) with certain prospective or existing investors whereby such investors are subject to terms and conditions that are different or more advantageous than those that are offered or available to other investors. Such terms and conditions include for example: special rights to make future investments in the private funds, other investment vehicles or managed accounts; special rights to be excluded from participation in the profits and losses attributable to one or more investments held in the private funds’ portfolio due to legal, regulatory, tax, policy or similar requirements, constraints or other considerations applicable to such investor; special redemption rights, relating to frequency or notice; a reduction or rebate in fees or redemption charges to be paid by the investor and/or other terms; rights to receive reports from the private funds on a more frequent basis or that include information not provided to other investors (including, without limitation, more detailed information regarding portfolio positions) and such other rights as may be negotiated by the private funds and such investors. The modifications are solely at the discretion of the private funds and may, among other things, be based on the size of the investor’s investment in the private funds or affiliated investment entity, an agreement by an investor to maintain such investment in the private funds for a significant period of time, or other similar commitment by an investor to the private funds.

Co-Investments

There are risks and conflicts associated with the offering of co-investment opportunities. Palestra has, and may in the future, offer co-investment opportunities to third parties, including investors in the private funds. Co-investment opportunities are determined in the sole discretion of Palestra in accordance with its co-investment policy, and an investor that desires to participate in a potential co-investment may not receive the full amount, or any amount, of its desired co-investment. Palestra’s Managing Members and other employees have participated in past co-investment opportunities, and may do so in the future. The terms applicable to any co-investment opportunity will be established in the sole discretion of Palestra, including fee terms that differ from those of other private funds.

Regulatory Restrictions on Investments

During times when a private fund holds substantial positions in a particular issuer, the private fund may become subject to certain securities laws restrictions that may impact the private fund’s liquidity and/or portfolio management (e.g., resale restrictions pursuant to Rule 144 under the Securities Act and/or the requirements of Section 13 and Section 16 of the Exchange Act). Additionally, in the event that the Company or any of its employees or affiliates comes into possession of material non-public information regarding a particular public company, the private fund may be restricted in trading the securities of that company.

Economic Sanctions

Economic sanction laws in the U.S. and other jurisdictions may restrict or prohibit the private funds from transacting with certain countries, territories, individuals and entities. These types of sanctions may significantly restrict or completely prohibit investment or other activities in certain jurisdictions, and violation of any such laws or regulations may result in significant legal and monetary penalties, as well as reputational damage. OFAC and other sanctions programs change frequently, which may make it more difficult for the private funds to ensure compliance.

Access to Information

In an effort to protect the confidentiality of the portfolio, the private funds generally will not disclose all of their positions to investors on an ongoing basis, although Palestra, in its sole discretion, is authorized to permit disclosure of all or a subset of a private fund's positions to certain investors, if it determines that there are sufficient confidentiality agreements and procedures in place.

In addition, Palestra, from time to time, holds meetings and conference calls with investors at which it may discuss matters that are not communicated to all investors in the ordinary course, including without limitation, information pertaining to a private fund's positions and capital activity. Such discussions may also be more detailed than the written communications that Palestra makes available to all investors. Therefore, an investor that is not in attendance at such events may not have access to the same information as an investor that is in attendance, which may disadvantage the former investor. Similarly, in response to questions, requests, meetings and related due diligence communications, Palestra may provide additional information (either verbally or in writing) to investors and prospective investors that is not distributed to other investors and prospective investors. While Palestra will endeavor to provide any requesting investor or prospective investor with equal access to pertinent information, each investor is responsible for asking such questions and otherwise gathering such information as it believes are necessary in order to make its own investment decisions.

Regulatory Risk

The regulatory environment for private funds is evolving, and changes in applicable laws and regulations may affect the private funds' operations, the value of investments held by the private funds and the ability of the private funds to pursue their trading strategies. In addition, securities and futures markets are subject to comprehensive statutes, regulations and margin requirements, which are subject to change. The consequences of additional regulation on private funds and the markets in which the private funds trade cannot be predicted and may materially diminish the profitability of investment opportunities for the private funds. Regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The effect of any future regulatory change on the private funds could be substantial and adverse.

Use of Alternative Data

The Company obtains and uses alternative data in its investment process. Alternative data may consist of datasets that have been culled from a variety of sources, such as internet usage, payment records, healthcare information, financial transactions, weather and other physical phenomena sensors, applications and devices (such as smartphones) that generate location and mobility data, data gathered by satellites, and government and other public records databases. The Company uses

alternative data in a variety of ways, including by incorporating it into fundamental research of companies. No assurance can be given that the Company will be successful in utilizing alternative data in its investment process. The use of alternative data involves an inherent risk that the Company may rely on data outputs that reflect faulty system logic or that are based on inaccurate or incomplete data inputs. Moreover, there has been increased scrutiny from a variety of regulators regarding the use of alternative data for investment purposes, and its use or misuse under current or future laws and regulations could create liability for the Company and the private fund in numerous jurisdictions. The Company cannot predict what, if any, regulatory or other actions may be asserted with regard to alternative data, but any adverse inquiries or formal actions could cause reputational, financial, or other harm to the Company or to the private fund. Conversely, any future limitations on the use of alternative data could have a material adverse impact on the private fund's performance.

Force Majeure

Investments may be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, labor strikes, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design and construction, accidents, demographic changes, government macroeconomic policies, social instability, etc.). It is unknown whether and how global supply chains may be affected if such events persist for an extended period. Investment advisory activities could be adversely affected by events outside of our control. Palestra may incur expenses, delays, or interruption of critical business functions relating to such events outside of our control, which could have a material adverse impact on our investment advisory business. Such material adverse impact could, in turn, adversely affect the performance of the private funds.

Effects of Health Crises and Other Catastrophic Events

Health crises, such as pandemic and epidemic diseases, as well as other catastrophes that interrupt the expected course of events, such as natural disasters, war or civil disturbance, acts of terrorism, power outages and other unforeseeable and external events, and the public response to or fear of such diseases or events, have and may in the future have an adverse effect on the private fund's investments and the Company's operations. For example, any preventative or protective actions that governments may take in respect of such diseases or events may result in periods of business disruption, inability to obtain raw materials, supplies and component parts, and reduced or disrupted operations for portfolio companies. In addition, under such circumstances the operations, including functions such as trading and valuation, of the Company and other service providers could be reduced, delayed, suspended or otherwise disrupted. Further, the occurrence and pendency of such diseases or events could adversely affect the economies and financial markets either in specific countries or worldwide.

Market Disruptions and Governmental Intervention

The global financial markets from time to time experience periods of disruption that has resulted in extensive governmental intervention. Such intervention was in certain cases implemented on an "emergency" basis, suddenly and substantially eliminating market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition—as one would expect given the complexities of the financial markets and the speed with which governments have felt compelled to act—these interventions have been unclear in scope and

application, and have resulted in confusion and uncertainty which in itself has been detrimental to some markets as well as previously successful investment strategies.

The private funds may incur major losses in the event of disrupted markets and other extraordinary events in which pricing relationships become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets positions may become illiquid, making it difficult or impossible to close out positions against which the markets are moving. The financing available to the private funds from its banks, dealers and other counterparties may be reduced (potentially to zero) in disrupted markets, and such a reduction may result in substantial losses to the private funds. Market disruptions may from time to time cause dramatic losses for the private funds, and such events can result in investment strategies performing with unprecedented volatility and risk.

Short Term Volatility caused by Social Media

Certain issuers in which the private funds invest in are familiar to retail investors and consumers. Short-term volatility in the price of the publicly traded stock of such issuers can be caused by a sudden and unexpected interest in such stock and/or such issuers initiated and/or encouraged over social media, which may cause losses for the private funds.

Potential Conflicts of Interest

Palestra and its affiliates will be subject, and the private funds will be exposed, to a number of actual and potential conflicts of interest. Any such conflicts of interest could have a material adverse effect on a private fund and the investors' investments therein. Among other things, Palestra and its affiliates will be subject to conflicts of interest in allocating their time and activity between the accounts that Palestra manages, in allocating investments among such accounts and in effecting transactions for such accounts, including accounts in which Palestra or its affiliates may have a greater financial interest. When a conflict of interest arises, Palestra will endeavor to ensure that the conflict is resolved fairly and in an equitable manner. To that end, Palestra has in place policies and procedures that it believes are reasonably designed to identify and resolve actual and potential conflicts of interest.

Time and Commitment; Other Activities

Palestra will use its best efforts in connection with the purposes and objectives of each account and will devote so much of its time and effort to the affairs of each account as may, in its judgment, be necessary to accomplish the purposes of such account. However, Palestra and its affiliates may conduct any other business, including any business within the securities industry, whether or not such business is in competition with one or more accounts. Without limiting the generality of the foregoing, Palestra and its affiliates may (i) act as investment adviser or investment manager for others; (ii) manage funds, separate accounts or capital for others; (iii) have, make and maintain investments in their own names or through other entities; and (iv) serve as officers, directors, consultants, partners or stockholders of one or more investment funds, partnerships, securities firms or advisory firms.

Each account, as well as any additional entities and/or accounts that Palestra and its affiliates sponsor in the future, may have investment objectives or may implement investment strategies similar or different to one another. Accounts will trade differently from each other because of, among other things, differences in their respective strategies (including, without limitation, the use

of leverage and portfolio concentration levels), applicable investment restrictions, liquidity profiles, cash flows, the amount of capital available for investment, preservation of capital for other investment opportunities, current portfolio compositions and risk management considerations, tax considerations, the need for cash to satisfy expenses and/or other considerations or parameters. Palestra and its affiliates are permitted to give advice or take action with respect to one account that differs from the advice given with respect to another account.

The Company may in the future manage one or more accounts structured as separately managed accounts, funds-of-one or similar dedicated funds that may employ investment strategies that are the same as, or substantially similar to, the investment strategy employed by the Company on behalf of the private funds. Any such accounts may be subject to less restrictive liquidity terms than those of the private funds, including terms related to suspensions. The investment returns of investors in the private funds could be adversely affected if any such other accounts are able to withdraw their investments prior to the investors in the private funds.

Allocation of Investment and Trading Opportunities

Palestra will seek to act in a fair and equitable manner in allocating investment and trading opportunities among accounts, but recognizes its allocation decisions are subject to potential conflicts of interest. To the extent a particular investment is suitable for more than one private fund, such investment will be allocated between the participating private funds pro rata based on assets under management or in some other manner that Palestra and its affiliate determines are fair and equitable under the circumstances to all participating private funds. To the extent the Company determines that all or a portion of a particular investment (e.g., an investment in a private company) is not suitable, practicable or desirable for one or more of the private funds based on the respective investment objectives of the private funds or other relevant factors, the Company may offer such investment opportunity to certain qualified investors (including members, principals, employees and/or affiliates of the Company), either directly or through separately established investment vehicles. The Company may, but is not required to, provide these investment opportunities to any or all private fund investors.

In addition, Palestra and its affiliates, through other investments, including other investment funds, have interests in the securities in which the private funds invest as well as interests in investments in which the private funds do not invest. In particular, Palestra's management of the Long Account poses a risk that Palestra or individuals who are in a position to control the allocation of investment opportunities among the accounts or the timing of trades will favor the Long Account.

Please refer to Item 12 "Brokerage Practices" below for further details on Palestra's policies and procedures to address conflicts of interest relating to the allocation of trades and investment opportunities.

Cross Transaction and Order Aggregation

While it is not current practice, Palestra may determine for a variety of reasons (e.g., tax purposes, liquidity purposes, rebalancing, etc.) to effect purchase and sale transactions (including swaps) between one or more of the private funds and/or other entities or accounts sponsored in the future subject to the following guidelines: (i) such transactions shall be effected for cash consideration at the current market price of the particular securities, (ii) no extraordinary brokerage commissions or fees (i.e., except for customary transfer fees or commissions) or other remuneration shall be

paid in connection with any such transaction and (iii) such transactions must comply with all applicable laws.

From the standpoint of the private funds, simultaneous identical portfolio transactions for multiple accounts tend to decrease the prices received, and increase the prices required to be paid, by the private funds for portfolio sales and purchases. Where less than the maximum desired number of shares of a particular security to be purchased is available at a favorable price, the shares purchased will be allocated among the various accounts in an equitable manner as determined by Palestra or its affiliate. Further, it may not always be possible or consistent with the investment objectives of the various accounts for the same investment positions to be taken or liquidated at the same time or at the same price; however, all transactions will be made on a “best execution” basis. Please refer to Item 12 “Brokerage Practices” below for additional details.

Service Provider Conflicts of Interest

Conflicts of interest may arise from the fact that service providers, such as the private funds’ prime brokers and administrator, may provide services to, or have business, financial, personal or other relations with other funds and thus may be subject to conflicts of interest from time to time.

Further Palestra and its personnel may have broad relationships (both involving and not involving the private funds) with various market participants including without limitation brokers, consultants and other service providers who recommend, or engage in transactions with or for, the private funds, or who provide other services to Palestra, its affiliates or the private funds. These relationships could present potential conflicts of interest for Palestra.

Investors should review the offering documents and other governing documents specific to each private fund to fully understand the risks and potential conflicts of interest. This Brochure is not intended to serve as an exhaustive list or a comprehensive description of all risks and conflicts that may arise in connection with the management and operation of the private funds.

ITEM 9
DISCIPLINARY INFORMATION

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

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

ITEM 10
OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

The Master Fund previously received a seed investment from a strategic investor that is a financial services firm unaffiliated with Palestra. The strategic investor's investment should not be construed as a recommendation to other prospective investors. The strategic investor is not involved in the management or performance of the private funds or Palestra.

In addition, certain other firms or individuals with which Palestra or the private funds conduct business are invested in the private funds. Palestra is faced with a conflict of interest in recommending the retention or renewal of services from any such third party service provider, as Palestra has an incentive to maintain its relationship with the service-provider-related investor. Palestra does not select third party service providers or allocate brokerage transactions based on such relationships. Palestra selects and renews third party service providers consistent with its due diligence procedures and allocates brokerage transactions pursuant to its fiduciary duty and policies regarding best execution.

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

Palestra has adopted a written Code of Ethics (the “Code”) that is applicable to all employees. Among other things, the Code requires Palestra and its employees to act in clients’ best interests, put client interests ahead of their own interests and comply with all applicable regulations. Employees are provided with a copy of the Code and are required to acknowledge receipt of the Code upon hire and on at least an annual basis thereafter. Investors and prospective investors may obtain a copy of the Code by contacting the Chief Compliance Officer by email at legal@palestracap.com or by telephone 212-291-7480.

The Code contains policies and procedures designed to minimize any actual or potential conflicts of interest. Specifically, the Code outlines a policy requiring pre-clearance by the Chief Compliance Officer of any personal trade other than with respect to certain pre-approved securities. Palestra’s restrictions on personal trading apply to employees, as well as employees’ family members living in the same household. It is possible that an employee and a private fund could transact in the same security at or around the same time; however, the Code prohibits personal trading that would give even the appearance of impropriety, which is to be determined by the Chief Compliance Officer through the pre-clearance requirement. Palestra generally does not permit employees to execute personal securities transactions in publicly traded single-name equity securities, subject to exception (e.g., private issuers that may subsequently conduct public offerings of their securities). For the avoidance of doubt, such policy excludes the trading activity of the Long Account. Employee transactions are required to be reported on a quarterly basis for review by the Chief Compliance Officer.

The Company has in the past and, may in the future, establish private funds that are comprised primarily of internal capital (including the Managing Members and other employees) in order to evaluate a possible investment strategy. The strategy employed for such private funds may be similar or different to the investment strategies that the Company employs for other clients. Such activities may give rise to conflicts of interest, including the potential incentive for Palestra and its investment personnel to favor such internally funded private funds over other client accounts, including without limitation, with respect to allocation of investments, time and attention.

ITEM 12

BROKERAGE PRACTICES

Palestra has discretionary authority on behalf of the private funds to determine what securities are bought or sold, the amount and price of those securities, any commissions or markups or markdowns paid, and the broker-dealer(s) that will affect those transactions.

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

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

Palestra receives products and services other than execution from the broker-dealers with which it trades. This is known as a “soft dollar” relationship. Palestra will limit the use of “soft dollars” to obtain research and brokerage services to services that constitute research and brokerage within the meaning of Section 28(e) of the Exchange Act (“Section 28(e)”). Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; corporate access (including, without limitation, meetings with corporate executives; consultants’ advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from brokers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between Palestra and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations. In the last fiscal year,

Palestra used soft dollars to pay for research and brokerage services in most of the foregoing categories within Section 28(e).

Palestra manages multiple private funds and as a result, a private fund will “pay up” for certain products and services that are not exclusively for the benefit of that private fund and instead will also benefit another account. Palestra is not required to allocate soft dollar benefits to the private funds proportionately to the soft dollar credits generated.

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

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

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

If Palestra makes an error while placing a trade, the Company will promptly determine an appropriate resolution. Any gains or losses associated with trading errors will be borne by the private funds, except that losses associated with errors due to gross negligence or willful misconduct will be borne by Palestra. The Company is subject to a conflict of interest in determining whether an error was due to gross negligence or willful misconduct. The Company will maintain a record of all trade errors and the action taken to correct them.

ITEM 13

REVIEW OF ACCOUNTS

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

Palestra will provide reports in accordance with each private fund's confidential offering materials. Palestra currently provides investors in the Master Fund with periodic performance estimates and unaudited investor statements. The Company also currently provides current and prospective investors in the Master Fund with monthly statistical reports and quarterly letters. The quarterly letters generally include qualitative discussions of the Master Fund's positioning, outlook and performance.

ITEM 14
CLIENT REFERRALS AND OTHER COMPENSATION

Palestra may enter into arrangements to compensate third parties who provide client or investor referrals and ongoing investor servicing a percentage of the compensation that Palestra otherwise would receive from such client or investor. Any payment made pursuant to these arrangements creates an incentive for the third parties to recommend Palestra, resulting in a material conflict of interest. Palestra addresses the conflict of interest by ensuring that the relevant client or investor receives appropriate disclosure of that arrangement. With respect to the selection criteria for Prime Brokers identified above in Item 12, Palestra has access to certain services that may influence Palestra's decision to engage certain of its Prime Brokers. Specifically, the Prime Brokers provide Palestra with access to their respective capital introduction services and refer investors to the private funds. While this presents a conflict of interest and may be considered indirect payment for referrals, Palestra's decision to engage its prime brokers, as noted above in Item 12, will be based on a wide range of selection criteria and not focus on access to capital introduction services.

ITEM 15

CUSTODY

The Company and certain affiliated entities have custody of client assets through the private funds. Each of the Company and its affiliates intends to comply with Rule 206(4)-2 of the Investment Advisers Act of 1940 (the “Advisers Act”) by meeting the conditions of the pooled vehicle annual audit provision. In accordance with Rule 206(4)-2, all of the private funds’ assets are held by qualified custodians, and audited financial statements prepared by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, in accordance with generally accepted accounting principles are distributed to all investors in the private funds on an annual basis within 120 days following the fiscal year end.

ITEM 16
INVESTMENT DISCRETION

Palestra has investment discretion over the private funds' assets. The private funds grant the Company discretionary authority through investment management agreements.

ITEM 17

VOTING CLIENT SECURITIES

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Advisers Act, Palestra has adopted and implemented written policies and procedures governing the voting of client securities. All proxies that Palestra receives will be treated in accordance with these policies and procedures. Investors in the private funds cannot influence the Company's proxy voting activities, but may request a copy of Palestra's written proxy voting policies and procedures. Investors should contact the Chief Compliance Officer at 212-291-7480 or legal@palestracap.com for more information about proxy voting.

Typically, the Chief Compliance Officer will vote in accordance with instructions provided by the Managing Member and research analyst who are most familiar with the position. For a routine proxy that does not pose an apparent conflict of interest, the Chief Compliance Officer may elect to cast a vote that is believed to be in the best interests of the private funds. Palestra anticipates that the Chief Compliance Officer will generally vote in accordance with management recommendations for such routine proxies.

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

Palestra will not neglect its proxy voting responsibilities, but the Company may abstain from voting if it deems that abstaining is in the private funds' best interests or if, based on factors such as expense or difficulty of exercise, it determines that the private funds' interests are better served by not voting (e.g., voting the proxies of foreign companies may involve a number of logistical problems that may prevent or interfere with the Company's ability to vote such proxies).

ITEM 18
FINANCIAL INFORMATION

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