



Firm Brochure for Discretionary Consulting Services

(Part 2A of Form ADV)

This brochure provides information about the qualifications and business practices of LCG Associates, Inc. ("LCG"). If you have any questions about the contents of this brochure, please contact John W. Burgin, CPA, LCG's Chief Compliance Officer and Chief Financial Officer, at (770) 644-0100 or by e-mail at jburgin@lcgassociates.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training and does not indicate approval of LCG's activities.

Additional information about LCG also is available on the SEC's website at www.adviserinfo.sec.gov. LCG's CRD number is 105971.

LCG Associates, Inc.
400 Galleria Parkway, Suite 1800
Atlanta, Georgia 30339
Phone: (770) 644-0100
Fax: (770) 644-0105
Website: www.lcgassociates.com
E-mail: jburgin@lcgassociates.com

12700 Park Central Drive, Suite 1912
Dallas, Texas 75251
Phone: (972) 387-9821
Fax: (972) 387-4001

Website: www.lcgassociates.com
E-mail: jburgin@lcgassociates.com

Date: March 27, 2012

Material Changes

Annual Update

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure for Discretionary Consulting Services.

Material Changes since the Last Update

The United States Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization.

LCG Associates, Inc. (“LCG”) created a discretionary hedged equity pooled investment vehicle exclusively for LCG non-discretionary clients. LCG clients who invest in the pooled vehicle do not pay management or performance fees to LCG. The vehicle is known as the LCG Hedged Equity Fund, Ltd. (“LCG HEF”), a Cayman Islands exempted limited company. LCG HEF is a concentrated portfolio designed with the goal of giving clients a group of direct managers without paying an additional layer of fees at the fund-of-funds level.

For high net worth investors and small institutions, LCG has also created a discretionary pooled investment vehicle, LCG Diversified Total Return Fund, LP (“LCG DTRF”), a Delaware limited partnership. LCG DTRF was designed to invest across multiple asset classes with a goal of providing investors a diversified portfolio. Additionally, LCG now owns Discretionary Management, LLC, a Delaware limited liability company, which serves as the General Partner to LCG DTRF.

LCG Holdings, Inc., LCG’s parent company, now owns LCG Partners Management, LLC, a Delaware limited liability company, which serves as the General Partner to LCG Investment Partners, LP, a pooled investment vehicle, whose sole purpose is to invest the capital of LCG Holdings, Inc. and certain members of the LCG Board of Directors. Clients can not invest in LCG Investment Partners, LP.

This Brochure was prepared exclusively for potential investors in the LCG Funds. If you would like information about our other services, our Firm Brochure for Non-Discretionary Consulting Services is available upon request and is also available via the SEC’s web site www.adviserinfo.sec.gov.

Brochure Available

This is a complete copy of LCG's Firm Brochure for Discretionary Consulting Services (Part 2A of Form ADV). If you wish to receive another copy, please contact John W. Burgin, CPA, LCG's Chief Compliance Officer and Chief Financial Officer, by telephone at (770) 644-0100 or by e-mail at jburgin@lcgassociates.com.

LCG must provide each client with a copy of Part 2A of Form ADV at or prior to entering into any agreement, whether written or oral, to provide services to such client.

As in the past, LCG will continue to mail a copy of LCG's Firm Brochure for Discretionary Consulting Services (Part 2A of Form ADV), the Firm Brochure Supplement, and a copy of its Code of Business Conduct and Ethics to all clients annually – without clients having to request these documents. Pursuant to new SEC rules, LCG will ensure clients receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of the Firm's fiscal year. In the event of a material revision to any of the above documents, LCG will automatically mail the revised document(s) to all clients.

Additional information about LCG, including the Firm Brochure for Non-Discretionary Consulting Services, is also available via the SEC's web site www.adviserinfo.sec.gov. A Firm Brochure for Non-Discretionary Consulting Services is available upon request as well.

Table of Contents

Material Changes.....	i
Annual Update	i
Material Changes since the Last Update	i
Brochure Available	ii
Item 4 Advisory Business.....	3
Firm Description.....	3
Principal Owners.....	3
Types of Advisory Services.....	4
Tailored Relationships	5
Item 5 Fees and Compensation.....	5
Description	5
Fee Billing	6
Item 6 Performance-Based Fees and Side-By-Side Management.....	7
Item 7 Types of Clients	7
Description	7
Account Minimums.....	7
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss	8
Methods of Analysis.....	8
Investment Strategies	8
Risk of Loss	10
Item 9 Disciplinary Information	20
Legal and Disciplinary.....	20
Item 10 Other Financial Industry Activities and Affiliations	20
Financial Industry Activities.....	20
Financial Industry Affiliations	21
Item 11 Code of Business Conduct and Ethics, Participation or Interest in Client Transactions and Personal Trading	22
Code of Business Conduct and Ethics.....	22
Participation or Interest in Client Transactions.....	22

Personal Trading.....	23
Item 12 Brokerage Practices	24
Selecting Brokerage Firms.....	24
Best Execution	24
Soft Dollars	24
Item 13 Review of Accounts.....	25
Periodic Reviews	25
Review Triggers.....	25
Regular Reports.....	25
Item 14 Client Referrals and Other Compensation.....	25
Incoming Referrals.....	25
Referrals Out	26
Item 15 Custody.....	26
Item 16 Investment Discretion	26
Discretionary Authority	26
Item 17 Voting Client Securities.....	26
Proxy Voting	26
Item 18 Financial Information.....	27
Financial Condition	27
Item 19 Requirements for State-Registered Advisers.....	27
General	27
Business Continuity Plan	27
General	27

Item 4 Advisory Business

Firm Description

LCG Associates, Inc. ("LCG") was founded in May 1973 and is headquartered in Atlanta, Georgia with an office in Dallas, Texas. LCG is a full-service investment consulting firm. As an independent and employee-owned firm, LCG provides objective advice to a select number of clients. LCG's clients are corporations, utilities, non-profits, family offices, and other investors. LCG is committed to providing strategic solutions for each client.

LCG is 100% employee-owned. LCG does not receive "finder's fees," commissions, soft dollars, or rebates from any investment management firm. LCG does not sell performance data to investment managers nor does LCG charge investment managers to have their information in LCG's proprietary database. Because 100% of LCG's revenues are from clients, LCG provides objective and independent recommendations.

LCG recognizes and accepts in writing the role and responsibilities of a fiduciary to client assets. LCG believes its role is to also provide non-discretionary clients with recommendations and assist clients to make effective decisions.

LCG provides discretionary consulting services to LCG Diversified Total Return Fund, LP and LCG Hedged Equity Fund, Ltd. (the "Funds").

Principal Owners

LCG is a wholly-owned subsidiary of LCG Holdings, Inc. The owners of LCG Holdings, Inc. are 23 active, full-time employees of LCG. The principal owners are:

Edward F. Johnson	President and Chief Executive Officer / Chairman of the Board of Directors
John W. Burgin, CPA	CFO and CCO / Board Member
Anthony M. Daniel, Jr., CFA	Senior Vice President / Board Member
Brian J. Falco	Senior Vice President / Board Member
Scott M. Freeman	Senior Vice President / Board Member
David R. Emerson, CFA, CAIA	Senior Vice President
Michael T. Lubin, CFA	Senior Vice President / Board Member
David D. Ritter, CFA	Senior Vice President / Board Member
Kathleen C. Taylor, CFA	Senior Vice President / Board Member
Jared L. Shope	Vice President

No employee owns more than 25% of LCG's stock.

LCG Holdings, Inc. also owns LCG Partners Management, LLC, a Delaware limited liability company, which serves as the General Partner to LCG Investment Partners, LP, a Delaware limited partnership whose sole purpose is to invest capital of LCG Holdings, Inc. and certain members of the LCG Board of Directors. Clients cannot invest in LCG Investment Partners, LP.

LCG owns Discretionary Management, LLC, a Delaware limited liability company, which serves as the General Partner to LCG Diversified Total Return Fund, LP, a Delaware limited partnership.

Types of Advisory Services

Discretionary Consulting Services

LCG acts as a discretionary consultant to LCG Diversified Total Return Fund, LP and LCG Hedged Equity Fund, Ltd. (the "Funds").

While LCG has complete discretion and authority to manage and direct the investments of the Funds, it does not invest the Funds' capital directly. LCG generally pursues the investment objectives of the Funds by investing substantially all of the Funds' assets in investment funds. This includes mutual funds, commingled funds, hedge funds, private partnerships, limited liability companies, registered investment companies, and other investment vehicles ("Investment Funds"). The Investment Funds are managed by a group of third-party investment managers ("Investment Managers") identified by LCG to allocate investments across markets, asset classes, and strategies. This structure is commonly referred to as a fund-of-funds.

As of February 29, 2012, LCG has approximately \$12,200,000 in discretionary assets under management.

Non-discretionary Consulting Services

LCG provides non-discretionary consulting services to clients. The scope of services LCG offers to non-discretionary clients may include, but is not limited to:

- Investment policy development
- Investment manager guidelines
- Spending policy modeling and development
- Asset / liability studies for retirement plans
- Asset allocation modeling
- Asset class research, analysis, and recommendations
- Traditional and alternative manager search
- 401(k) / 403(b) strategies

- Performance measurement and evaluation
- Performance attribution analysis
- Fee analysis and negotiation
- Securities lending analysis and policy development
- Commission recapture program analysis
- Master trustee analysis and search
- Nuclear Decommissioning Trust ("NDT") services

As of December 31, 2011, LCG has approximately \$54,268,300,000 in non-discretionary assets under management.

Tailored Relationships

The Funds are eligible for investment by certain sophisticated high net worth individuals, foundations, endowments, corporations, educational institutions, healthcare systems, religious organizations and family trusts.

Investors in LCG Diversified Total Return Fund, LP must qualify as an "accredited investor" as defined in Regulation D under the Securities Act of 1933.

Investors in LCG Hedged Equity Fund, Ltd. must qualify as a "qualified purchaser" as defined in the Investment Company Act of 1940. Additionally, LCG Hedged Equity Fund, Ltd. is only eligible for investment by current non-discretionary clients of LCG.

LCG has complete discretion and authority to manage and direct the investments of the Funds. Investors may not impose restrictions on investing in certain Investments Funds.

Investors in the Funds may redeem all or a portion of their investment as of the last business day of any calendar quarter, upon at least 65 days' written notice after a 12 month lock-up period.

Item 5 Fees and Compensation

Description

The annual management fee for LCG Diversified Total Return Fund, LP is 1.00% of assets.

LCG does not charge a management fee for LCG Hedged Equity Fund, Ltd.

LCG does not receive any compensation in the form of performance-based fees.

Investors in the Funds bear asset-based fees and performance-based fees and allocations at the Investment Fund level. Moreover, Investors in the Funds bear a proportionate share of the fees and expenses of the Funds (including operating costs, sales charges, brokerage transaction expenses, and administrative fees) and, indirectly, similar expenses of the Investment Funds. Some investors may be able to invest in the Investment Funds directly thus avoiding the multiple layer of fees and expenses.

Fee Billing

LCG Diversified Total Return Fund, LP ("LCG DTRF") pays LCG an investment management fee (the "Investment Management Fee"), accrued monthly and payable quarterly in arrears, equal to 1.00% on an annualized basis of LCG DTRF's net assets as of each month-end. In the case of a partial month, the Investment Management Fee is based on the number of days during the month in which the Adviser invested Fund assets.

The Investment Management Fee is paid to LCG out of the capital account of each limited partner (each, a "Limited Partner" and collectively, the "Limited Partners") of LCG DTRF and will decrease the net profits or increase the net losses of LCG DTRF that are credited to or debited against the capital accounts of its limited partners. The Investment Management Fee is computed as a percentage of the capital account of each limited partner of LCG DTRF, valued based on the net assets of LCG DTRF as of the last business day of each month, and is due and payable in arrears after the end of the quarter. "Net assets" means the total value of all assets of LCG DTRF, less an amount equal to all accrued debts, liabilities and obligations of LCG DTRF.

The Investment Funds' asset-based fees and performance-based fees, as well as fees and expenses of the Investment Funds (including but not limited to operating costs, sales charges, brokerage transaction expenses, and administrative fees) and are charged against the Investors' Net Asset Value of the Funds.

Additionally, fees and expenses of the Funds (including but not limited to operating costs and administrative fees) are charged against the Investors' Net Asset Value of the Funds.

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

For its discretionary consulting services, LCG charges a 1.00% management fee for the LCG Diversified Total Return Fund, LP, but does not charge a management fee for the LCG Hedged Equity Fund, Ltd. LCG does not charge performance-based fees for the Funds.

For its non-discretionary consulting services, LCG does not charge performance-based fees.

Item 7 Types of Clients

Description

The Funds are eligible for investment by certain sophisticated high net worth individuals, foundations, endowments, corporations, educational institutions, healthcare systems, religious organizations and family trusts.

Investors in LCG Diversified Total Return Fund, LP must qualify as an “accredited investor” as defined in Regulation D under the Securities Act of 1933.

Investors in LCG Hedged Equity Fund, Ltd. must qualify as a “qualified purchaser” as defined in the Investment Company Act of 1940. Additionally, LCG Hedged Equity Fund, Ltd. is only eligible for investment by current non-discretionary clients of LCG.

LCG has complete discretion and authority to manage and direct the investments of the Funds. Investors may not impose restrictions on investing in certain Investments Funds.

Account Minimums

Generally, the Funds impose a \$5,000,000 minimum initial contribution, but the minimum may be waived by the General Partner with respect to LCG Diversified Total Return Fund, LP or by the Directors with respect to LCG Hedged Equity Fund, Ltd.

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

Methods of Analysis

In general, LCG employs the following investment process for the Funds (which may be adjusted over time):

Asset Allocation and Portfolio Design – LCG develops an asset allocation mix by using proprietary asset allocation models as well as considering capital market expectations, volatility, and correlations of asset classes. LCG takes a strategic view towards asset allocation and does not attempt to time various markets over longer periods. While the asset allocation is approached from a long-term strategic perspective, there will be times that the Funds take advantage of shorter-term capital market dislocations and opportunities.

Investment Manager and Investment Fund Due Diligence and Selection – LCG selects Investment Managers and Investment Funds identified through its due diligence process to implement the Funds' asset allocation strategy. When reviewing and evaluating Investment Managers and Investment Funds, LCG considers quantitative and qualitative factors, including organizational structure, investment professionals, investment philosophy and process, and performance track record. On-going due diligence is performed on the Investment Managers through a variety of methods.

Performance Review and Monitoring – LCG reviews and monitors Investment Managers, Investment Funds and the Funds' performance on a regular basis to determine if investment goals and objectives are being met.

Investment Strategies

LCG Diversified Total Return Fund, LP ("LCG DTRF"): The investment objective of LCG DTRF is to preserve capital and to generate long-term capital appreciation over a full market cycle. LCG DTRF will employ a fund-of-funds investment structure which can provide a number of important benefits, including (i) diversification among investment styles and investment strategies of managers that is greater than an individual investor could achieve with the same dollar of invested capital; (ii) access to professional management with expertise in selecting strategies and allocating assets among managers; and (iii) ongoing review and monitoring of managers and

their performance. LCG DTRF generally pursues its investment objective by investing substantially all of its assets in investment funds (including mutual funds, commingled funds, hedge funds, private partnerships, limited liability companies, registered investment companies and other investment vehicles) (the "Investment Funds"), which are managed by a group of third-party investment managers (the "Investment Managers") identified by LCG to allocate investments across markets, asset classes and strategies. The Investment Managers will employ differing styles, approaches, and processes. The combination of investments will vary from time to time in response to changing capital market developments and opportunities. Investment Managers may invest in a wide range of markets and securities, including, without limitation, U.S. and non-U.S. equities and equity-related instruments, currencies, commodities, real estate, financial futures, fixed income, debt-related instruments and other derivative products. In addition to benefiting from the Investment Managers' individual investment strategies, LCG DTRF expects to achieve the benefits of making a diversified allocation of its assets among a select group of Investment Managers across numerous markets and asset classes. LCG expects that by investing through multiple Investment Funds and across multiple asset classes, LCG DTRF may reduce the volatility inherent in a more concentrated portfolio that is invested in fewer Investment Funds and/or asset classes. LCG DTRF leverages LCG's employees, systems, investment processes, and experience in capital markets and asset allocation, as well as LCG's knowledge of and access to Investment Funds that may not otherwise be available to individual investors. As such, LCG monitors and evaluates the capital markets, LCG DTRF's asset allocation, and LCG DTRF's Investment Managers and Investment Funds.

LCG Hedged Equity Fund, Ltd. ("LCG HEF"): The investment objective of LCG HEF is to generate long-term capital appreciation over a full market cycle with less risk than the market. LCG HEF will employ a fund-of-funds investment structure which can provide a number of important benefits, including (i) diversification among investment styles and investment strategies of managers that is greater than an individual investor could achieve with the same dollar of invested capital; (ii) access to professional management with expertise in selecting strategies and allocating assets among managers; and (iii) ongoing review and monitoring of managers and their performance. LCG HEF generally pursues its investment objective by investing substantially all of its assets in investment funds (including mutual funds, commingled funds, hedge funds, private partnerships, limited liability companies, registered investment companies and other investment vehicles) (the "Investment Funds"), which are managed by a group of third-party investment managers (the "Investment Managers") identified by LCG, to allocate investments across markets and strategies with a focus primarily on investing long and short in publicly traded equity securities. The Investment Managers will employ differing styles, approaches, and processes. The combination of

investments will vary from time to time in response to changing capital market developments and opportunities. Investment Managers may invest in a wide range of markets and securities, including, without limitation, U.S. and non-U.S. equities and equity-related instruments, financial futures and other derivative products. In addition to benefiting from the Investment Managers' individual investment strategies, LCG HEF expects to achieve the benefits of making a diversified allocation of its assets among a select group of Investment Managers across numerous markets and investment styles. LCG expects that by investing through multiple Investment Funds, LCG HEF may reduce the volatility inherent in a more concentrated portfolio that is invested in fewer Investment Funds and/or investment styles. LCG HEF leverages LCG's employees, systems, investment processes, and experience in capital markets and asset allocation, as well as LCG's knowledge of and access to Investment Funds that may not otherwise be available to individual investors. As such, LCG monitors and evaluates the capital markets, LCG HEF's asset allocation, and LCG HEF's Investment Managers and Investment Funds.

Risk of Loss

Risk is involved in any investment. Investments in the Funds are speculative and are meant for sophisticated investors. An investor may lose all or a substantial part of its investments in the Funds. Fund-of-funds have a number of layers of fees and expenses which may offset profits. This is a brief summary of investment risks and does not purport to highlight all dimensions of risks. A more detailed description of risks associated with investments in the Funds can be found in each Fund's offering documents.

LCG Diversified Total Return Fund, LP ("LCG DTRF")

Limited Operating History. LCG DTRF commenced operations in January 2012, and, therefore, has a limited operating history upon which prospective investors may evaluate LCG DTRF's future performance.

Fund Not Registered. LCG DTRF is not and will not be registered under the Investment Company Act. The Investment Company Act provides certain protections to investors that will not be applicable to the Limited Partners as investors in LCG DTRF and imposes certain restrictions on registered investment companies, none of which will be applicable to LCG DTRF.

Illiquidity of Interests. The Interests offered have not been registered under federal or state securities laws and are subject to restrictions on transfer

contained in such laws and the Partnership Agreement. In addition, except for specific circumstances, the Interests are not transferable except with the prior written consent of the General Partner, whose consent may be withheld in its sole discretion. The General Partner may prohibit a transfer of Interests to a non-U.S. person or if such transfer would cause LCG DTRF to be treated as a publicly traded partnership. Pursuant to the Partnership Agreement, Limited Partners may withdraw from LCG DTRF only upon compliance with certain restrictions. There will not be any public market for the Interests, and such lack of public market may cause the Interests to be illiquid to the Limited Partners.

Lack of Management Control by Investors. Investors will become Limited Partners of LCG DTRF. The Limited Partners cannot take part in the management or control of LCG DTRF's business, which is the sole responsibility of the General Partner. The General Partner (and LCG, under the Investment Management Agreement) has wide latitude in making investment decisions. The Limited Partners do not have such rights. The General Partner may require any Limited Partner, at any time, to withdraw, in whole or in part, from LCG DTRF.

Limited Ability to Withdraw Capital. Limited Partners' ability to make withdrawals from their capital accounts is limited, and withdrawal notices must be given at least 65 days before the effective date of withdrawal. Consequently, the net asset value of LCG DTRF could vary materially from the net asset value at the time by which irrevocable withdrawal requests must be submitted.

Effects of Substantial Withdrawals. Substantial withdrawals by Limited Partners within a short period of time could require the General Partner to arrange for LCG DTRF's positions to be liquidated more rapidly than would otherwise be desirable, which could adversely affect the value of the remaining Interests. In addition, regardless of the period of time in which withdrawals occur, the resulting reduction in LCG DTRF's assets could make it more difficult to generate a positive rate of return or recoup losses due to a reduced equity base.

Reliance on the Investment Adviser and Key Personnel. Pursuant to the terms of the Investment Management Agreement, LCG as the Adviser to LCG DTRF has full discretionary authority to identify, structure, execute, administer, monitor and liquidate trades made on behalf of LCG DTRF. The inability of LCG to continue as the investment adviser to LCG DTRF and the

loss of services of key personnel of LCG could have a material adverse effect on the potential performance of LCG DTRF.

Regulatory Review and Audit. Because LCG is a registered investment adviser, the Adviser, and indirectly LCG DTRF, will be subject to audits and a higher level of regulatory scrutiny by the U.S. Securities and Exchange Commission (the "SEC") than would be the case if LCG were not so registered.

General Partner's Limited Liability. Under the Partnership Agreement, the General Partner is not liable to LCG DTRF or to the Limited Partners for any claims or losses caused by acts performed by it, or for any failure to act, except when directly attributable to the General Partner's own fraud, bad faith, willful misconduct or gross negligence, and under certain circumstances, the General Partner will be entitled to indemnification from LCG DTRF. It is the policy of the SEC that indemnification for securities law violations is against public policy, and therefore, unenforceable. The Partnership Agreement also provides that each Limited Partner agrees to waive to the fullest extent permitted under Delaware law any fiduciary duty that might otherwise be owed to such Limited Partner by the General Partner.

Adviser's Limited Liability. Under the terms of the Investment Management Agreement, LCG DTRF has agreed that LCG and its employees, in the absence of willful misfeasance, bad faith, gross negligence or reckless disregard of the Adviser's obligations to LCG DTRF, or as otherwise prescribed by applicable law, will not be liable for any loss sustained by LCG DTRF. LCG will not be liable for any act or omission of any broker or similar agent it uses to effect transactions in securities on LCG DTRF's behalf or for the financial solvency of any such broker or agent.

Conflicts of Interest. The investment activities of LCG, its investment managers, and their respective affiliates, and their directors, trustees, managers, members, partners, officers, and employees, for their own accounts and other accounts they manage, may give rise to conflicts of interest that could disadvantage LCG DTRF and the Limited Partners. In addition to serving as the investment adviser to LCG DTRF, LCG has been and will continue to conduct other business activities. LCG may act as investment advisor, sponsor, manager, or general partner for other clients' accounts and collective investment vehicles and may give advice and take action with respect to any of those clients' accounts and pooled investment vehicles that may differ from the advice given, or the timing or nature of action taken, with respect to LCG DTRF. The Adviser, its affiliates and their

respective shareholders, officers, directors and employees may engage in transactions or investments or cause or advise other clients to engage in transactions or investments that may differ from the transactions or investments engaged in by or for the account of LCG DTRF. In advising other clients, the Adviser may invest in securities in a way that conflicts with the strategies and positions of LCG DTRF.

Valuations; Estimates. The General Partner is responsible for calculating the net asset value of LCG DTRF. These valuations are expected to generally be provided on a monthly basis, and, as such, may be estimated and will be unaudited. The General Partner is entitled and will rely without further inquiry upon such valuations provided by the Investment Funds. To the extent that the value assigned by LCG DTRF to any investment differs from the actual value, the net asset value of a Limited Partner's capital account may be understated or overstated, as the case may be. Except in extraordinary situations, no adjustments will be made when these estimates are finalized.

Importance of Market Judgment. The discretionary market judgment of the Adviser and its personnel are integral to the implementation of its investment styles. Discretionary action by managers is subject to the risk of bad judgment and emotionalism.

Diversification Policies. Although diversification is an integral part of LCG DTRF's investment objective and overall portfolio risk management process, the Adviser is not restricted as to the percentage of LCG DTRF's assets that may be invested in any particular issuer, industry, instrument, market or investment style.

Changes in Applicable Law. LCG DTRF must comply with various legal requirements, including requirements imposed by the federal securities laws, tax laws and pension laws. Should any of those laws change over time, the legal requirements to which LCG DTRF and the Limited Partners may be subject could differ materially from current requirements.

Reserve for Contingent Liabilities. Under certain circumstances, LCG DTRF may find it necessary to establish a reserve for contingent liabilities or withhold a portion of a Limited Partner's settlement proceeds at the time of withdrawal, in which case, the reserved portion would remain at the risk of LCG DTRF's activities. This could happen if, for example, LCG DTRF or a

fund in which LCG DTRF invests is involved in litigation or subject to an audit by the Service.

Side Letters. LCG DTRF may from time to time seek to induce investment in LCG DTRF by offering investment terms to certain prospective investors which are not available to existing investors in LCG DTRF. In such cases the parties will enter into a written side arrangement varying the standard terms of offer herein. Such variations may include, without limitation, variations to investment portfolio, minimum and additional subscription amounts, currency of denomination, permitted subscription and withdrawal dates, withdrawal frequency and notice periods, minimum and maximum aggregate subscription amounts, informational rights, capacity rights, Limited Partner eligibility requirements and other rights, with the effect that not all investors in LCG DTRF will invest on the same terms and some investors may be expected to enjoy more favorable terms than others.

Side Pockets. The General Partner may determine to create a “side pocket” within LCG DTRF, to which the General Partner may determine to allocate or attribute particular investments or assets, including, without limitation, investments or assets which are illiquid, difficult to value, subject to lock up or non-withdrawal provisions, subject to special circumstances in the opinion of the General Partner, or such assets and investments which it may be prudent, necessary or desirable in the opinion of the General Partner to segregate from other assets or investments of LCG DTRF. The General Partner may determine to apply and/or impose particular investment restrictions with respect to the side pocketed assets.

No Representation. LCG DTRF’s legal counsel does not represent prospective investors in connection with the private placement offering of the Interests (the “Offering”). Prospective investors are advised to consult their own counsel with respect to legal and tax consequences of investing in LCG DTRF.

Lack of Transparency. Limited partnerships (such as LCG DTRF) are private investment funds that conform to certain requirements and are eligible for various exemptions from regulation. As such, they generally are not subject to reporting requirements or regulatory restrictions on leverage or trading styles. Although LCG DTRF regards information concerning its positions held or leverage used as confidential and proprietary, it is a proponent of increased transparency and will help to educate investors who would like to understand more about LCG DTRF’s underlying positions.

Investments in the Investment Funds. Because LCG DTRF invests in Investment Funds, the value of an investment in LCG DTRF will be affected by the investment policies and decisions of the Investment Manager of each Investment Fund in direct proportion to the amount of LCG DTRF assets that are invested in each Investment Fund. The Net Asset Value (“NAV”) of the interests of the Investment Funds, and, as a result, the NAV of LCG DTRF, will fluctuate in response to, among other things, various market and economic factors related to the markets in which the Investment Funds invest and the financial condition and prospects of issuers in which the Investment Funds invest.

Multiple Levels of Fees and Expenses. Although in many cases investor access to the Investment Funds may be limited or unavailable, an investor who meets the conditions imposed by an Investment Fund may be able to invest directly with the Investment Fund. By investing in Investment Funds indirectly through LCG DTRF, the investor bears asset-based fees for LCG DTRF, in addition to any asset-based fees and performance-based fees and allocations at the Investment Fund level. Moreover, an investor in LCG DTRF bears a proportionate share of the fees and expenses of LCG DTRF (including organizational and private placement expenses, operating costs, sales charges, brokerage transaction expenses, and administrative fees) and, indirectly, similar expenses of the Investment Funds.

LCG Hedged Equity Fund, Ltd. (“LCG HEF”)

Limited Operating History. LCG HEF was incorporated in October 2011, and, therefore, has a limited operating history upon which prospective investors may evaluate LCG HEF’s future performance.

Fund Not Registered. LCG HEF is not and will not be registered under the Investment Company Act. The Investment Company Act provides certain protections to investors that will not be applicable to the Shareholders as investors in LCG HEF and imposes certain restrictions on registered investment companies, none of which will be applicable to LCG HEF.

Illiquidity of Shares. The Shares offered have not been registered under federal or state securities laws and are subject to restrictions on transfer contained in such laws and the Articles of Association. In addition, except for specific circumstances, the Shares are not transferable except with the prior written consent of the Directors, whose consent may be withheld in its sole discretion. Pursuant to the Articles of Association, Shareholders may redeem

their Shares only upon compliance with certain restrictions. There will not be any public market for the Shares, and such lack of public market may cause the Shares to be illiquid to the Shareholders.

Lack of Management Control by Investors. Investors will become Shareholders of LCG HEF. The Shareholders cannot take part in the management or control of LCG HEF's business, which is the sole responsibility of the Directors. The Directors (and the Investment Adviser, LCG Associates, Inc. ("LCG") under the Investment Management Agreement) have wide latitude in making investment decisions. The Shareholders do not have such rights. The Directors may require any Shareholder, at any time, to redeem his or its Shares, in whole or in part.

Limited Ability to Redeem Shares. Shareholders' ability to redeem their Shares is limited, and redemption notices must be given at least 65 days before the effective date of the redemption. Consequently, the net asset value of LCG HEF could vary materially from the net asset value at the time by which irrevocable redemption requests must be submitted.

Effects of Substantial Redemptions. Substantial redemptions by Shareholders within a short period of time could require the Directors to arrange for LCG HEF's positions to be liquidated more rapidly than would otherwise be desirable, which could adversely affect the value of the remaining Shares. In addition, regardless of the period of time in which redemptions occur, the resulting reduction in LCG HEF's assets could make it more difficult to generate a positive rate of return or recoup losses due to a reduced equity base.

Reliance on the Investment Adviser and Key Personnel. Pursuant to the terms of the Investment Management Agreement, LCG has full discretionary authority to identify, structure, execute, administer, monitor and liquidate trades made on behalf of LCG HEF. The inability of LCG to continue as the investment adviser to LCG HEF and the loss of services of key personnel of LCG could have a material adverse effect on the potential performance of LCG HEF.

Regulatory Review and Audit. Because LCG is a registered investment adviser, LCG, and indirectly LCG HEF, will be subject to audits and a higher level of regulatory scrutiny by the U.S. Securities and Exchange Commission (the "SEC") than would be the case if LCG were not so registered.

Indemnification of Directors. Under the Articles of Association, LCG HEF has granted indemnities to the Directors in respect of any loss or damages which they may suffer save where this results from the Directors' fraud, gross negligence or willful misconduct. It is the policy of the SEC that indemnification for securities law violations is against public policy, and therefore, unenforceable.

Investment Advisor's Limited Liability. Under the terms of the Investment Management Agreement, LCG HEF has agreed that LCG and its employees, in the absence of willful misfeasance, bad faith, gross negligence or reckless disregard of LCG's obligations to LCG HEF, or as otherwise prescribed by applicable law, will not be liable for any loss sustained by LCG HEF. LCG will not be liable for any act or omission of any broker or similar agent it uses to effect transactions in securities on LCG HEF's behalf or for the financial solvency of any such broker or agent.

Conflicts of Interest. The investment activities of LCG, its investment managers, and their respective affiliates, and their directors, trustees, managers, members, partners, officers, and employees, for their own accounts and other accounts they manage, may give rise to conflicts of interest that could disadvantage LCG HEF and the Shareholders. In addition to serving as the investment adviser to LCG HEF, LCG has been and will continue to conduct other business activities. LCG may act as investment advisor, sponsor, manager, or general partner for other clients' accounts and collective investment vehicles and may give advice and take action with respect to any of those clients' accounts and pooled investment vehicles that may differ from the advice given, or the timing or nature of action taken, with respect to LCG HEF. LCG, its affiliates and their respective Shareholders, officers, directors and employees may engage in transactions or investments or cause or advise other clients to engage in transactions or investments that may differ from the transactions or investments engaged in by or for the account of LCG HEF. In advising other clients, LCG may invest in securities in a way that conflicts with the strategies and positions of LCG HEF.

Valuations; Estimates. LCG is responsible for calculating the net asset value of LCG HEF. These valuations are expected to generally be provided on a monthly basis, and, as such, may be estimated and will be unaudited. LCG is entitled and will rely without further inquiry upon such valuations provided by the Investment Funds. To the extent that the value assigned by LCG HEF to any investment differs from the actual value, the net asset value of any Class of shares may be understated or overstated, as the case may be. Except in extraordinary situations, no adjustments will be made when these estimates are finalized.

Importance of Market Judgment. The discretionary market judgment of LCG and its personnel are integral to the implementation of its investment styles. Discretionary action by managers is subject to the risk of bad judgment and emotionalism.

Diversification Policies. Although diversification is an integral part of LCG HEF's investment objective and overall portfolio risk management process, LCG is not restricted as to the percentage of LCG HEF's assets that may be invested in any particular issuer, industry, instrument, market or investment style.

Changes in Applicable Law. LCG HEF must comply with various legal requirements, including requirements imposed by the federal securities laws, tax laws and pension laws. Should any of those laws change over time, the legal requirements to which LCG HEF and the Shareholders may be subject could differ materially from current requirements.

Reserve for Contingent Liabilities. Under certain circumstances, LCG HEF may find it necessary to establish a reserve for contingent liabilities or withhold a portion of a Shareholder's settlement proceeds at the time of redemption, in which case, the reserved portion would remain at the risk of LCG HEF's activities. This could happen if, for example, LCG HEF or a fund in which LCG HEF invests is involved in litigation or subject to an audit by the U.S. Internal Revenue Service (the "Service").

Side Letters. LCG HEF may from time to time seek to induce investment in LCG HEF by offering investment terms to certain prospective investors which are not available to existing investors in LCG HEF. In such cases the parties will enter into a written side arrangement varying the standard terms of offer herein. Such variations may include, without limitation, variations to investment portfolio, minimum and additional subscription amounts, currency of denomination, permitted subscription and redemption dates, redemption frequency and notice periods, minimum and maximum aggregate subscription amounts, informational rights, capacity rights, Shareholder eligibility requirements and other rights, with the effect that not all investors in LCG HEF will invest on the same terms and some investors may be expected to enjoy more favorable terms than others.

Side Pockets. LCG may determine to create a "side pocket" within LCG HEF, to which LCG may determine to allocate or attribute particular

investments or assets, including, without limitation, investments or assets which are illiquid, difficult to value, subject to lock up or non-withdrawal provisions, subject to special circumstances in the opinion of LCG, or such assets and investments which it may be prudent, necessary or desirable in the opinion of LCG to segregate from other assets or investments of LCG HEF. Shareholders will be issued Special Situations Shares in respect of any Side Pockets which are not redeemable at the option of Shareholders, but which may be compulsorily redeemed by LCG HEF. LCG may determine to apply and/or impose particular investment restrictions with respect to the side pocketed assets.

No Representation. LCG HEF's legal counsel does not represent prospective investors in connection with the private placement offering of the Shares. Prospective investors are advised to consult their own counsel with respect to legal and tax consequences of investing in LCG HEF.

Lack of Transparency. Exempted limited companies (such as LCG HEF) are private investment funds that conform to certain requirements and are eligible for various exemptions from regulation. As such, they generally are not subject to reporting requirements or regulatory restrictions on leverage or trading styles. Although LCG HEF regards information concerning its positions held or leverage used as confidential and proprietary, it is a proponent of increased transparency and will help to educate investors who would like to understand more about LCG HEF's underlying positions.

Orderly Realization of Assets. In certain circumstances the Directors, in consultation with LCG, may suspend or delay (as the case may be) the redemption of Shares, the determination of the Net Asset Value of LCG HEF and/or the payment of redemption proceeds and institute an orderly realization of the assets of LCG HEF in order to return cash or assets to Shareholders.

Investments in the Investment Funds. Because LCG HEF invests in Investment Funds, the value of an investment in LCG HEF will be affected by the investment policies and decisions of the Investment Manager of each Investment Fund in direct proportion to the amount of Fund assets that are invested in each Investment Fund. The Net Asset Value ("NAV") of the interests of the Investment Funds, and, as a result, the NAV of LCG HEF, will fluctuate in response to, among other things, various market and economic factors related to the markets in which the Investment Funds invest and the financial condition and prospects of issuers in which the Investment Funds invest.

Multiple Levels of Fees and Expenses. Although in many cases investor access to the Investment Funds may be limited or unavailable, an investor who meets the conditions imposed by an Investment Fund may be able to invest directly with the Investment Fund. The investor bears asset-based fees and performance-based fees and allocations at the Investment Fund level. Moreover, an investor in LCG HEF bears a proportionate share of the fees and expenses of LCG HEF (including operating costs, sales charges, brokerage transaction expenses, and administrative fees) and, indirectly, similar expenses of the Investment Funds.

Item 9 Disciplinary Information

Legal and Disciplinary

There are no legal or disciplinary events, in the past or pending, that are material to a client's or prospective client's evaluation of LCG or the integrity of LCG's management or its employees.

Item 10 Other Financial Industry Activities and Affiliations

Financial Industry Activities

Some of LCG's clients are financial services firms, which may be related to investment manager affiliates that we may evaluate. Typically, these financial services firms have engaged LCG as an investment consultant to advise them on their investment platforms or employees' retirement plans that they oversee on behalf of their clients or employees. To avoid any potential conflicts of interest, LCG would disclose clients known to be affiliated with managers that we may evaluate (or managers who provide products that we may evaluate) prior to making a recommendation.

LCG entered into a consulting agreement on September 1, 2001 with the private client group of The Glenmede Trust Company ("Glenmede"). Pursuant to that agreement, LCG consults with and assists the private client group of Glenmede in the areas of investment manager research, evaluation, selection, and on-going due diligence. Prior to entering into this agreement, LCG has recommended the investment manager services of an affiliate of Glenmede to certain clients in situations where LCG believed those services were appropriate for the client's investment needs. LCG expects that it will continue to recommend the services of Glenmede's affiliate in situations where LCG believes such services are appropriate for its clients. LCG does not believe that its consulting agreement with Glenmede will affect its

objectivity in determining whether or not to recommend the services of Glenmede's affiliate to its clients.

LCG entered into a consulting agreement effective September 15, 2009 with New York Life Insurance Company ("NYLI"). LCG consults with and assists NYLI's retirement plans and trusts. NYLI and its subsidiaries offer a wide range of insurance and investment products and services. This includes health and life insurance, annuities, pension products, mutual funds, and other investments. LCG has recommended services and products of NYLI and its subsidiaries prior to this consulting agreement. LCG may continue to recommend services or products of NYLI and its subsidiaries where LCG believes these services are appropriate for the client's investment needs. LCG does not receive compensation directly from any of NYLI's subsidiaries. LCG does not believe the consulting agreement with NYLI will affect its objectivity in determining whether or not to recommend the services of NYLI or its subsidiaries to its clients.

Financial Industry Affiliations

Non-discretionary investment consulting is LCG's primary business. LCG may make recommendations for its non-discretionary clients based on the specific needs of those clients that differ from the advice given or action taken with respect to its discretionary services.

LCG Holdings, Inc. owns LCG Associates, Inc. ("LCG") and LCG Partners Management, LLC, a Delaware limited liability company. LCG Partners Management, LLC serves as the General Partner to LCG Investment Partners, LP. The sole purpose of LCG Investment Partners, LP is to invest capital of LCG Holdings, Inc. and certain members of the LCG Board of Directors. Clients can not invest in LCG Investment Partners, LP. LCG Investment Partners, LP may invest in the same Investment Funds in which the LCG Diversified Total Return Fund, LP and LCG Hedged Equity Fund, Ltd. invest. These situations are analyzed on a case-by-case basis by the Chief Compliance Officer to ensure that the Funds are not being disadvantaged, and that the investment is in compliance with the Code of Business Conduct and Ethics.

LCG owns Discretionary Management, LLC, a Delaware limited liability company, which serves as the General Partner to LCG Diversified Total Return Fund, LP, a Delaware limited partnership.

Several Consultants of LCG are Directors of LCG Hedged Equity Fund, Ltd.

The non-discretionary and discretionary services will compete for the Consultants' time and attention. The Consultants are not required to devote any specific amount of time to either non-discretionary or discretionary clients.

To avoid any potential conflicts of interest, the Funds have not invested in funds of any of the above referenced clients. LCG does not receive compensation directly or indirectly from the Investment Funds in which the Funds invest.

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

Code of Business Conduct and Ethics

LCG has a written Code of Business Conduct and Ethics ("Code").

All employees of LCG are required to adhere to this Code and provide written acknowledgement of receipt. The Code reflects LCG's fiduciary responsibilities, requires compliance with applicable federal securities laws, requires employees to periodically report their reportable personal securities holdings and transactions, and requires employees to report any violations of the Code to LCG's Chief Compliance Officer. Periodically, employees re-sign the Code.

LCG mails a copy of the Code to clients annually. In the event of a significant revision to the Code, LCG will automatically mail the revised document to all clients. Upon request, LCG will furnish another copy of LCG's Code to clients or will furnish a copy to prospective clients.

Participation or Interest in Client Transactions

LCG invests (1) its long-term corporate cash holdings in open-ended mutual funds; (2) its long-term corporate cash holdings in LCG Diversified Total Return Fund, LP and LCG Investment Partners, LP; and (3) offers investment options in its 401(k) plan in open-ended mutual funds that may also be recommended to consulting clients.

LCG Holdings, Inc. and some members of LCG's Board of Directors invest in LCG Investment Partners, LP which may invest in the same Investment Funds in which the Funds invest. Additionally, LCG Holdings, Inc. and LCG Board of Directors members invest in LCG Diversified Total Return Fund, LP. These situations are analyzed on a case-by-case basis by the Chief Compliance Officer to ensure that the Funds are not being disadvantaged,

and that the investment is in compliance with the Code of Business Conduct and Ethics.

LCG Hedged Equity Fund, Ltd. ("LCG HEF") is only available to existing LCG non-discretionary clients. LCG clients who invest in LCG HEF do not pay a management fee to LCG. In this way, LCG has minimized the financial incentive to recommend LCG HEF over an outside fund. In addition, existing LCG clients must sign a separate subscription document for LCG HEF, and review the complete offering memorandum, at which time they must acknowledge all LCG HEF related risks.

The Funds and LCG Investment Partners, LP may invest in the same Investment Funds as those used by non-discretionary clients of LCG. LCG has a fiduciary duty to use its best efforts to ensure that no client is treated unfairly in relation to other clients in the allocation of investment opportunities. LCG will seek to recommend or allocate investment opportunities among clients, including Investors of the Funds, in a manner it believes to be equitable, considering each client's objectives and capital at the time of investment. Some of the ways LCG seeks to mitigate any potential conflicts of interest include but are not limited to:

- LCG employees are required to adhere to its Code and provide written acknowledgement of receipt;
- LCG employees must obtain prior written approval from LCG's President and CEO before acquiring any interest in an initial public offering (IPO) or limited offering;
- LCG employees must report all reportable securities holdings initially upon hire and must re-certify their holdings annually;
- LCG employees must report their reportable securities transactions quarterly;
- LCG employees must report any gifts given or gifts received quarterly;
- LCG does not receive compensation directly or indirectly from the Investment Funds in which the Funds, LCG Investment Partners or its non-discretionary clients invest.
- The Funds and LCG Investment Partners, LP pay the same Investment Funds fees as LCG's non-discretionary clients invested in the same funds with similar terms;

Personal Trading

LCG has a **Statement of Policy Relating to Securities Transactions** ("Statement") intended to establish such policies and procedures to reduce the possibility employees will engage in fraudulent securities trading

practices. Every employee must sign an acknowledgement of this Statement upon being hired and re-signs the policy periodically.

The Chief Compliance Officer of LCG is John W. Burgin, CPA. He reviews all required reportable employee trades each quarter. His trades are reviewed by Edward F. Johnson, President and CEO, or Amber N. Barrow, JD, Vice President, Manager Compliance. The personal trading reviews help ensure the personal trading of employees does not affect the markets.

Since most employee trades are small mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets.

LCG requires "pre-clearance" from the President and CEO prior to any purchase of an initial public offering ("IPO") or a limited offering, including a private placement.

It is a violation of the Statement to purchase or sell securities of a client of LCG.

Item 12 Brokerage Practices

Selecting Brokerage Firms

LCG does not recommend brokerage firms to clients.

The Funds have engaged a qualified custodian ("Custodian") for the Funds. The Custodian will invest in the Investment Funds on behalf of the Funds. LCG does not suggest which brokers or dealers the Custodian utilizes nor does LCG receive any form of compensation from the Custodian.

Best Execution

LCG does not execute any trades.

Soft Dollars

LCG does not participate in any soft dollar arrangements.

Item 13 Review of Accounts

Periodic Reviews

Per the investment management agreements with the Funds, LCG is responsible for monitoring the Funds on an ongoing basis.

LCG periodically reviews the Investment Funds' performance to determine if the Investment Funds are performing in a manner that is consistent with its investment objectives and LCG's expectations. LCG periodically monitors and performs due diligence on the Investment Funds in which the Funds invest which may include, but is not limited to, on-site meetings, conference calls, review of written reports and correspondence, review of audited financial statements, review of publicly available information including regulatory filings.

Review Triggers

LCG reviews the performance and conducts due diligence of Investment Funds on a periodic basis. Some triggers that might cause a review to be conducted on a more frequent basis would include but are not limited to changes in Investment Funds' organization, changes in the Investment Funds' philosophy or process, or Investment Funds' performance is not meeting expectations given the market conditions.

Regular Reports

Investors in the Funds generally receive a statement directly from the administrator of the Funds on a monthly basis setting forth the unaudited performance of the Funds. Investors will also receive year-end financial statements that are audited by an independent U.S. public accounting firm. LCG may also provide additional reports of information on a periodic basis.

Item 14 Client Referrals and Other Compensation

Incoming Referrals

LCG does not share any portion of its compensation with third parties that may refer Investors into the Funds.

Referrals Out

LCG does not accept compensation from Investment Funds.

Item 15 Custody

The assets of the Funds are held at a qualified third party custodian. A third party administrator sends monthly account statements to investors in the Funds. In addition, the assets of the Funds will be audited by an independent U.S. public accounting firm. LCG directs the assets of the Funds and therefore has constructive custody of the assets. The delivery of monthly statements by the administrator and the year end audit by the U.S. public accounting firm will assist investors in the Funds with monitoring and protecting their assets.

Investors in the Funds should compare the monthly statements they receive from the administrator with any reports they receive from LCG.

Item 16 Investment Discretion

Discretionary Authority

LCG has discretionary authority to manage the assets of the Funds pursuant to an investment management agreement. There are no specific limitations placed on this authority, provided that LCG will exercise its discretionary authority in accordance with the investment objectives and strategy set for in the Funds' applicable offering documents.

Item 17 Voting Client Securities

Proxy Voting

Generally, LCG will seek to delegate proxy voting authority to the Investment Funds responsible for investment decisions relating to such securities. However, per the investment management agreements with the Funds, the authority to vote proxies, where applicable, has been granted to LCG. In any instance in which LCG votes a proxy, it will be guided by general fiduciary principles. LCG's proxy voting policy is available upon request.

Item 18 Financial Information

Financial Condition

LCG does not have any financial impairment that will preclude the firm from meeting contractual commitments to the Funds or clients and has not been the subject of any bankruptcy proceeding.

Item 19 Requirements for State-Registered Advisers

General

LCG is not required to be a state-registered adviser.

Business Continuity Plan

General

In the event of a significant business disruption, LCG plans to continue in business, transferring operations to an alternative site if necessary. In the event of a disaster, clients should access www.lcgassociates.com or call (770) 644-0100 for instructions on how to contact LCG. Members of each client's consulting team will also contact clients directly.