

Parsifal Capital Management, LP

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March 31, 2023

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

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

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

Item 2: Material Changes

Parsifal Capital Management, LP is required to identify and discuss, in connection with the annual update of its Brochure, any material changes made to its Brochure since the last annual update, which was filed in March 2022. While this update to this Brochure contains changes and updates to certain information, Parsifal Capital Management, LP does not consider these updates to be material changes since Parsifal Capital Management, LP filed its last annual update.

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Item 4: Advisory Business

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

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

- Parsifal Offshore Ltd., a Cayman Islands exempted company (the “**Offshore Fund**”);
- Parsifal Fund, LP, a Delaware limited partnership (the “**Onshore Fund**”);
- Parsifal Master Fund Ltd., a Cayman Islands exempted limited partnership (the “**Master Fund**” and, collectively with the Offshore Fund and the Onshore Fund, the “**Flagship Funds**”); and
- Parsifal Co-Invest I, LP, a Delaware limited partnership (the “**Co-Invest Fund**”).

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

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

Parsifal deploys a global, cross-asset, opportunistic investment strategy focused on long-term capital appreciation across market cycles through fundamental analysis of businesses and securities. Parsifal executes this mandate by focusing on traditional long/short equity, event-driven and special situations equity and credit opportunities sourced on a global basis in both public and private markets. Further description of Parsifal’s investment strategies and types of investments is included in Item 8.

We do not tailor our advisory services to the individual needs of any particular Investor in the Funds. Except as imposed by regulatory requirements or as expressly set forth in the Governing Documents, Investors may not impose restrictions on investing in certain securities or certain types of securities. The investment guidelines and advisory services applicable to the Accounts are governed by their respective Governing Documents. We do not currently participate in any Wrap Fee Programs. As of December 31, 2022, we had \$2,344,727,127 of regulatory assets under management, all managed on a discretionary basis. We do not manage any Client’s assets on a non-discretionary basis

Item 5: Fees and Compensation

Asset-Based and Performance-Based Compensation

The fees and compensation applicable to each of the Funds are set forth in detail in the corresponding Offering Documents, while fees and compensation for each Account are negotiated with the Account Clients and documented in the terms of each Advisory Agreement. A brief summary of the fees and compensation applicable to the Clients is provided below.

- *Management Fee*

Parsifal is paid an investment management fee (the “**Management Fee**”) by certain Funds monthly in advance based on the net asset value of the applicable Funds on the first business day of each month, and by the Accounts monthly in arrears. The Management Fee is prorated for any period that is less than a full month and adjusted for any contributions and withdrawals made during the month. The Management Fee for the Flagship Funds and the Accounts ranges from 1.00% to 2.00% per annum, subject to reductions in certain cases based on an Investor’s holding period or assets under management thresholds, while the Co-Invest Fund is not charged a Management Fee.

At times, the Investment Manager, in its sole discretion, will waive or modify the Management Fee for certain Investors or with respect to an Account.

- *Incentive Allocation*

Parsifal or an affiliate will receive an annual incentive allocation (“**Incentive Allocation**”) equal to a percentage of the net profits of each Investor in the Funds and performance-based compensation for each Account based on the profits earned by such Account. The Incentive Allocation and performance-based compensation percentage ranges from 10% to 30% per annum. The Incentive Allocation and performance-based compensation is generally charged at the end of each fiscal year via a reallocation from the account of each Investor in the Funds to the account of the General Partner (as defined further below) with respect to the Funds or via a fee with respect to the Accounts. In general, Incentive Allocations and performance-based compensation will be subject to a loss carryforward provision.

The Investment Manager, in its sole discretion, may waive or modify the Incentive Allocation for certain Investors. An initial seed investor in the Flagship Funds (the “**Strategic Investor**”) is entitled to receive a portion of the Incentive Allocation payable by the Funds. The Strategic Investor is entitled to receive a certain portion of the fees Parsifal receives from advisory Clients.

Payment of Fees

Parsifal has the ability to deduct fees directly from the Funds’ assets and Parsifal bills the Accounts for all fees on a monthly basis.

Prepayment of Fees

If for some reason an Investor in a Fund redeems prior to the expiration of a period in which that Investor pre-paid fees, Parsifal would typically rebate the unearned fees for the period of time during which the Investor was not invested.

Other Types of Fees or Expenses Applicable to the Funds and the Accounts

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

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

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

The Offshore Fund and Onshore Fund shall generally also bear their pro rata share of the Master Fund's expenses. The Co-Invest Fund bears certain additional expenses, in each case as described

in its Offering Documents, that are not borne by the Offshore Fund and Onshore Fund, including fees, costs and expenses of third party and/or outsourced back-office and middle-office personnel, systems, or functions. In addition, Client accounts will incur brokerage and other transaction costs. Please refer to Item 12 of this Firm Brochure for a discussion of Parsifal's brokerage practices.

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

At times, Parsifal will cause the Funds to transact with service providers in which one or more of Parsifal's supervised persons or affiliates own interests. Any compensation received by the supervised person or affiliate of Parsifal in connection therewith will not be rebated or paid to the applicable Fund. In these instances, Parsifal's supervised person or affiliate receive an indirect benefit from the applicable Fund, and Parsifal has a financial incentive to transact with such service provider over another similar service provider in which Parsifal's supervised persons or affiliates do not own interests.

For a more complete discussion regarding fees and expenses applicable to a particular Fund, please refer to the appropriate Offering Documents.

The Accounts are subject to a variety of fees and expenses, which are set forth in the Advisory Agreement entered into between each Account and the Investment Manager. The Advisory Agreement outlines a number of expenses the Accounts are responsible for paying (in addition to the advisory fees outlined above), including, but not limited to, research related expenses, certain legal expenses, compliance and reporting expenses, brokerage costs, and custodial fees and expenses.

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

The allocation of expenses by Parsifal between it and any Client and among Clients represents a conflict of interest for Parsifal. Parsifal has adopted an expense allocation policy that is designed to address this conflict. Parsifal allocates expenses to each Client in accordance with the Client's arrangements with Parsifal (including applicable client disclosures). Parsifal seeks to allocate shared expenses for products and services benefitting Parsifal and the Client and not covered in the Client's arrangements in a fair and reasonable manner. Parsifal generally allocates common Client expenses among multiple Clients pro rata based on the net asset value of such entities (or, in the case of managed accounts or sub-advised funds, the portion of the net asset value of such accounts or funds that is managed by the Firm); provided, that the Firm has the discretion to cause such expenses to be paid by such entities pursuant to another methodology in accordance with its expense allocation policies and procedures (which may not be on a pro-rata basis, but may be pro-rata based on the relative use of or benefit derived from a particular product or service, or may be based on other relevant factors).

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

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

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

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

Allocation of Investment Opportunities

Parsifal manages multiple Client accounts. Accordingly, Parsifal has adopted and implemented policies and procedures intended to address conflicts of interest that may arise relating to the management of multiple Client accounts, including accounts with different fee arrangements, and the allocation of investment opportunities.

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

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

applicable.

Even accounts that are typically managed on a *pari passu* basis may, from time to time, receive differing allocations of investments based on consideration of the above factors, including but not limited to if a position is at a different percentage of a particular Client account, in which case generally the undersized position will be allocated first, then the remaining order will be allocated *pari passu* between the Clients.

Generally, any co-investment funds (including the Co-Invest Fund) will not be managed on a *pari passu* basis with other Clients and, because of the investment objectives of each particular co-investment fund, there will be instances where investments will not be allocated pro rata among such co-investment fund, on the one hand, and other Clients, on the other hand. It is expected that a co-investment fund will receive a larger proportionate allocation of certain investment opportunities relative to other Clients and will not participate in other investment opportunities that may instead be allocated to other Clients.

The CCO is responsible for monitoring Parsifal's Client trading for compliance with this policy. At least periodically, the CCO, with the assistance of Parsifal's Chief Investment Officer, if necessary, will compare the performance of Parsifal's Client accounts with substantially similar investment objectives, guidelines and restrictions.

Item 7: Types of Clients

Our Clients consist of the Funds and the Accounts, as described in Item 4 above; however, Parsifal may in the future serve as investment manager to other client accounts. At this time, it is not anticipated that we will provide advice to advisory clients that are "retail investors" as defined by Rule 204-5(d)(2) under the Investment Advisers Act of 1940, as amended (the "**Advisers Act**"). The Funds are generally open to, among others, institutions, pension plans, endowments, high net-worth individuals, financially sophisticated individuals, and other sophisticated investors.

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

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

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

Investment Objective

The Investment Manager deploys a global, cross-asset, opportunistic investment strategy on behalf of Clients. The Investment Manager focuses on long-term capital appreciation across market cycles through fundamental analysis of businesses and securities. The Investment Manager seeks to execute this mandate by focusing on traditional long/short equity, event-driven

and special situations equity and credit opportunities sourced on a global basis in both public and private markets. The mandate of the Clients may also include behind the scenes or publicly active efforts on Clients' behalf as shareholders and/or creditors. Clients' investment opportunities may be expressed through a wide range of instruments, including among others listed or over-the-counter equities, indices, and options, futures, total return swaps, corporate bonds, bank loans, credit derivatives, and foreign exchange. In addition to identifying attractive investment opportunities, the Investment Manager seeks to add further value through its portfolio construction and risk management practices. Depending on market conditions, portfolio construction may result in significant position concentration. There can be no assurance that Clients will achieve their objective or avoid significant loss. The investment program of the Co-Invest Fund may overlap with, and in those instances, be more concentrated than that of the Funds and Accounts.

The Investment Manager, from time to time, utilizes leverage in the pursuit of Clients' investment objectives.

Material Risks Relating to Investment Strategies

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

Investment and Trading Risk

No guarantee or representation can be made that the investment mandate of a Client will be successful. A Client or an Investor should be aware that it may lose all or part of its investment. While investments in companies in certain industries offer the opportunity for significant capital gains, such investments involve a high degree of business, financial, technological, and regulatory risk which can result in substantial losses. Moreover, investment portfolios may include investments particularly subject to increased risk because they are in companies at an early stage of development, which have been or may go into bankruptcy, acquired as leveraged buyouts subject to interest rate fluctuations, or engaged in highly competitive industries dominated by companies with substantially greater resources. The stock market has historically experienced volatility which affected the securities of companies. As a result, the performance of a Client's portfolio may experience substantial volatility and potential for loss.

In addition, in the event that a Client makes short term transactions or frequently trades, (a) its performance would be subject to market trends in general and changes in market trends during a trading day and (b) portfolio turnover, brokerage commissions, and other transaction costs and taxes may be greater than for other investment accounts of similar size not frequently trading or engaging in short term transactions.

Lack of Liquidity

Parsifal may, at any given time, invest on behalf of our Clients in securities and other financial instruments or obligations that are thinly-traded or for which no market exists and/or which are restricted as to their transferability under applicable securities laws. The sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to accurately value any such investments.

Limited Fund Withdrawal and Transfer Rights

An Investor in the Funds generally will be permitted to withdraw all or any part of its capital account on a periodic (typically quarterly) basis, subject to further limitations described within each Fund's Offering Document, potentially including a lock-up. Transfers of the interests are generally permitted only with the written consent of the General Partner. Accordingly, interests in the Fund should only be acquired by Investors willing and able to commit their funds for an appreciable period of time.

Reliance on David Zorub

The Investment Manager and the successful management of Client portfolios rely heavily on the principal owner of the Firm General Partner, David Zorub. Mr. Zorub is responsible for all of the major decisions affecting the Clients. Should Mr. Zorub determine to discontinue managing the affairs of, or withdraw from, the Investment Manager or should Mr. Zorub die, be incapacitated or, for some other reason, be unable to effectively manage the affairs of the Investment Manager, the business and the operations of Client portfolios may be adversely affected.

Furthermore, Investors in the Funds have no right to participate in management decisions of the Funds and their right to vote in a variety of matters, including amendments to the Offering Documents, is restricted. Accordingly, no person should invest in the Funds unless willing to entrust all aspects of the management of the Funds and their investments to the Investment Manager, having evaluated its capabilities to perform such functions.

General Economic and Market Conditions

The success of the Funds' activities may be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of Fund investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of the prices and the liquidity of the Funds' investments. Volatility or illiquidity could impair the Funds' profitability or result in losses. The Funds may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets.

Equity-Related Instruments in General

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

The price of equity securities and their related financial instruments vary for a variety of reasons, including but not limited to supply and demand of the equity securities, the actual or perceived business opportunities associated with the issuer, the current and potential future cash flow of the issuer, the issuer's management, their ability to execute on a specific business plan, the general economic environment, and the outlook for the overall economy. To the extent a Client owns an equity security or otherwise has exposure to an equity security or an equity-related financial instrument, this investment carries the risks associated with owning equities and may

also carry risks associated with the form of financial instrument (e.g., options, derivative or securities-based futures contract). Any investment in equities or equity-related instruments entails a significant risk of loss.

Absolute Value Strategy Risk

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

Special Situations

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

REITs and Other Real Estate Securities

Parsifal's Clients may invest in securities issued by entities which qualify as real estate investment trusts ("REITs") under the U.S. Internal Revenue Code of 1986, as amended from time to time. These investments are subject to the risks incident to investments in REITs and companies engaged in real estate activities, generally, including, without limitation: (i) potential environmental liabilities, the risk of uninsured losses, the perceptions of prospective tenants of the safety, convenience and attractiveness of the properties, the ability of the owner to provide adequate management, maintenance and insurance, the expenses of periodically renovating, repairing and re-letting spaces, and increasing operating costs (including mortgage payments, real estate taxes, insurance, maintenance costs and utilities) which may not be passed through to tenants; (ii) risks of owning properties through joint ventures or partnerships which may render a REIT or a company engaged in real estate activities unable to exercise sole decision-making authority and subject the REIT or other company to the risk that a joint venturer or partner will act in a manner contrary to its best interests; (iii) general real estate investment considerations, such as the effect of local economic and other conditions on property cash flows and values, the need to re-let space upon the expiration of current leases, dependence on major tenants and the

possibility of tenant defaults, the ability of a property to generate revenue sufficient to meet debt service payments and other operating expenses, periodic excessive real estate development, and the illiquidity of real estate investments, all of which may affect the REIT's or other company's ability to make expected distributions to its stockholders; (iv) possible increases in interest rates, which may lead prospective purchasers of real estate equity securities, as well as other classes of equities, to demand higher annual yields, and which would adversely affect the market price of such securities; (v) borrowing risks; (vi) relative illiquidity of real estate investments which will tend to limit the ability of a REIT or non-REIT issuer to vary its holdings promptly in response to changes in local economic or other conditions; and (vii) risks associated with the management by REITs of properties owned by third parties, including the risk that management contracts (which are typically cancelable without notice) will be terminated by the entity controlling the property or in connection with the sale of such property, that contracts may not be renewed upon expiration or may not be renewed on terms consistent with current terms, and that the rental revenues upon which management fees are based will decline as a result of general real estate market conditions or specific market factors. Investments in REITs are also subject to special risks, including, without limitation: (A) restrictions on ownership (which may prohibit ownership of more than 9.9% of a REIT's shares by one investor), which are designed to ensure that the REIT does not violate certain share accumulation restrictions imposed by federal tax laws on REITs and which may also deter possible acquisitions of, or changes in control of, a REIT; (B) many REITs have small-to-medium sized market capitalizations which may be more volatile than prices of large-capitalization securities and an investment in such securities may be less liquid; and (C) tax risks, including risk of changes in the tax laws that may cause a REIT to fail to qualify as a REIT or cause REITs, generally, to be subject to corporate taxation.

Event Driven Strategy Risk

There are significant business risks associated with event driven investing. Because of the inherently speculative nature of this activity, the results often fluctuate from period to period, and, as part of the Clients' investment strategy, are not expected to correlate with the direction of the equity markets. In certain instances, the Investment Manager will invest (long and short) on behalf of Clients in a company in anticipation of an event that may occur in the future, including the possible success of an activist campaign. The reliance on these events is inherently speculative, and the movement of any financial instrument is also subject to market, financial and monetary forces that affect prices. Additionally, any profit may be offset by carrying costs (e.g., the cost of a stock borrow) or expenses (e.g., litigation).

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

Short Sales

Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on a Client's portfolio. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. In particular, short sales are subject to the risks associated with "short squeezes", which occur when a short seller is required to buy a stock or other asset that is increasing in value in order to forestall even greater losses (which contributes to the upward pressure on the price of such stock or asset). A short seller may be targeted for a short squeeze, including through social media or other similar platforms, which

may adversely impact its performance and require emergency actions and financings. There can be no assurance that securities necessary to cover a short position will be available for purchase or will be available for purchase at a reasonable price. In addition, there is a risk that statutes, rules, orders or regulations may be imposed that limit or prohibit short selling. Any ongoing or future regulatory limitation on short-selling, or any ongoing or future requirement to disclose short positions, may materially adversely affect the ability of the Investment Manager to implement a Client's investment strategy.

Convertible Securities

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

Non-U.S. Securities

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

Forward Contracts

Forward contracts generally provide the economic equivalent of leverage by magnifying the potential gain or loss from an investment in much the same way that incurring indebtedness would and by providing exposure to potential gain or loss related to a notional amount that greatly exceeds the amount of cash or assets required to establish or maintain the position. Accordingly, the risks associated with leverage and with derivatives generally apply to forward positions. Forward contracts and options thereon, unlike futures contracts, are not currently traded on exchanges and are not currently standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is currently substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade, and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions

can occur in forward markets due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading to less than that which the Investment Manager would otherwise recommend, to the possible detriment of Clients. Market illiquidity or disruption could result in significant losses to Clients.

Fixed Income Securities

The Investment Manager retains discretion to invest in fixed income securities and other debt securities on behalf of Clients, where appropriate. Certain of these securities may be unrated by a recognized credit-rating agency or below investment grade, which are subject to greater risk of loss of principal and interest than higher-rated debt securities. Accordingly, these securities tend to be more sensitive to economic conditions and tend to reflect individual corporate developments to a greater extent than do higher-rated securities, which primarily react to fluctuations in the general level of interest rates. Issuers of lower-rated debt securities are often highly-leveraged and may not have access to more traditional methods of financing. Furthermore, trading in these types of securities may be limited or disrupted by an economic recession, resulting in an adverse impact on the value of such securities. Moreover, it is likely that an economic downturn could affect the ability of the issuers to repay principal and pay interest thereon resulting in a high potential of default.

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

Concentration

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

Hedging Transactions

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

Derivative Financial Instruments and Techniques

The Investment Manager invests in derivative financial instruments on behalf of Clients. The risks posed by such instruments and techniques, which can be extremely complex and often involve leveraging of the applicable Client's assets, include: (1) credit risks (the exposure to the possibility of loss resulting from a counterparty's failure to meet its financial obligations); (2) market risk (adverse movements in the price of a financial asset); (3) legal risks (the characterization of a transaction or a party's legal capacity to enter into it could render the financial contract unenforceable, and the insolvency or bankruptcy of a counterparty could pre-empt otherwise enforceable contract rights); (4) operations risk (inadequate controls, deficient procedures, human error, system failure or fraud); (5) documentation risk (exposure to losses resulting from inadequate documentation); (6) liquidity risk (exposure to losses created by inability to prematurely terminate the derivative); (7) system risk (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system); (8) concentration risk (exposure to losses from the concentration of closely related risks such as exposure to a particular industry or exposure linked to a particular entity); and (9) settlement risk (the risk faced when one party to a transaction has performed its obligations under a contract but has not yet received value from its counterparty).

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

In many cases, derivatives provide the economic equivalent of leverage by magnifying the potential gain or loss from an investment in much the same way that incurring indebtedness would. Many derivatives provide exposure to potential gain or loss from a change in the market price of an asset, security, or instrument (or a basket or index) or other event or circumstance in a notional amount that greatly exceeds the amount of cash or assets required to establish or maintain the derivative contract. Accordingly, relatively small price movements in the underlying asset, security or instrument or other events or circumstances may result in immediate and substantial losses to Clients. Many derivatives, particularly those negotiated over-the-counter, are substantially illiquid or could become illiquid under certain market conditions. As a result, it may be difficult or impossible to determine the fair value of a Client's interest in such contracts. Further, if and when a Client takes economic exposure through a derivative, it generally will not have any voting rights and may not be able to pursue legal remedies that would be available if it invested directly in the underlying asset, security or instrument.

Many derivatives also involve substantial legal risk and uncertainty, because the terms of the contract may be difficult to draft, apply, interpret and enforce, particularly in the context of unforeseen market conditions or events. In many cases, the counterparty has discretion (either pursuant to the express terms of the contract or in practice) to interpret the contract, make required calculations (including pricing the instrument) and demand or withhold payments in the manner most favorable to the counterparty and most unfavorable to Clients. Such calculations could result in an overstatement of a Client's net asset value, and may have a material adverse effect on the Client if it is required to sell derivative instruments in order to raise funds for margin purposes or to pay withdrawals. In addition, any adverse interpretation or calculation under one derivative contract could trigger cross-defaults with other contracts and could have a material adverse impact on a Client account's liquidity and performance. Any dispute concerning a

derivative contract could be expensive and time consuming to resolve, particularly given the potential for complex and novel legal issues and the involvement of multiple legal jurisdictions. Even a favorable resolution could come too late to prevent cross-defaults, trading losses and material liquidity problems.

Brokers may impose on a Client certain financial and non-financial covenants, including requiring that the capital of the Client's account exceed certain levels and/or that decreases in the Client's capital (whether by losses or otherwise) do not exceed certain amounts or percentages. In the event these or other covenants are violated, such brokers and counterparties may require the liquidation of some or all of the positions in a Client's portfolio. Even absent a violation of a covenant or other agreement, such brokers and counterparties may have the right to compel the Client to close a short position with little (or no) notice. A Client may be materially adversely affected (a) if the Client fails to meet any collateral requirements, whether as a result of increased requirements imposed by any such brokers or counterparties or as a result of market fluctuations affecting the value of collateral or of the short position, (b) if some or all of the Client's positions are liquidated in order to meet such increased requirements or in response to a violation of a covenant or other agreement, or (c) if securities to be sold short become unavailable or short positions become difficult or expensive to maintain.

Credit Default Swap Agreements

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

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

Options

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

solvency risk.

Other Instruments

Parsifal may take advantage of opportunities with respect to certain other instruments that are not presently contemplated for use or that are currently not available, but that may be developed, to the extent such opportunities are both consistent with the investment objective of an applicable Client and legally permissible. Special risks may apply in the future to instruments in which Clients are invested that cannot be determined at this time or until such instruments are developed or invested in by Clients (including, without limitation, market risk, liquidity risk, the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, legal risk, and operations risk).

Use of Leverage

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

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

Initial Public Offerings

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

Counterparty Risk

To the extent that a Client invests in swaps, "synthetic" or derivative instruments, repurchase agreements, forward contracts, certain types of options or other customized financial instruments, or, in certain circumstances, non-U.S. securities, or trades on "over-the-counter" or "interdealer" markets, the Client takes the risk of non-performance by the other party to the contract. This risk may include credit risk of the counterparty and the risk of settlement default.

This risk may differ materially from those entailed in exchange-traded transactions that generally are supported by guarantees of clearing organizations, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default.

Brokerage and Custodial Risk

There are risks involved in dealing with the prime brokers, futures clearing merchants or custodians that settle Client trades, as well as other securities intermediaries engaged by the Client. The Clients maintain accounts with their prime brokers (the “Prime Brokers”). Although the Investment Manager monitors the Prime Brokers and believes that they are appropriate custodians, there is no guarantee that the Prime Brokers or any other custodian that a Client may use from time to time will not become bankrupt or insolvent. While both the U.S. Bankruptcy Code and the 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 Client assets, the Client would not incur losses due to its assets being unavailable for a period of time, the ultimate receipt of less than full recovery of its assets, or both.

The Clients may appoint sub-custodians in certain non-U.S. jurisdictions to hold the assets of such Clients. 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 a Client as a result of the bankruptcy or insolvency of any such sub-custodian. The Clients 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 Clients. Under certain circumstances, including certain transactions where a Client’s assets are pledged as collateral for leverage from a non-broker-dealer custodian or a non-broker-dealer affiliate of a Prime Broker, or where a Client’s 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 such Client and the Client could be exposed to a credit risk with regard to such parties. Custody services in certain non-

U.S. jurisdictions remain undeveloped and, accordingly, there is a transaction and custody risk of dealing in certain non-U.S. jurisdictions. Given the undeveloped state of regulations on custodial activities and bankruptcy, insolvency, or mismanagement in certain non-U.S. jurisdictions, the ability of the Clients 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 Clients 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 Clients’ rights to its assets in the case of a bankruptcy or insolvency of any such party.

Rehypothecation levels are a function of regulations and policies of the Prime Brokers. The Prime Brokers are regulated by a number of entities, including federal authorities and various self-regulatory organizations.

Competition; Availability of Investments

Certain markets in which the Clients may invest are extremely competitive for attractive investment opportunities. As a result, there can be no assurance that the Investment Manager will be able to identify or successfully pursue attractive investment opportunities in such environments.

Volatility Risk

The Clients' investment programs may involve the purchase and sale of relatively volatile securities and/or investments in volatile markets. Fluctuations or prolonged changes in the volatility of such securities and/or markets can adversely affect the value of investments held by the Clients.

Credit Ratings

In general, the credit rating assigned by a nationally recognized rating agency to a security represents such rating agency's opinion of the safety of the principal and interest payments of the rated instrument based on available information. Such ratings are relative and subjective; they are not absolute standards of quality and do not evaluate the market value risk of such securities. Such ratings also do not reflect macroeconomic or systemic risk, including the risk of increased illiquidity in the credit markets. Further, credit ratings may change over time due to various factors, including changes in the creditworthiness of the issuer and/or changes in the rating agency's analytics and processes. It is possible that a rating agency might not change its rating of a particular issue on a timely basis to reflect subsequent events and, as a result, outstanding ratings may not reflect the issuer's current credit standing. The Clients may incur losses if they make investments based on credit ratings that subsequently change in a way not favorable to the Clients' investment objectives.

Significant Positions in Securities; Regulatory Requirements

In the event the Clients acquire a significant stake in certain issuers of securities and such stake exceeds certain percentage or value limits, the Clients may be subject to U.S. or non-U.S. regulation and regulatory oversight that may impose notification and filing requirements or other administrative burdens on the Clients and the Investment Manager. Any such requirements may impose additional costs on the Clients and may delay the acquisition or disposition of the securities or the Clients' ability to respond in a timely manner to changes in the markets with respect to such securities.

In addition, "position limits" may be imposed by various regulators that may limit the Clients' ability to effect desired trades. Position limits are the maximum amounts of gross, net long or net short positions that any one person or entity may own or control in a security. All positions owned or controlled by the same person or entity, even if in different accounts, may be aggregated for purposes of determining whether the applicable position limits have been exceeded. To the extent that the Clients' position limits were aggregated with an affiliate's position limits, the effect on the Clients and resulting restriction on its investment activities may be significant. If at any time positions managed by the Investment Manager were to exceed applicable position limits, the Investment Manager would be required to liquidate positions to the extent necessary to come within those limits. Further, to avoid exceeding any position limits, the Clients might have to forego or modify certain of their contemplated trades.

Side Letters

The Flagship Funds have entered into an agreement with the Strategic Investor (as described below) and the Funds may enter into other agreements ("Side Letters") with certain prospective or existing investors whereby such Investors may be subject to terms and conditions that are more advantageous than those set forth in the Offering Documents. For example, such terms and conditions may provide for special rights to make future investments in the Funds, other investment vehicles or managed accounts; special withdrawal rights, relating to frequency or notice; a reduction or rebate in fees or withdrawal charges to be paid by the investors and/or other terms; rights to receive reports from the 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 Funds and such investors. The modifications are solely at the discretion of the Funds and may, among other things, be based on the size of an Investor's investment in the Fund or affiliated investment entity, an agreement by an Investor to maintain such investment in a Fund for a significant period of time, or other similar commitment by an Investor to a Fund.

The Strategic Investor

The Strategic Investor and/or its affiliates, directly or indirectly, made and maintain a significant investment in the Flagship Funds. The Strategic Investor's investment should not be construed as a recommendation to other prospective investors. The Strategic Investor and its affiliates are not responsible for the performance of Clients, nor is the Strategic Investor or its affiliates responsible for the content, accuracy or completeness of Flagship Funds offering documents or any other marketing materials of the Flagship Funds, the General Partner or the Investment Manager. The Strategic Investor receives certain asset-based amounts and a portion of the Incentive Allocation. Due to these arrangements, the Strategic Investor has access to information not necessarily available to other Investors in the Flagship Funds. The Strategic Investor has no obligation to disclose such information to other Investors in the Flagship Funds or to use such information for the benefit of the Flagship Funds. The Strategic Investor was required to maintain an investment in the Funds for a period of three years (the "Lock-Up Period"), which has now expired. The Strategic Investor may withdraw its investment in accordance with the liquidity terms applicable to other investors in the applicable series or founders interests in which the Strategic Investor maintains its investment (subject to certain additional special withdrawal rights, as described more fully herein). In the event of any ordinary course withdrawal by the Strategic Investor, notice may not be given to other Investors in the Flagship Funds. If the Strategic Investor makes a substantial withdrawal, such event may have an adverse effect on the Flagship Funds and its remaining Investors.

Separately Managed Account Valuation

Pursuant to the terms of each Advisory Agreement, each Account's assets will be valued in accordance with valuation methodologies provided by the beneficial owner of such Account and may not be in accordance with the policies and procedures in the Firm's valuation policy. In such cases, the valuation of such Account's assets may differ from the valuation of the same assets held by the Flagship Funds that are valued pursuant to the Firm's valuation policy.

Systems Risk

Parsifal and its management of Client portfolios is dependent upon various computer and telecommunications technologies. The successful deployment of a Client's investment strategy, the implementation and operation of such investment strategy, and various other critical activities of Parsifal on behalf of Clients could be severely compromised by telecommunications failures, power loss, software-related "system crashes," cyber-attacks (including, but not limited to, viruses, worms, Trojan horses, denial-of-service attacks, man-in-the-middle and ransomware attacks, and hacking), fire or water damage, or various other events or circumstances. Parsifal does not provide comprehensive and foolproof protection against all such events (whether because it believes such to be impractical or prohibitively expensive in terms of financial expenditures and/or scheduling delays, or for other reasons), and does not expect to secure such comprehensive or foolproof protection. Any event that interrupts Parsifal's computer and/or telecommunications operations, however, could result in, among other things, the inability to establish positions for, modify, liquidate, or monitor a Client's portfolio, and, for those and other reasons, could have a material adverse effect on Clients. In the case of the most severe business disruptions (e.g., regional power outage, cyber-attacks, or loss of personnel), Parsifal may not

resume establishing positions for, modifying, liquidating, or monitoring a Client's portfolio for one or more business days, because (among other things) such resumption is dependent on other critical business constituents, including brokers and exchanges, and on the nature of the disruption. No assurance can be made that Parsifal would be able to resume operations following a business disruption.

Legal and Regulatory Environment

The legal and regulatory environment worldwide for private investment funds (such as the Funds) and their managers is evolving. Changes in the regulation of private investment funds, their managers, and their trading and investing activities may have a material adverse effect on the ability of the Funds to pursue its investment program and the value of investments held by the Funds. There has been an increase in scrutiny of the private investment fund industry by governmental agencies and self-regulatory organizations. New laws and regulations or actions taken by regulators that restrict the ability of the Funds to pursue their investment programs or employ brokers and other counterparties could have a material adverse effect on the Funds' and the Client accounts' investments therein. In addition, the Investment Manager may, in its sole discretion, cause a Fund to be subject to certain laws and regulations if it believes that an investment or business activity is in the Fund's interest, even if such laws and regulations may have a detrimental effect on one or more Client accounts.

Governmental Interventions

Extreme volatility and illiquidity in markets has in the past led to, and may in the future lead to, extensive governmental interventions in equity, credit and currency markets. Generally, such interventions are intended to reduce volatility and precipitous drops in value. In certain cases, governments have intervened 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, these interventions have typically been unclear in scope and application, resulting in uncertainty. It is impossible to predict when these restrictions will be imposed, what the interim or permanent restrictions will be and/or the effect of such restrictions on the Funds' strategies.

Assumption of Catastrophe Risks

The Clients may be subject to the risk of loss arising from direct or indirect exposure to various catastrophic events, including the following: hurricanes, earthquakes and other natural disasters (which may be caused, or enhanced in frequency and severity, by climate change factors); war, terrorism and other armed conflicts; cyberterrorism; major or prolonged power outages or network interruptions; and public health crises, including infectious disease outbreaks, epidemics and pandemics. To the extent that any such event occurs and has a material effect on global financial markets or specific markets or issuers in which the Clients invest (or has a material negative impact on the operations of the Investment Manager or the service providers to the Clients), the risks of loss can be substantial and could have a material adverse effect on the Clients and the Investors' investments therein. Furthermore, any such event may also adversely impact one or more individual Investor's financial condition, which could result in substantial withdrawal requests by such Investors as a result of their individual liquidity situations and irrespective of an individual Client's performance.

Coronavirus Risks

In December 2019, the virus SARS-CoV-2, which causes the coronavirus disease known as COVID-19, was first identified in the human population. The disease spread around the world, resulting in the temporary closure of many corporate offices, retail stores, and manufacturing facilities across the globe, as well as the implementation of travel restrictions and remote working and

“shelter-in-place” or similar policies by numerous companies and national and local governments. These actions caused the disruption of manufacturing supply chains and consumer demand in certain economic sectors, resulting in significant disruptions in local and global economies. Such disruptions continue to be felt, as many countries and U.S. states struggle to contain the virus and its variants. The short-term and long-term impact of COVID-19 on the operations of the Investment Manager and the performance of the Clients is difficult to predict. Any potential impact on such operations and performance will depend to a large extent on future developments and actions taken by authorities and other entities to contain COVID-19 and its economic impact. These potential impacts, while uncertain, could adversely affect the performance of the Clients.

Climate Change-Related Risks

The environmental effects of climate change, including rising temperatures, extreme weather, fires, flooding, erratic weather fluctuations, agricultural failures and displacement and destabilization of human populations, could have materially adverse effects on the investments held by the Clients. The Investment Manager believes that such risks may increase over time, although the time period over which these consequences might unfold is difficult to predict.

In addition to the physical, economic and geo-political risks associated with climate change, there are transition risks. The willingness of certain governments, industries and businesses, especially those that profit from, or have a reliance on, fossil fuels, to adapt to climate change or transition to sustainable practices may also adversely affect the Clients’ investments.

Regulatory changes and divestment movements tied to concerns about climate change could adversely affect the value of certain industries whose activities or products are seen as accelerating climate change, or ill-positioned in light of the economic and social demands imposed by climate change. In recent years, certain investors have incorporated the business risks of climate change and the adequacy of companies’ responses to climate change as part of their investment theses. These shifts in investing priorities may result in adverse effects on the trading price of securities if investors determine that the company has not made sufficient progress on climate change and environmental sustainability matters whether or not climate change proves to be as severe as predicted or preventable.

The values of securities whose performance is linked to assets and revenue streams that are exposed to climate change risk, including futures and swaps that directly or indirectly reference fuel, energy, transportation and agricultural prices, real estate property values, mortgages, taxes, insurance rates and proceeds of tourism, may readily be affected by both long-term, systemic effects of climate change, as well as severe environmental events whose occurrence is inherently unpredictable.

Russia-Ukrainian Conflict

The Russian invasion of Ukraine that commenced on February 24, 2022, has resulted in complex, evolving and systemic economic effects that may influence financial benchmarks key to asset pricing, interest rates and lending availability, as well as financial and physical market liquidity, and the price and availability of essential commodities, in an unpredictable fashion for an uncertain duration. Acute effects to particular commodity and foreign securities markets are possible. Russia and Ukraine are major participants in certain commodities sectors, such as for agricultural (e.g., wheat) and energy (e.g., oil and natural gas) products. Furthermore, this conflict has also resulted in swift multilateral sanctions targeting Russia’s financial sector and access to capital markets with designations of dozens of individuals and entities, including the Russian Central Bank, several large publicly-traded Russian banks and companies, Russia’s sovereign wealth funds, and Russian oligarchs and other members of the Russian elite, including Russian Federation President Vladimir Putin. The sanctions imposed are complex and the prohibitions

apply to various types of debt and equity transactions involving sanctioned persons, including bonds, loans, loan guarantees, extensions of credit, letters of credit, stocks, share issuances, and depository receipts, among others.

The unpredictable and evolving economic effects resulting from the Russia-Ukrainian conflict and the regulations, orders, and sanctions adopted by governments in response to this conflict may affect the value of the Clients' investments or a Client's ability to acquire or dispose of such securities or investments in an efficient manner. These factors may have negative consequences for the valuation of the Clients' portfolios that the Investment Manager may be unable to anticipate or hedge against. (See "Assumption of Catastrophe Risks" above.)

Sanctions

The Clients' operations are or may become subject to economic sanctions laws and regulations of various jurisdictions. At any given time, whether under applicable law, by contractual commitment or as a voluntary risk management measure, the Clients may be required, or elect, to comply with various sanctions programs, including the Specially Designated Nationals and Blocked Persons List and Sectoral Sanctions programs administered by OFAC, the sanctions regimes administered by subsidiary organs of the United Nations Security Council, the Sanctions Orders of the Cayman Islands (including as extended to the Cayman Islands by Order of the government of the United Kingdom from time to time), and the Restrictive Measures adopted by the European Union. Some sanctions that may apply to the Clients prohibit or restrict dealings with particular identified persons. Other potentially applicable sanctions programs broadly prohibit or restrict dealings in certain countries or territories or with individuals and entities located in such countries or territories. In addition to such current sanctions, additional sanctions may be imposed in the future. Such sanctions may be imposed with little or no advance warning or "safe harbor" for compliance and may be ambiguous, including as to the scope of financial activities that regulators may ultimately deem to be covered by the sanctions.

Depending on the scope and duration of a particular sanctions program, compliance by Clients may result in a material adverse effect on the Clients and the Investors' investments therein. The Investment Manager and the Clients may be subject to heightened or targeted regulatory scrutiny and information requests as a result of such sanctions. In addition, if the Investment Manager or the Clients were to violate or be deemed in violation of any such sanction, they could face significant legal and monetary penalties. Sanctions may negatively impact the Clients' ability to effectively implement their investment strategies and have a material adverse impact on the Clients' investments in various ways, including by preventing or inhibiting the Clients from making certain investments, forcing the Clients to divest from investments previously made, and leading to substantial reductions in the revenues, profits, and value of the Clients' investments. Finally, sanctions may have broader economic implications, such as influencing the price of certain commodities, which may have adverse effects on inflation and the value of the U.S. dollar, which may adversely affect investment objectives and strategies of the Clients.

Potential Interest Rate Increases

The United States has experienced a sustained period of historically low interest rate levels. In recent years, however, short-term, and long-term interest rates have risen. The uncertainty of the U.S. and global economy, changes in U.S. government policy, and changes in the federal funds rate, increase the risk that interest rates will remain volatile in the future. Sustained future interest rate volatility may cause the value of the fixed-income securities held by the Clients to decrease, which may result in substantial Investor withdrawals that, in turn, force the Clients to liquidate such securities at disadvantageous prices negatively impacting the performance of the Clients.

Discontinuation of LIBOR

It is expected that the U.S. dollar London Interbank Offered Rate (“LIBOR”), which is commonly used as a reference rate within various financial contracts (any such rate, a “Reference Rate”), will not be published after June 30, 2023 (the one-week and two-month tenors of U.S. Dollar LIBOR ceased to be published after December 31, 2021). In anticipation of the end of LIBOR, the United States and other countries are replacing LIBOR with alternative Reference Rates. The Secured Overnight Financing Rate (“SOFR”) (and with respect to term SOFR rates, the CME’s term SOFR rates) is the Reference Rate recommended by the Alternative Reference Rates Committee (the “ARRC”) convened by the U.S. Federal Reserve Board and the Federal Reserve Bank of New York. The ARRC and regulators have stated that any party choosing another Reference Rate should do so carefully. As a general matter, the expected discontinuation of LIBOR may significantly impact financial markets; specifically, discontinuation may impact financial contracts to which the Clients are a party. Generally, the transition to alternative Reference Rates may (i) cause the value of a Reference Rate to be uncertain or to be lower or more volatile than it would otherwise be; (ii) result in uncertainty as to the functioning, liquidity or value of certain financial contracts; (iii) involve actions of regulators or rate administrators that adversely affect certain markets or specific financial contracts; and (iv) impact the strategy, products, processes, legal positions and information systems of market participants, including the Clients and their counterparties. With respect to financial contracts to which the Clients are a party, including, any such contract that has a maturity that extends beyond June 2023 and uses LIBOR as a Reference Rate (other than contracts that include curative fallback language or which have other curative mechanisms available, such as safe harbor legislation adopted in the State of New York to permit the replacement of LIBOR with the rates recommended by the ARRC in contracts governed by New York law and the Adjustable Interest Rate (LIBOR) Act included in the Consolidated Appropriations Act, 2022) may need to be renegotiated, the process of which will consume resources of the Clients and may result in disputes among counterparties, the result of which may be adverse to the Clients. Regulators encouraged market participants to cease (and in the case of entities that they regulate, have required such entities to cease) entering into new contracts that use U.S. Dollar LIBOR as a reference rate. As a result, U.S. Dollar LIBOR’s liquidity and usefulness is expected to diminish. Investors should expect that the Clients will be a party to SOFR-based contracts, or contracts utilizing different Reference Rates. Considered in their entirety, the impacts of the discontinuation of LIBOR on financial markets generally and on the specific financial contracts to which the Clients are a party may adversely affect the performance of the Clients.

MiFID II

The package of European Union market infrastructure reforms known as “MiFID II” increased regulation of trading platforms and firms providing investment services in the European Union. Among its many market infrastructure reforms, MiFID II brought in: (i) significant changes to pre- and post-trade transparency obligations applicable to financial instruments admitted to trading on EU trading venues (including a new transparency regime for non-equity financial instruments); (ii) an obligation to execute transactions in shares and derivatives on an EU regulated trading venue; and (iii) a new focus on regulation of algorithmic and high frequency trading. These reforms may lead to a reduction in liquidity in certain financial instruments over time, as some of the sources of liquidity exit European markets and may result in significant increases in transaction costs.

Although the full impact of these reforms is difficult to assess at present, it is possible that the resulting changes in the available trading liquidity options and increases in transactional costs may have an adverse effect on the ability of the Investment Manager to execute the investment program.

Item 9: Disciplinary Information

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

Item 10: Other Financial Industry Activities and Affiliations

Neither Parsifal nor its management persons are registered or have an application pending to register as a broker-dealer or registered representative of a broker-dealer.

Neither Parsifal nor its management persons are registered or have an application pending to register as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

As described in Item 5, Parsifal Capital Partners, LLC is an affiliate of Parsifal that serves as General Partner to the Funds and is controlled by Mr. Zorub. Parsifal and the General Partner share personnel who are responsible for managing the investments of multiple Clients. This simultaneous management creates conflicts as to the amount of time and resources committed by Parsifal's personnel to managing each Client's portfolio of investments. Parsifal mitigates this conflict through disclosure to its Clients and investors, as well as through policies and procedures that prohibit Parsifal's personnel from unduly favoring any one Client over another. Please refer to Item 6 above for a description of Parsifal's investment allocation policy, and Item 12 for a description of Parsifal's order aggregation policy, with respect to Parsifal's simultaneous management of Client accounts.

Parsifal and its affiliates have entered into an arrangement with the Strategic Investor (such arrangement, the "Strategic Investor Agreement"), whereby the Strategic Investor or one or more of its respective affiliates has made and maintains a significant investment in the Flagship Funds. In consideration for such investment and an initial lockup thereon (which has since expired), and notwithstanding anything to the contrary herein, the Strategic Investor is entitled to receive certain asset-based amounts (as described above) and to be allocated a portion of the Incentive Allocation and has received certain additional rights, including, without limitation: (i) consent rights over certain actions related to the Flagship Funds; (ii) advance notice with respect to certain events or actions related to Parsifal and its affiliates, the Flagship Funds and related investment vehicles; (iii) information rights (including the receipt of any notice or communication of governmental, regulatory investigation or proceeding (including any third-party civil action)) and management level transparency rights; (iv) capacity rights; (v) certain fee discount arrangements for affiliates and other persons; (vi) special withdrawal rights; and (vii) certain other rights that are in addition to, and are generally more favorable than, the rights of other investors in the Flagship Funds.

Neither the Strategic Investor nor its affiliates are a sponsor or promoter of the Flagship Funds; are active in the management or day-to-day business activities of the Flagship Funds, the General Partner (or any successor thereto), Parsifal (or any successor thereto) or any affiliates of any of the foregoing (together, the "Manager Parties"); have any involvement with or responsibility or liability to investors in the Flagship Funds, investors in any parallel funds or any other person for any Manager Party's compliance or non-compliance with applicable legal, investment, tax or regulatory requirements or for the performance of the Flagship Funds; have any duties to investors in the Flagship Funds or any investors in any parallel funds; or will be liable to investors in the Flagship Funds or any investors in any parallel funds for exercising or not exercising any rights that they may have.

Parsifal does not currently recommend or select other investment advisers for our Clients.

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

Code of Ethics

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

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

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

The Code of Ethics places certain restrictions on employees’ personal trading in “**Covered Securities**” (as defined in the Code of Ethics) whether for such employee’s personal accounts (including any other accounts in which the employee has any beneficial ownership or control) or any accounts of any members of such employee’s family/household (as described in the Code of Ethics). Employees are prohibited from purchasing certain Covered Securities, whereas other Covered Securities are permissible with prior approval or, in limited circumstances, without pre-clearance. Employees are permitted to maintain personal brokerage accounts, and are allowed to liquidate positions held prior to employment, (a “**Liquidating Trade**”) subject to pre-clearance by the CCO. Employees are prohibited from participating in Initial Public Offerings (“**IPOs**”). Employees are also prohibited from personally, or on behalf of a Client, purchasing or selling securities that appear on the Firm’s Restricted List.

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

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

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

Further, Parsifal’s employees and the General Partner may, and currently do, invest in the Funds. As a result, Parsifal, the General Partner, and certain of Parsifal’s employees have a financial interest in the investments made by the Funds. Employees also have access to information that is not available to other investors in the Funds. In addition, directors or members of Parsifal’s investment team are permitted to (but are not required to) serve, from time to time, as directors or officers, or in a similar capacity, with respect to portfolio companies, which could result in the receipt of material non-public information and other information that is not available to non-

Parsifal Investors in the Funds. In the event that Parsifal's personnel obtain material non-public information or are subject to trading restrictions with respect to a portfolio company, Parsifal and its Clients may be prohibited for a period of time from engaging in transactions with respect to the securities of such a portfolio company, which prohibition may have an adverse effect on the investment performance of Clients.

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

We will provide a copy of our Code of Ethics to our investors, or any prospective investor, upon request.

Item 12: Brokerage Practices

Parsifal is authorized to determine the broker-dealer to be used for executing securities transaction for the Clients. Although we have a duty to seek Best Execution (as described further below) when selecting broker-dealers to execute transactions, we are not required to solicit competitive bids and do not have an obligation to seek the lowest available commission cost. It is not our practice to negotiate "execution only" commission rates; therefore, the Clients may be deemed to be paying for research, brokerage or other services provided by the broker which are included in the commission rate.

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

Best Execution

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

Soft Dollars

The Firm engages in the use of "**Soft Dollars**". In such cases, Soft Dollar credits, generated by Clients' trading activities, would be used to purchase brokerage and research services. We will effect any such transactions, and receive such brokerage and research services, only to the extent they fall within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended, and subject to prevailing guidance provided by the SEC regarding Section 28(e).

When Parsifal uses client commissions to obtain Section 28(e) eligible research and brokerage products and services it receives a benefit because it does not have to produce or pay for such products or services. The CCO periodically reviews and evaluates its soft dollar practices, to determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were

reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer. This determination will be viewed in terms of either the specific transaction or Parsifal's overall responsibilities to the accounts or portfolios over which Parsifal exercises investment discretion.

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

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

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

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

Research products and services provided by brokers through which client transactions are executed, settled and cleared may include research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities, access to management and other products and services providing lawful and appropriate assistance to Parsifal in the performance of its investment decision-making responsibilities.

Brokerage for Client Referrals

In certain circumstances, Parsifal places transactions with a broker or dealer that (i) provides Parsifal with the opportunity to participate in capital introduction events sponsored by the broker-dealer or (ii) refers investors to Funds or other products advised by Parsifal (or an affiliate), if otherwise consistent with seeking best execution, provided Parsifal is not selecting the broker-dealer as a means of remuneration for the opportunity to participate in such capital introduction events or the referral of investors. This creates a conflict of interest in that Parsifal receives a benefit for directing brokerage through such broker-dealers. Parsifal selects broker-dealers consistent with its obligation to seek best execution.

Order Aggregation

From time to time, it may be appropriate for Parsifal to aggregate client orders for the purchase or sale of securities. When Parsifal has determined that an investment opportunity is appropriate for multiple Clients and that it is appropriate to do so, Parsifal aggregates Client orders for the purchase or sale of securities.

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

- Where purchase or sale orders are placed at the same time with the same order instructions (i.e., position amounts, price limits, etc.), client accounts will generally participate on an average share price basis.
- To the extent that simultaneous execution and allocation is not feasible, sequential executions may be employed. The ordering of a sequential execution would be at the discretion of Parsifal in a manner in which Parsifal considers to be appropriate taking into account all applicable Clients. Where trade orders contain different instructions or limitations, or are placed at different times, client accounts will generally pay (or receive) prices corresponding to the executed transactions based on order instructions and timing of trades.
- If the aggregated order is partially filled, it will be allocated among clients in accordance with Parsifal's general allocation of investments and aggregation of orders policies described herein.
- Personnel of Parsifal responsible for trading securities on behalf of client accounts will typically monitor the markets in which Parsifal trades in an effort to increase flexibility and efficiency of Parsifal's trading practices in order to maximize benefits for client accounts.

Item 13: Review of Accounts

Periodic Reviews

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

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

Client Reporting

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

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

Item 14: Client Referrals and Other Compensation

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

Item 15: Custody

We are deemed to have custody of the funds and securities of the Funds because our related person serves as General Partner of the Funds or because we have the authority to obtain such funds or securities, for example, by deducting advisory fees from a Fund's account or otherwise withdrawing funds from the account. We use third party unaffiliated qualified custodians to hold the funds and securities of the Funds in accordance with Rule 206(4)-2 under the Advisers Act (the "**Custody Rule**"). Account statements related to the Funds are sent by these qualified custodians to Parsifal.

We comply with the Custody Rule by meeting the conditions of the pooled investment vehicle exemption from reporting and surprise examinations. Accordingly, the Funds are subject to an annual audit by an independent auditor that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board (PCAOB), and we distribute each Fund's audited financial statements to all Investors in the Funds within 120 days following the end of such Fund's fiscal year end.

Parsifal does not have custody of the Account Clients' assets.

Item 16: Investment Discretion

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

Item 17: Voting Client Securities

We accept authority to vote securities on behalf of our Clients. Generally, Clients may not direct our vote in a particular solicitation. In compliance with Rule 206(4)-6 under the Advisers Act (i.e., the "proxy voting rule"), we have adopted proxy voting policies and procedures. The general policy is to vote all proxy proposals, amendments, consents, or resolutions (each, a "**Proxy**", and collectively, "**Proxies**") in a prudent and diligent manner that will serve the applicable Client's best interests and is in line with the Client's investment objectives.

It is our policy to generally vote or give consent on Proxies, but we reserve the right to abstain from voting or withhold consent on any Proxy if, in our judgment, the costs associated with voting such Proxy outweigh the benefits to the relevant Client or if the circumstances make such an abstention or withholding otherwise advisable and in the best interest of the relevant Client.

When voting Proxies, we may take into account any and all relevant factors, as determined by us in our discretion, including, without limitation:

- the impact on the value of the securities or instruments owned by the relevant Client and the returns on those securities;

- the anticipated associated costs and benefits;
- the continued or increased availability of portfolio information;
- industry and business practices; and
- any conflict of interest related to the voting of the Proxy.

We monitor Proxy voting decisions for any conflicts of interest, regardless of whether they are actual or perceived. If at any time a responsible Parsifal employee becomes aware of any potential, perceived, or actual conflict of interest regarding any particular Proxy voting decision, or if the employee is improperly pressured or lobbied either from within or outside of the Firm with respect to any Proxy voting decision, he or she is required to report such conflict to the CCO. The CCO, potentially with the assistance of an unaffiliated third-party, will use his best judgment to address any such conflict of interest and ensure that it is resolved in accordance with the best interest of the relevant Client.

We have engaged an independent third-party proxy voting service (the “Proxy Service”), which provides us with voting recommendations and other Proxy voting services. We will generally vote in accordance with the recommendations of the Proxy Service, except in certain circumstances where rejecting the recommendation is in the best interests of the relevant Client. We periodically evaluate the ability of the Proxy Service in assisting us in voting in each of our Client’s best interest. As part of this assessment, we may consider, but are not limited to evaluating, whether the Proxy Service: has the capacity and competency to adequately analyze the relevant Proxy matters; has an effective process for seeking timely input from issuers and its clients with respect to, for example, updating its proxy voting policies, and methodologies; adequately discloses to us its methodologies in formulating recommendations; implements procedures to identify and addresses conflicts of interest; and maintains appropriate policies and procedures for obtaining current and accurate information relevant to Proxy voting on which it makes voting recommendations.

Clients and Investors may obtain a copy of our proxy voting policies and our proxy voting record, upon request, by calling (203) 266-3200 or emailing IR@Parsifalmanagement.com.

Item 18: Financial Information

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