



# Pacific Global Advisors LLC

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## Form ADV Part 2A ("Brochure")

March 28, 2013

This Brochure provides information about the qualifications and business practices of Pacific Global Advisors LLC. If you have any questions about the contents of this Brochure, please contact us at (212) 405-6300. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Pacific Global Advisors LLC is a registered investment adviser. Registration of an investment adviser does not imply a certain level of skill or training.

Additional information about Pacific Global Advisors LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**PURSUANT TO AN EXEMPTION FROM THE COMMODITY FUTURES TRADING COMMISSION IN CONNECTION WITH ACCOUNTS OF QUALIFIED ELIGIBLE PERSONS, THIS BROCHURE OR ACCOUNT DOCUMENT IS NOT REQUIRED TO BE, AND HAS NOT BEEN, FILED WITH THE COMMODITY FUTURES TRADING COMMISSION. THE COMMODITY FUTURES TRADING COMMISSION DOES NOT PASS UPON THE MERITS OF PARTICIPATING IN A TRADING PROGRAM OR UPON THE ADEQUACY OR ACCURACY OF COMMODITY TRADING ADVISOR DISCLOSURE. CONSEQUENTLY, THE COMMODITY FUTURES TRADING COMMISSION HAS NOT REVIEWED OR APPROVED THIS TRADING PROGRAM OR THIS BROCHURE OR ACCOUNT DOCUMENT.**

## **Item 2 – Material Changes**

This Brochure is dated March 28, 2013. The date of the last Brochure was February 28, 2013. In comparison to the last annual amendment Brochure, this Brochure amends the following items:

Item 4. Additional disclosure regarding private funds and QPAM disclosure. Assets under management updated.

Item 5. Fee disclosure regarding private funds and other compensation. Updated ERISA disclosure.

Item 6. Disclosure regarding side-by-side management.

Item 7. Disclosure regarding private funds.

Item 8. Disclosure regarding private funds. Risk factors updated to add general disclosure (opening paragraphs) and additional risk considerations with respect to the private funds.

Item 10. Disclosure regarding the private fund structure.

Item 13. Disclosure regarding the private fund account reports.

Item 15. Disclosure regarding the private funds.

A copy of our Brochure may be requested free of charge by contacting:

Pacific Life, Law Department- ADV  
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## **Item 4 – Advisory Business**

### About Pacific Global Advisors

Pacific Global Advisors is a Delaware limited liability company (“Pacific Global Advisors”) with offices in New York, New York and Newport Beach, California. Pacific Global Advisors is a wholly-owned subsidiary of Pacific Life Insurance Company (“Pacific Life”), which is wholly-owned by Pacific LifeCorp, which is a wholly-owned subsidiary of Pacific Mutual Holding Company. Pacific Global Advisors is registered as a commodity trading advisor and a commodity pool operator with the Commodities Futures Trading Commission and is a member of the National Futures Association. Pacific Global Advisors is a qualified professional asset manager (“QPAM”) as defined in U.S. Department of Labor Prohibited Transaction Exemption 84-14, as amended.

On July 29, 2011, Pacific Global Advisors completed its acquisition of JPMorgan’s U.S. pension advisory group business.

Pacific Global Advisors’ primary investment and client servicing activities are managed out of the New York office with certain legal, technology and back-office support provided by Pacific Life and affiliates of Pacific Life.

### Institutional Advisory Services

Pacific Global Advisors provides and intends to provide risk advisory, modeling, consulting and investment management services to institutional investors including defined benefit pension plans (“DB Pension Plans”), corporate voluntary employees’ beneficiary associations (“VEBAs”), defined contribution retirement plans, nuclear decommissioning trusts (“NDTs”), endowments, foundations and other not-for-profit organizations, corporations, governmental entities and insurance companies (including Pacific Life and its affiliates). Pacific Global Advisors also provides and intends to provide advice regarding the benefits and costs of terminating DB Pension Plans, such as analysis of termination vs. ongoing management, partial terminations, annuitization without termination, and structured solutions. Analyses include but are not limited to economic considerations, participant risk, contribution analysis, tax structuring, shareholder value analysis, cost savings vs. timing, plan management during process, participant election issues, timing and procedures, and consequences for remaining defined benefit plan or other participant benefits. Pacific Global Advisors seeks to perform these termination related services as a service provider without concentrating on single product solutions and can advise either the plan sponsor or the plan fiduciaries on these transactions. Pacific Global Advisors seeks to manage each client account within the investment objectives, policies and restrictions provided by the client, as well as the client’s liquidity needs.

Pacific Global Advisors' advisory service provides clients with customized investment and risk management solutions, consisting of both advice and implementation. Based on a philosophy of taking the least amount of risk required to meet a client's specific investment objectives, Pacific Global Advisors provides a full-service offering that includes: (i) asset allocation, (ii) portfolio construction, (iii) risk management, (iv) derivatives execution for risk management and asset allocation, (v) selection and monitoring of investment managers in equity, fixed income and alternative asset classes, (vi) collateral management, and (vii) ongoing monitoring and reporting.

The primary focus of Pacific Global Advisors' institutional advisory services is to provide customized solutions to DB Pension Plans. In 2006, the Department of Labor issued Advisory Opinion 2006-08A. This DOL Advisory Opinion set the stage for liability driven investing by U.S. pension plans, by affirming that it is not a breach of fiduciary responsibility to take into consideration plan liabilities when developing an investment strategy. This approach forms the basis of Pacific Global Advisors advisory services offered to DB Pension Plans.

#### Separately Managed Investment Accounts

Pacific Global Advisors provides investment management services to certain fixed income separate accounts ("Separate Accounts"), including those of Pacific Life and its affiliates, tailored to each client's specific goals and objectives. The Separate Accounts that Pacific Global Advisors manages generally fall into two categories:

**Stable value portfolios:** these portfolios are generally managed to generate current income from investments in high-quality instruments while seeking to maintain stable principal.

**Current income / total return portfolios:** these portfolios are actively managed to provide higher current income than stable value portfolios, with total return as a secondary emphasis.

Pacific Global Advisors seeks to manage each Separate Account within the investment objectives, policies and restrictions provided by the client as well as the client's liquidity needs. Clients may impose restrictions on investing in certain securities or types of securities.

In addition to the above, new strategies and products may be developed based on client needs and requirements.

## Private Funds.

Pacific Global Advisors provides investment management services and serves as investment adviser to the PGA Multi-Strategy Liquid Alternatives Master Fund, L.P., a Cayman Islands exempted limited partnership (the “Master Fund”) and the PGA Multi-Strategy Liquid Alternatives Fund, L.P. a Delaware limited partnership (the “Domestic Feeder”). The Master Fund and the Domestic Feeder are collectively referred to as (the “Funds”). These investment management services are provided pursuant to the terms of an investment management agreement between the applicable Fund and Pacific Global Advisors. The Funds do not offer their interests to the public. Fund interests are offered only in private placements to qualified investors. The terms applicable to investors are detailed in each Fund’s confidential offering documents, which are provided to investors. Prospective investors are advised to review the confidential offering documents for a more in-depth description of the Fund’s investment strategy, objectives and related risk factors. The Domestic Feeder invests through a master feeder structure in that its sole purpose is to invest in the Master Fund. The Domestic Feeder and the Master Fund are commodity pools and commenced their investment activities on February 28, 2013.

The general partner of Domestic Feeder and the Master Fund is PGA Multi-Strategy Liquid Alternatives GP, LLC, a Delaware limited liability company (the “General Partner”). The managing member of the General Partner is Pacific Global Advisors.

Pacific Global Advisors will tailor its services to the needs of clients by managing portfolios in accordance with the investment guidelines and restrictions as set forth in an investment management agreement (with respect to institutional advisory services and separately managed accounts) and the applicable offering and governing documents (with respect to the Funds).

Pacific Global Advisors does not participate in any wrap fee programs.

## Assets Under Management

As of December 31, 2012, Pacific Global Advisors managed the following client assets (amounts in U.S. dollars):

Discretionary	\$3,410,933,242
Non-Discretionary	<u>\$15,538,674,979</u>
Total	\$18,949,608,221

## Limitations on Pacific Global Advisors' Liability

Pacific Global Advisors' agreements with its clients may contain provisions that waive, release or limit certain rights clients may have against Pacific Global Advisors arising from its services. In substance, these agreements may provide that Pacific Global Advisors and its personnel and affiliates are not liable for any loss arising out of its services, except for any act or omission which constitutes willful misfeasance, bad faith or gross negligence in the performance of its duties, or reckless disregard of its obligations and duties under the agreement.

Notwithstanding the liability limiting nature of these provisions, federal and state securities laws may impose liabilities on Pacific Global Advisors under certain circumstances. Therefore, nothing in the agreements will have the effect of waiving, releasing or limiting any rights a client may have under those laws or under any other laws that are not permitted to be waived by contract.

## **Item 5 – Fees and Compensation**

### Fees – Institutional Advisory Services

The specific manner in which Pacific Global Advisors is compensated for its advisory services is established in each client's contract. Pacific Global Advisors has no basic fee schedule as each client's fee is negotiable and based upon each client's facts and circumstances. The fees vary depending upon the level of complexity and the scope of engagement, as well as the size of client assets.

### Fees – Separately Managed Investment Accounts

Pacific Global Advisors generally charges fees for Separate Accounts at the rate of 0.10% to 0.50% per annum. Fees for Pacific Life and its affiliates are managed at cost, although a higher fee may be set forth in a written agreement. Fees are negotiable in certain circumstances, including situations when there is a likelihood of significant growth of assets in the account or if interest rates are so low that a lower fee may be justified.

### Client Billing

Fees are normally calculated as the product of (i) assets as of the close of business on the last business day of the immediately preceding month or quarter, as specified in the client contract, (ii) the applicable fee rate and (iii) the number of days during such fee period divided by 360. Fees charged are generally payable monthly or quarterly in arrears. Client agreements may be terminated at any time upon written notice pursuant to the terms of the agreement.

Accounts initiated or terminated during a fee period will be charged a prorated fee. Upon termination of an account any earned and unpaid fees will be due and payable and any fees paid in advance will be refunded on a prorated basis. Pacific Global Advisors does not deduct fees from the client's account. The client or its designee must direct fee payment.

### Fees – Private Funds

Under the investment management agreements entered into between the Domestic Feeder, the Master Fund and Pacific Global Advisors, the Master Fund will pay Pacific Global Advisors a fixed management fee payable monthly (prorated for partial periods), in advance, equal to 0.75% per annum of the month-beginning net asset value of each capital account of the Master Fund (without reduction for the management fee payable in such month). The Fund administrator will calculate the management fee on a daily basis for purposes of determining the daily net asset value of the Fund. The general partner of the Master Fund will not be charged the management fee. Pacific Global Advisors may reduce, waive or calculate differently, all or part of the management fee attributed to certain affiliated limited partners of the Funds, including affiliates of Pacific Life. The management fee will be prorated for any capital contributions or withdrawals by a limited partner of the Fund that are effective other than as of the first day of a month.

The General Partner of the Master Fund will typically receive certain allocations from the Fund that are calculated and charged based on a share of gains on or net income from the assets of the Master Fund. The allocations may be disproportionate relative to the capital contribution that the General Partner makes to the Master Fund. Any share of profits allocated or distributed to a General Partner or affiliate of a Fund is separate and distinct from the management fee charged by Pacific Global Advisors to the Fund for advisory services.

### Other Types of Fees and Expenses

In addition to Pacific Global Advisors' fees, clients may incur other fees and expenses such as brokerage commissions, dealer spreads, transaction fees, ticket charges and other related costs and expenses in connection with transactions. See Item 12 below for more information about brokerage related issues. Clients may also incur other charges imposed by custodians, broker-dealers, investment managers and other third parties, such as custodial fees, account maintenance fees, activity or inactivity fees, investment management fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer fees, termination fees, postage and handling charges and other fees and charges on accounts or transactions. These fees, charges and/or commissions are exclusive of and in addition to the management and other fees paid to Pacific Global Advisors. Pacific Global Advisors will not receive any portion of those charges.



In addition to the management fee payable to Pacific Global Advisors, the Funds will incur certain charges imposed by third parties, including, but not limited to: any sales or other taxes; fees or governmental charges which may be assessed against the Fund; commissions or brokerage fees or similar charges incurred in connection with the purchase or sale of securities; expenses of the general partner incurred in connection with its duties; interest expense; all expenses relating to litigation and threatened litigation involving the Funds, including indemnification and insurance expenses; expenses attributable to commercial banking, accounting, auditing, appraisal, tax advisory, legal, external consulting, custodial, administration and registration services provided to the Funds; expenses related to the investment activities of the Fund; the costs of dissolving the Funds and liquidating their assets; and all other expenses properly chargeable to the activities of the Funds.

With respect to institutional advisory services and separately managed investment accounts the client generally will engage any custodian for the account and will be responsible for any fees or expenses for the custodian.

Additionally, clients investing in mutual funds, either through institutional advisory services or separately managed investment accounts, will also bear their proportionate share of the fund's internal expenses indirectly as fund shareholders. These internal fees and charges as a percentage of assets are known as the fund's expense ratio. Each fund's expense ratio will vary over time and is disclosed in its prospectus.

#### Other Compensation

Pacific Global Advisors and Pacific Global Advisors' supervised persons do not earn commissions for the sale of securities or other investment products. Pacific Global Advisors' supervised persons receive a base salary along with an annual discretionary bonus that is based upon a variety of factors including, but not limited to, the profitability of the parent company, profitability of Pacific Global Advisors, and contributions of that individual to the success of Pacific Global Advisors.

#### ERISA Disclosure

Pacific Global Advisors is required under Section 408(b)(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), to provide written disclosures to clients which are subject to ERISA, including the following: (a) a description of all services provided under contract or arrangement to the client, (b) a statement that Pacific Global Advisors reasonably expects to provide certain services as a fiduciary under ERISA or as an investment adviser registered under the Investment Advisers Act of 1940 (the "Advisers Act"), and (c) the direct or indirect compensation Pacific Global Advisors reasonably expects to receive in connection with the services. The specific

written disclosures required by ERISA Section 408(b)(2) are set forth in Pacific Global Advisors' services agreement.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

Pacific Global Advisors does not charge performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

### Side-by-Side Management

Pacific Global Advisors may simultaneously manage clients according to similar investment strategies. This near simultaneous management of different client accounts creates certain conflicts of interest, as the fees for managing client accounts may differ from one another. As a registered investment adviser and a fiduciary, Pacific Global Advisors exercises due care to ensure that investment opportunities are allocated equitably among all participating clients.

In general, investment decisions for each client will be made independently from those of other clients, with specific reference to the individual needs and objectives of each client. Different account guidelines and/or differences within particular investment strategies may lead to the use of different investment practices for client accounts within a similar investment strategy. In addition, Pacific Global Advisors will not necessarily purchase or sell the same securities at the same time or in the same proportionate amounts for all accounts, particularly if different accounts have materially different amounts of capital under management by Pacific Global Advisors or different amounts of investable cash available. As a result, although Pacific Global Advisors manages multiple accounts with similar or identical investment objectives, or may manage accounts with different objectives that trade in the same securities, the portfolio management decisions relating to these accounts, and the performance resulting from such decisions, may differ from account to account. Pacific Global Advisors has implemented policies and procedures to address allocation and aggregation decisions. These policies and procedures (discussed more fully in Item 12) seek to ensure fair and equitable treatment of all participating clients over time.

## **Item 7 – Types of Clients**

Pacific Global Advisors provides and intends to provide investment advisory services to institutional investors, including DB Pension Plans, defined contribution retirement plans, NDTs, VEBAs, endowments, foundations and other not-for-profit organizations, corporations, insurance companies, institutions (including Pacific Life and affiliates) and governmental entities. Pacific Global Advisors also provides investment management services and serves as investment adviser to the Master Fund and the Domestic Feeder.

For Separate Accounts, Pacific Global Advisors generally requires a minimum of \$25 million to open an account, although it has discretion to waive the minimum in certain circumstances. For the private funds, the minimum investment by an investor in the Fund is \$1,000,000 which may be reduced by the general partner of the Fund. Investors in the Fund must be "accredited investors" as defined in Rule 501 of Regulation D under the Securities Act of 1933 (the "Securities Act") and "qualified purchasers" as defined under the Investment Company Act of 1940 (the "1940 Act") and meet other investor suitability requirements established by the general partner to the Funds.

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

### Institutional Advisory Services:

Pacific Global Advisors' approach is based on taking a holistic perspective across assets, liabilities and contributions in the context of the funded status and overall objectives for each client. Typically, this involves developing strategies which reflect the minimum amount of risk required to match liability growth and meet investment objectives. This approach is highly customized to each client and can lead to unique strategies.

The methods of analysis draw upon tools and techniques from the actuarial, risk management, investment management, asset-liability management, corporate finance and investment banking professions.

Through detailed discussions with each client, Pacific Global Advisors develops a thorough understanding of the client's objectives, constraints, context and, where applicable, contribution strategies. Equipped with this understanding, Pacific Global Advisors then takes specific client data, along with information about the current market environment and future market expectations, to develop a customized investment and risk management strategy. In developing the data, Pacific Global Advisors utilizes public research as well as proprietary analysis to determine the appropriate instruments, managers and strategies for implementation.

The investment and risk management strategy is developed in a way that is tailored to each client's objectives, constraints and market perspective using a combination of: (i) quantitative modeling, including long-term stochastic simulations of future scenarios, and (ii) qualitative input, based on professional judgment, expertise and experience.

Pacific Global Advisors then seeks to implement this investment and risk management strategy through three primary avenues:

- Assisting the client in the selection of appropriate external investment managers for certain asset classes. This includes addressing the active vs. passive decision,

as well as the ongoing screening, evaluating and monitoring of external investment managers.

- Making discretionary investments on behalf of the client.
- Entering into derivative positions for the client to manage the risk-return profile, for example, by: (i) hedging long-term interest rate risk using interest rate swaps/ swaptions, (ii) gaining exposure to asset classes synthetically via futures or total return swaps, and (iii) adjusting the portfolio risk/return profile over the short-term if appropriate via equity options to limit downside equity risk.

*Immunization Services.* For certain clients, Pacific Global Advisors applies a risk management approach that seeks to align to varying degrees the client's assets with its liabilities. Pacific Global Advisors designs, implements and rebalances an immunizing portfolio whose "mark-to-market" value is intended to move in a direction that offsets the increase or decrease in the client's liabilities resulting from changes in interest rates. The level of hedging can vary from client to client. In connection with this service, Pacific Global Advisors may enter into and close-out over-the-counter derivative transactions and futures contracts and purchase and sell fixed income securities, including, without limitation, money-market instruments.

Pacific Global Advisors works closely with each client to understand the client's objectives, develop a customized strategy, develop investment guidelines and then implement.

*Allocation Services:* Pacific Global Advisors may also assist in developing a strategic asset allocation by identifying asset classes in which the assets may be invested and the proportion of assets to consider allocating to each class. Pacific Global Advisors may implement this asset allocation via portfolio construction techniques, including investment manager selection and monitoring, direct security purchases and sales, and the purchase and sale of certain derivatives. This process maintains consistency with investment management, risk management and liquidity management objectives, guidelines and constraints.

Pacific Global Advisors may also assist in determining the liquidity necessary to meet expected payment obligations.

Pacific Global Advisors provides reports and, if requested by the client, attends meetings with the client to discuss reports. Pacific Global Advisors may also, if requested by the client, assist in preparing or reviewing an investment policy that seeks to reflect the client's investment and diversification objectives, policies, constraints and risk tolerance as communicated to Pacific Global Advisors.

Pacific Global Advisors may enter into and close-out derivative transactions in respect of which the underlying reference assets are within the asset classes permitted by the client's investment guidelines and the intended performance objective is the benchmark applicable to the relevant asset class in the investment guidelines. Pacific Global Advisors may use leverage in respect of the Allocation Services, but manages the resulting positions in a manner such that the cash equivalent exposure at any one time will not exceed an agreed upon amount.

*Use of Derivatives.* Derivatives such as futures, forwards and options can be valuable tools within any portfolio. They can be used to reduce portfolio risk, to diversify portfolio holdings, to hedge against various types of risks and to improve revenue within a portfolio. When derivatives are utilized, the client must establish certain documentation with a futures commission merchant in order to transact in exchange traded derivative instruments and must enter into an International Swaps and Derivative Association Agreement and other related agreements in order to transact in over-the-counter instruments. Pacific Global Advisors negotiates and establishes the necessary documents. Pacific Global Advisors monitors the credit exposure to a client's derivative counterparties and manages the collateral and margining requirements of derivative positions.

Pacific Global Advisors monitors client portfolios against objectives and rebalances the portfolio if required, on a periodic basis. Pacific Global Advisors reports to clients the performance of the various strategies on a periodic basis.

#### Separately Managed Investment Accounts

When developing an investment strategy for fixed income Separate Accounts, Pacific Global Advisors concentrates on macro economic factors including the leading economic indicators, the shape of the yield curve, the business cycle and Federal Reserve Board monetary policy. Portfolio managers make weighting and selection decisions in accordance with each client's guidelines and risk tolerances within each portfolio. All of these decisions are made within the context of the client's overall investment policy.

Credit risk is managed and evaluated through a robust process. Credit review occurs prior to a purchase, as well as continually during the holding period of the obligation. Since similarly rated issuers do not necessarily possess the same credit risk, Pacific Global Advisors' credit research emphasizes credit metrics, ratings expectations and other factors to uncover these differences.

Pacific Global Advisors utilizes a combination of externally published material and internally generated research in this process. Pacific Global Advisors monitors client portfolios against objectives and benchmarks.

## Private Funds

Pacific Global Advisors provides investment management services and serves as investment adviser to the Funds. Pacific Global Advisors has developed and maintains a proprietary algorithmic model (the "Model") that analyzes the investment returns achieved by a representative sampling of funds of hedge funds and hedge funds (the "Target Set") as a result of exposure to market factors (commonly referred to as "beta"), rather than the portfolio manager's skill (known as "alpha"). Pacific Global Advisors analyzes various hedge fund trading strategies to determine market factors ("Market Factors") and then performs a regression analysis of the hedge fund returns in an effort to use these Market Factors to isolate specific market components representative of hedge fund beta. The Fund's investment objective is to seek to approximate the aggregate investment returns achieved by the Target Set. Pacific Global Advisors uses the Model in selecting the Fund's investments, but may from time to time, substitute or add Market Factors to the Model and Pacific Global Advisors may exercise its own discretion in selecting the Fund's investments, if it believes it prudent to do so which may not be representative of the results from the Model.

## Risk Factors

The risk factors discussed below provide a general description of the nature of various risks the client may be exposed to as a result of pursuing strategies recommended by Pacific Global Advisors. These risks may arise from either Pacific Global Advisors' investment advice, direct investment decisions made by Pacific Global Advisors, or through investments made with external investment managers by the client.

Investing involves risk of loss that clients should be prepared to bear. Not all of the risks listed below will pertain to every client and clients are likely to be exposed to additional risks not described herein.

The following risk factors do not purport to be a complete enumeration or explanation of the risks involved in an investment in any or all of the strategies of Pacific Global Advisors.

Prospective investors in any Fund are advised to review the Fund's confidential offering documents for a more in-depth description of the Fund's investment strategy and objectives and related risk factors.

***Securities, Futures and Derivatives Selection Risk.*** Securities, futures and derivatives may not perform to expectations. This could result in the underperformance of the account compared to other accounts with similar investment objectives.



***Duration risk.*** Duration (interest rate risk) is one of the primary risk factors driving portfolio risk and return for fixed income accounts. Duration is measured as the interest rate sensitivity of a portfolio to an instantaneous, parallel shift in the yield curve. Clients may add duration to their portfolio to offset the duration risk of liabilities. There is risk that the actual performance will not match the performance anticipated by assessment of the duration.

***Yield curve risk.*** One component of interest rate risk includes the maturity profile of holdings across the yield curve. Specifically, changes in the shape of the yield curve may cause losses greater than parallel shifts in yield curves.

***Default risk.*** Default risk is the risk of loss arising from an issuer's failure to pay principal and interest when due.

***Liquidity risk.*** Liquidity risk is the risk that a security or derivative may have to be sold at a lower price than that at which it is being valued, or cannot be sold when desired. This can happen due to the complexity of the security or other issuer or market-specific factors.

***Credit Risk.*** The value of a security may decline if the security's credit rating is downgraded or credit quality otherwise falls. There is the risk that the issuers or guarantors of securities, including securities issued by U.S. Government agencies not backed by the full faith and credit of the U.S. Government, will default on the payment of principal or interest or the obligation to repurchase securities.

***Foreign Exposure Risk.*** Investing in securities issued or supported by foreign entities carries potential foreign exposure considerations, including but not limited to, the risk of: (i) political and financial instability, (ii) less liquidity and greater volatility, (iii) lack of uniform accounting, auditing and financial reporting standards, and (iv) increased price volatility.

***Government-Sponsored Enterprises Risk.*** Investments in government sponsored enterprises are debt obligations issued by agencies and instrumentalities of the U.S. Government. These obligations vary in the level of support they receive from the U.S. Government. They may be: (i) supported by the full faith and credit of the U.S. Treasury, such as those of the Government National Mortgage Association; (ii) supported by the right of the issuer to borrow from the U.S. Treasury, such as those of the Federal Home Loan Mortgage Corporation and the Federal Farm Credit Banks; (iii) supported by the discretionary authority of the U.S. Government to purchase the issuer's obligations, such as those of the Federal National Mortgage Association and the Federal Home Loan Banks; or (iv) supported only by the credit of the issuer, such as those of the Federal Farm Credit Bureau. The U.S. Government may choose not to provide financial support to U.S. Government sponsored agencies or instrumentalities if

it is not legally obligated to do so in which case, if the issuer defaulted, a purchaser might not be able to recover its investment from the U.S. Government.

***U.S. Government Securities Risk.*** A security backed by the U.S. Treasury or the full faith and credit of the United States is guaranteed only as to the timely payment of interest and principal when held to maturity. The market prices for such securities are not guaranteed and will fluctuate. In addition, because many types of U.S. government securities trade actively outside the United States, their prices may rise and fall as changes in global economic conditions affect the demand for these securities.

***U.S. Government Credit Risk.*** The risk that the value of a U.S. Government issued obligation may decline, if the U.S. Government's credit rating is downgraded or credit quality otherwise falls and as a result their prices may rise and fall.

***Market Risk.*** Market risks can affect the value of securities, futures and derivatives. These risks include political, regulatory, market and economic developments, including developments that impact specific economic sectors, industries or segments of the market. For example, developments relating to subprime mortgages have adversely affected fixed-income markets worldwide. These developments reduced the willingness of some lenders to extend credit and have made it more difficult for borrowers to obtain financing. In addition, certain market participants have been less willing to make a market in some types of debt instruments. There is a risk that the lack of liquidity or other adverse credit market conditions may hamper the ability to purchase and sell certain securities.

***Market Events.*** Turbulence in financial markets and reduced liquidity in credit and fixed income markets may negatively affect many issuers worldwide, which may have an adverse effect on investments.

***Counterparty Risk.*** The credit risk of a counterparty can affect the value of futures and derivatives. The counterparty for futures transactions and certain over-the-counter transactions is a clearinghouse. The clearinghouse reduces its risk to market participants with initial margin requirements and rules for liquidating positions if a participant fails to post required margin. Over-the-counter transactions are agreements between a client and counterparty that may not currently trade, settle or clear on an exchange or through a clearinghouse. As such, the client is at risk to the counterparty. Pacific Global Advisors seeks to mitigate counterparty risks by including certain protections in its client's counterparty agreements including collateral arrangements.

***Prepayment and Extension Risk.*** Investments in asset-backed and mortgage-backed securities are subject to the risk that the principal amount of the underlying collateral may be repaid prior to the bond's maturity date. If this occurs, no additional interest will be paid on the investment and an investment may have to be made at a lower rate.



Conversely, a decrease in expected prepayments may result in the extension of a security's effective maturity and a decline in its price.

**High Portfolio Turnover Risk.** Portfolio turnover is a measure of trading activity over a one-year period. A portfolio turnover rate of 100% would indicate that an account sold and replaced the entire value of its securities holdings during the period. High portfolio turnover could increase transaction costs and possibly have a negative impact on performance. Frequent trading could also result in increased short-term capital gain distributions to clients, which are taxable as ordinary income for taxable investors.

**Arbitrage Risk.** An account that invests in securities purchased pursuant to an arbitrage strategy in order to take advantage of a perceived relationship between the values of two securities presents certain risks. Securities purchased or sold short pursuant to an arbitrage strategy may not perform as intended, which may result in a loss to the account.

**Currency Risk.** If an account invests directly in non-U.S. currencies or in securities that trade in and receive revenues in, non-U.S. currencies, or in derivatives that provide exposure to non-U.S. currencies, it will be subject to the risk that those currencies will decline in value relative to the U.S. dollar, or, in the case of hedging positions, that the U.S. dollar will decline in value relative to the currency being hedged. Currency rates in foreign countries may fluctuate significantly over short periods of time for a number of reasons, including changes in interest rates, intervention (or the failure to intervene) by U.S. or foreign governments, central banks or supranational entities such as the International Monetary Fund, or by the imposition of currency controls or other political developments in the United States or abroad. As a result, an account's investments in non-U.S. currency-denominated securities may reduce the returns of the account.

**Derivatives Risk.** Derivatives are financial contracts whose value depends on, or is derived from, the value of an underlying asset, reference rate or index. A variety of derivatives may be available to an account, depending on the specific type of account and/or investment guidelines. In implementing certain investment strategies, PGA may use derivatives as a substitute for taking a position in the underlying asset and/or as part of a strategy designed to reduce exposure to other risks. Pacific Global Advisors may also use derivatives for leverage, in which case their use would involve leveraging risk. An account's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Derivatives are subject to a number of risks such as liquidity risk, market risk and management risk. They also involve the risk of mispricing or improper valuation and the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index. An account's investments in commodity-linked derivative instruments may subject the account to greater volatility

than investments in traditional securities. The value of commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments. Because an account may concentrate assets in a particular sector of the commodities market (such as oil, metal or agricultural products), it may be more susceptible to risks associated with those sectors. An account investing in a derivative instrument could lose more than the principal amount invested. Also, suitable derivative transactions may not be available in all circumstances and there can be no assurance that Pacific Global Advisors will engage in these transactions to reduce exposure to other risks or otherwise when doing so would be beneficial for a particular account.

***Equity Securities Risk.*** Equity securities represent an ownership interest, or the right to acquire an ownership interest, in an issuer. Equity securities also include, among other things, preferred stocks, convertible stocks and warrants. The values of equity securities, such as common stocks and preferred stocks, may decline due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors which affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. Equity securities generally have greater price volatility than fixed income securities.

***Short Sale Risk.*** Short sales are subject to special risks. A short sale involves the sale by an account of a security that it does not own with the hope of purchasing the same security at a later date at a lower price. An account may also enter into a short position through a forward commitment or a short derivative position through a futures contract or swap agreement. If the price of the security or derivative has increased during this time, then the account will incur a loss equal to the increase in price from the time that the short sale was entered into plus any premiums and interest paid to the third party. Therefore, short sales involve the risk that losses may be exaggerated, potentially losing more money than the actual cost of the investment. Also, there is the risk that the third party to the short sale may fail to honor its contract terms, causing a loss to the account.

***Tax Risk.*** Tax laws and regulations applicable to an account are subject to change, and unanticipated tax liabilities could be incurred by investors as a result of such changes. Investors should consult their own tax advisors to determine the potential tax-related consequences of investing.

***Regulatory Risk.*** The value of securities, futures and/or derivatives may be adversely affected as a result of new or revised legislation or regulations, or by changes in the

interpretation or enforcement of existing laws and regulations. The Dodd-Frank Wall Street Reform and Consumer Protection Act requires the SEC and CFTC to develop rules and regulations relating to trading swaps. Additional rules and regulations may be adopted relating to futures and derivatives. Although the rules are not final at this time, Pacific Global Advisors anticipates that some of the documentation, trading and operations processes relating to derivatives will change substantially. These changes, or even the uncertainty as to what the changes may require, may affect the market. This market uncertainty may affect liquidity and pricing which may present additional risks to clients. In addition, the Department of Labor may adopt additional regulations or amend existing regulations relating to accounts subject to ERISA. These changes, if adopted, may present additional risks to clients.

***Unaffiliated Investment Managers.*** Pacific Global Advisors may assist clients with the selection of unaffiliated investment managers. Pacific Global Advisors follows a disciplined process for suggesting investment managers to clients and evaluating their performance; however, typically, the client ultimately selects the investment manager and enters into an investment management agreement with the investment manager. These investment managers may not perform as they have in the past or underperform. A number of other factors including those described herein may influence the performance of the account advised by the investment manager. These factors could result in the underperformance of the account compared to other accounts with similar investment objectives.

***Legal, Tax or Accounting Advice.*** Pacific Global Advisors does not provide, tax, legal or accounting advice. Clients should consult their advisors with respect to these areas.

### **Certain Additional Risk Considerations with Respect to the Private Funds**

***Private Funds.*** The Funds are private funds or pools that may invest and trade in many different market strategies and instruments (including securities, non-securities and derivatives) and that employ different investment, hedging, leverage and arbitrage methodologies. The Funds are generally exempt from registration under the Securities Act, and the 1940 Act and as such are not subject to the same regulatory requirements as mutual funds, including mutual fund requirements to provide certain periodic and standardized pricing and valuation information to investors. Relevant risks are discussed in further detail in the Fund's offering documents and Pacific Global Advisors discusses risks in a one-on-one setting with prospective investors upon request.

***Model Risk.*** Pacific Global Advisors' Fund strategies are highly dependent on proprietary models that Pacific Global Advisors uses to evaluate trading opportunities. These proprietary models have not been independently tested or otherwise reviewed. Models employ assumptions that abstract a limited number of variables from complex

financial markets or instruments which they attempt to replicate. Any one or all of these assumptions, whether or not supported by past experience, could prove over time to be incorrect. Inputs into the Model may be composed of or derived from facts or data, the accuracy of which have not been independently verified by Pacific Global Advisors or any third party. If material factors are not incorporated into the Model, or are incorporated inaccurately, substantial losses could result. The outputs of the Models may differ substantially from the reality of the markets, resulting in substantial losses.

***Computer hardware, software, networks.*** Many components of Pacific Global Advisors' critical computer hardware, networks, hosting facilities, and software may have flaws, may not be redundant or reliable, may be leased rather than owned, or may be provided in whole or in part by another party. Pacific Global Advisors also relies on its own internal computer networks, as well as third-party computer networks including the internet, for critical aspects of its operations. These third-party computer networks are subject to various risks of disruption or performance degradation. Should any of these computer hardware and software or computer networks or network components fail or be inaccessible, there is no certainty that the firm will be able to recover promptly, and the trading performance of the Funds may suffer materially as a result.

***Master-feeder structure.*** A "master-feeder" fund structure, in particular the existence of multiple investors investing in the same portfolio, presents certain unique risks to investors. Smaller investors investing in the Master Fund may be materially affected by the actions of larger investors investing in the Master Fund. For example, if a larger investor withdraws from the Master Fund, the remaining investors may experience higher *pro rata* operating expenses, thereby producing lower returns. Substantial withdrawals of capital by investors in the Master Fund over a short time period could necessitate the liquidation of positions at a time and in a manner which does not provide the most economic advantage to the Master Fund and which therefore could adversely affect the value of its assets.

***Restricted Investment.*** An investment in the Funds may be illiquid, have limited redemption rights and there may be significant restrictions on transferring interests in the Funds. There is no secondary market for an investor's interest in the Funds and none is expected to develop.

***Transparency of Investments.*** The Funds may not provide any transparency regarding its underlying investments to its investors. In such a case there will be no way for an investor to discover or monitor the specific investments made by the Master Fund, to know whether the Master Fund investments are consistent with the Master Fund's investment strategy or risk parameters.

## **Item 9 – Disciplinary Information**

Pacific Global Advisors is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Pacific Global Advisors or the integrity of Pacific Global Advisors' management. Pacific Global Advisors has no information applicable to this Item.

## **Item 10 – Other Financial Industry Activities and Affiliations**

Pacific Life is the sole member of Pacific Global Advisors. Pacific Life is wholly-owned by Pacific LifeCorp, which is wholly-owned by Pacific Mutual Holding Company. Pacific Mutual Holding Company is a mutual insurance holding company, whose members are policyholders and contract holders of Pacific Life. Through its direct and indirect subsidiaries, Pacific Mutual Holding Company is engaged in a wide variety of insurance, financial services, and other investment-related businesses. Pacific Global Advisors manages assets for Pacific Life and its affiliates. As the sole member, Pacific Life has the ability to influence Pacific Global Advisors' business.

Pacific Global Advisors is registered as a commodity trading advisor and commodity pool operator with the Commodities Futures Trading Commission and is a member of the National Futures Association. Certain of our management persons are registered, or have an application pending to register, as associated person and/or principal of Pacific Global Advisors.

Pacific Global Advisors has various financial industry affiliations that may be significant to its clients. Pacific Life Fund Advisors LLC, a registered investment adviser and a wholly-owned subsidiary of Pacific Life, is the investment adviser to and is compensated for various services provided to the Pacific Life Funds and the Pacific Select Fund.

Pacific Global Advisors performs advisory services for client accounts and vehicles with investment objectives and policies similar to one another.

Pacific Global Advisors acts as investment adviser to the Funds. Certain personnel of Pacific Global Advisors may act as officers, directors or authorized persons of the Funds or the general partner of the Funds. The general partner of the Domestic Feeder and the Master Fund is PGA Multi-Strategy Liquid Alternatives GP, LLC, a Delaware limited liability company (the "General Partner"). Pacific Global Advisors is the sole member of the General Partner and as such has an apparent conflict of interest between its fiduciary duty to the Fund as investment manager and its selection of itself as the investment manager. The Investment Management Agreement was not negotiated at an arm's length.

Certain Pacific Global Advisors' employees, including some who are Pacific Global Advisors management personnel, may also be registered representatives of Pacific Select Distributors, Inc., a limited purpose broker-dealer which is a wholly-owned subsidiary of Pacific Life. Pacific Select Distributors, Inc. serves as distributor of the Pacific Life Funds and Pacific Select Fund. Pacific Global Advisors employees who are involved in marketing these products may also be registered representatives of Pacific Select Distributors. These employees, in appropriate circumstances and consistent with clients' objectives, may recommend to investment advisory clients or prospective clients the purchase of shares in the Pacific Life Funds and Pacific Select Fund or other investment companies or pooled investment vehicles that Pacific Select Distributors distributes or underwrites. These investment companies or pooled investment vehicles may pay investment management or administrative fees to Pacific Life Fund Advisors LLC, Pacific Life or affiliates of Pacific Life, or may pay sales commissions or distribution fees to Pacific Select Distributors, Pacific Life or affiliates of Pacific Life, including 12b-1 fees, loads, or contingent deferred sales charges. Pacific Global Advisors does not use affiliated broker-dealers to execute transactions for clients.

Pacific Global Advisors has arrangements which are material to its advisory business with Pacific Life and its affiliates. In particular, Pacific Global Advisors provides investment advisory services to Pacific Life and its affiliates.

Pacific Life Fund Advisors, a registered investment adviser and an affiliate of Pacific Global Advisors and Pacific Life and its affiliates, provides administrative services pursuant to an Administrative Services Agreement to Pacific Global Advisors. In rendering investment advisory services to its clients, Pacific Global Advisors may use the resources of Pacific Life Fund Advisors to provide portfolio management, research and trading services.

Pacific Life is an insurance company. Pacific Life & Annuity Company is an insurance company and a wholly-owned subsidiary of Pacific Life.

## **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### Code of Ethics

Pacific Global Advisors has adopted a Code of Ethics (the "Code") pursuant to Rule 204A-1 of the Advisers Act, and Rule 17j-1 of the 1940 Act, as amended. Pacific Global Advisors has designed the Code to inform the firm's directors, officers and employees of their duty to place client interests above their own personal interests.

The Code significantly restricts the personal trading of all directors, officers, employees and consultants with access to non-public portfolio information ("Covered Persons").



In certain instances, the Code requires that Covered Persons obtain pre-approval of their personal securities trades from Pacific Global Advisors' Chief Compliance Officer or designee.

The Code also requires that directors, officers and employees comply with Pacific Global Advisors' policy on the use of material non-public information, which is intended to prevent the use of such information for personal or client benefit.

All Covered Persons must report their personal securities trades and holdings on a regular basis, including those in the Pacific Life Funds and Pacific Select Funds, to the compliance department, which reviews the reports for compliance with the Code. All Covered Persons are required to report any violation of the Code of which they are aware to Pacific Global Advisors' Chief Compliance Officer. The Code provides for an executive officer, in consultation with the Chief Compliance Officer, to determine appropriate sanctions for violations, up to and including termination of employment, or other remedial action.

Corporate and employees' political contributions to U.S. or non-U.S. government officials, if not prohibited by law or regulation, may raise potential conflicts of interest. As a result, Pacific Global Advisors maintains policies and procedures which generally limit the amount of contributions to political candidates or elected officials. Employees may not make political contributions on behalf of Pacific Global Advisors or any of its affiliates or use corporate assets without approval of the Chief Compliance Officer. Political contributions made to any political candidate or elected official drawn from a joint bank account in which the Covered Person is named or through third parties, including spouses, political action committees, or political parties, would constitute a violation of the policy. Furthermore, Pacific Global Advisors' policy prohibits the company from making political contributions or payments directly or indirectly (including through a political action committee or its parent company) to any political candidate or elected official in the United States running for a federal, state or local elected office.

Pacific Global Advisors provides the Code to each Covered Person upon hire and annually, at which time Covered Persons certify in writing that they agree to comply with the Code. Pacific Global Advisors will provide a copy of the Code to any client or prospective client upon request.

#### Investing in the Same Securities or at the Same Time

The overriding objective of Pacific Global Advisors' trade allocation policy is to achieve fair and equitable treatment of client accounts. Pacific Global Advisors has adopted procedures that are designed to (i) ensure that trade allocations are timely, (ii) that no set of trade allocations is accomplished to unfairly advantage one client over another

and, (iii) ensure that over time client accounts are treated fairly and equitably, even though a specific trade may have the effect of benefitting one account as against another when viewed in isolation.

Pursuant to these policies and procedures, Pacific Global Advisors may, in appropriate circumstances, aggregate fixed income, derivative or equity trades for a client with trades in the same security for other clients. Pacific Global Advisors determines whether aggregation of such transactions is appropriate and allocates the securities among participating accounts with the general purpose of maintaining consistent concentrations across similar accounts in order to achieve, as nearly as possible, portfolio characteristic parity among such accounts, where appropriate.

If the trading desk receives multiple orders in the same security placed at or around the same time and on the same terms, the orders will be aggregated if it is determined that aggregation is consistent with Pacific Global Advisors' duty of best execution. With respect to orders for the same equity investment opportunity of limited availability, our policy is to allocate the equity investment opportunity based upon the orders communicated to the equities trading desk by each participating portfolio manager for his or her participating accounts.

## **Item 12 -Brokerage Practices**

### Selection of Brokers and Dealers; Best Execution

Pacific Global Advisors has discretion to select brokerage firms and dealers for securities in the accounts under Pacific Global Advisors' direct management. Pacific Global Advisors has a fiduciary duty to seek best execution on all transactions in order to reduce the impact of trading costs on client portfolio returns. Broadly defined, to seek "best execution" is to seek to maximize the value of a client transaction considering the relevant circumstances of that transaction. Pacific Global Advisors will use its best efforts to obtain the most favorable price and execution available under the circumstances. Transactions executed by Pacific Global Advisors which are purchases or sales of fixed-income securities, are typically traded with a mark-up (or spread) charged by the dealer rather than a negotiated or stated commission rate. In seeking best execution of a fixed-income transaction, Pacific Global Advisors may consider several factors, including, but not limited to, the price of the security, fill capability of the broker-dealer, settlement efficiency, the reasonableness of the spread, and other services or expertise provided by the broker-dealer.

### Futures and Exchange-Traded Options

When a Pacific Global Advisors' client executes trades in futures and exchange-traded options, the client must initially establish an account with a futures commission



merchant. Pacific Global Advisors has discretion to select futures commission merchants and seeks to negotiate the most favorable commission schedule available for its clients.

### Over-the-Counter Derivatives

When a Pacific Global Advisors' client executes trades in over-the-counter derivatives, the client must establish certain documents with a counterparty and in certain cases, the futures commission merchant and clearing house. The documents specify certain terms that apply to all transactions between the client and counterparty. Alternatively, the client may use Pacific Global Advisors' umbrella documents established with certain counterparties. In order to use Pacific Global Advisors' umbrella documents, the client must provide certain certificates and other documents.

Pacific Global Advisors has discretion to select counterparties, futures commission merchants and clearing houses for its clients. Pacific Global Advisors considers various factors in selecting eligible counterparties, futures commission merchants and clearing houses including but not limited to (i) credit rating and credit worthiness, (ii) documentation terms, (iii) execution and settlement capabilities, and (iv) collateral exchange requirements, procedures, and back office support.

### Research and Other Soft Dollar Benefits

It is Pacific Global Advisors' policy to seek to obtain the best price and execution on all client transactions. Under the Securities Exchange Act of 1934 (the "Exchange Act"), investment managers are permitted to cause a client to pay a higher commission than another broker-dealer might have charged for research and/or brokerage services provided by the broker-dealer that provide lawful and appropriate assistance to the investment manager in the investment decision-making or trade execution processes. In such circumstances, the investment manager may be deemed to be paying for such research or brokerage services with "soft" or commission dollars.

Pacific Global Advisors does not currently have any soft dollar arrangements with broker-dealers and Pacific Global Advisors does not direct client transactions to particular broker-dealers in return for soft dollars. Nevertheless, there are circumstances, such as with respect to equity transactions, where Pacific Global Advisors may determine that it is appropriate to use a broker-dealer that has provided research on a topic of interest or other products or services and to pay commissions higher than those charged by other broker-dealers in return for such benefits, subject to best execution. When client brokerage activity is used to obtain research or other products or services, the adviser receives a benefit because the adviser does not have to produce or pay for the research, products or services itself out of its own resources. This poses a conflict of interest for the adviser to the extent it creates an incentive for the

adviser to select a broker-dealer based on the adviser's interest in receiving the research or other products or services, rather than based strictly on the client's interest in receiving best execution. In addition, research and other products and services obtained through client brokerage activity may be used to service other of the adviser's client accounts, not allocated proportionately to the accounts whose brokerage transactions paid for the benefits. This poses a conflict of interest among clients to the extent that clients that did not bear any of the cost for the information may nonetheless benefit from the information obtained.

To Pacific Global Advisors' knowledge, the products and services that it may receive from broker-dealers are not conditioned upon any certain amount of brokerage activity directed to those broker-dealers.

### Directed Brokerage

Pacific Global Advisors does not permit clients to direct their transactions to particular broker-dealers. Pacific Global Advisors has discretion to select brokers and dealers for all client accounts under its direct management.

### **Item 13 – Review of Accounts**

For discretionary assets, estimates of account assets are reviewed weekly. For non-discretionary assets, estimates are reviewed either on a weekly or monthly basis, where practically feasible.

For those portfolios for which Pacific Global Advisors assists clients in selecting investment managers, the due diligence team reviews compliance checklists completed by the investment manager. Pacific Global Advisors periodically makes on-site visits of investment managers to review their operations and internal compliance programs. In addition, Pacific Global Advisors meets regularly with the individual investment managers to review performance and style adherence.

For institutional advisory services and separately managed investment accounts, the frequency of client reports depends upon the nature of the account and each client's requirements. Some clients receive reports on a monthly basis, while others receive reports quarterly or on a less frequent basis. Client reports are in writing and generally provide account performance and information about the client's investment strategy.

For private funds, reports are generally sent monthly. Among other things, these reports may consist of monthly, quarterly or semi-annual performance reports, unaudited financial reports and/or audited annual reports. Each Fund investor will be provided with annual audited financial statements with respect to the Fund within 120

days' of the applicable fiscal year-end. In addition, each Fund investor has access to an on-line investor reporting tool hosted by the fund administrator.

#### **Item 14 – Client Referrals and Other Compensation**

Pacific Global Advisors does not compensate third parties for referrals. Pacific Global Advisors may receive research from broker-dealers in connection with transactions executed for client accounts, as more fully described under Item 12.

#### **Item 15 – Custody**

Pacific Global Advisors does not have custody of any client funds or securities. Instead, client assets are held with banks, registered broker-dealers, custodians or trustees. Clients should receive at least quarterly statements from the broker-dealer, bank, custodian or trustee that holds and maintains the client's investment assets.

Pacific Global Advisors does not have physical custody of client funds or securities. However, with respect to the Domestic Feeder and the Master Fund, Pacific Global Advisors may be deemed to have custody, as defined in Rule 206(4)-2 under the Advisers Act, of the funds and securities of the Funds, as a result of its control of the general partner of the Domestic Feeder and the Master Fund. The Funds are audited annually and audited financial statements will be delivered to their investors within 120 days' of the applicable fiscal year-end.

#### **Item 16 – Investment Discretion**

Pacific Global Advisors has discretionary authority for all or a portion of its client's assets to select the identity and amount of securities, futures and derivatives to be bought or sold. Pacific Global Advisors is given this authority in the agreement it executes with the client. The authority is generally limited by the stated investment objectives, policies and restrictions for the particular client account.

#### **Item 17 – Voting Client Securities**

##### Institutional Advisory Services

DB Pension Plans, VEBA and NDT clients either retain proxy voting authority or delegate the authority to third party investment managers who are responsible for proxy voting for assets they manage on behalf of the client.

### Separately Managed Investment Accounts

In connection with Separately Managed Investment Accounts, Pacific Global Advisors may be required to vote proxies. Pacific Global Advisors does not currently have any proxy voting obligations. Pacific Global Advisors has adopted proxy voting policies and procedures designed to implement its duty to vote proxies in the best interests of each client that has delegated proxy voting authority to Pacific Global Advisors.

For routine proposals that will not change the structure, bylaws or operations of the company, Pacific Global Advisors' policy is to support management; however, each proposal will be considered individually focusing on the financial interests of the client. Non-routine proposals, such as board elections, advisory contract and distribution plan approvals, and mergers, will generally be reviewed on a case-by-case basis with Pacific Global Advisors first and foremost considering the effect of the proposal on the client.

Because the Separate Accounts can invest in certain investment companies managed by affiliates of Pacific Global Advisors, Pacific Global Advisors may be called upon to vote a proxy issued by an investment company that an affiliate manages. To avoid the appearance of a conflict of interest in these cases, Pacific Global Advisors will contact the client to obtain consent before voting. If other potential conflicts of interest arise when voting a proxy, Pacific Global Advisors will contact the client to obtain consent before voting. For voting matters that do not represent a conflict of interest, it is not Pacific Global Advisors' practice to solicit a client's instructions for voting.

A copy of Pacific Global Advisors' proxy voting policies and procedures is available upon request. A client may also contact Pacific Global Advisors to receive a detailed record of any proxies voted on its behalf.

### **Item 18 – Financial Information**

Pacific Global Advisors does not require or solicit prepayment of fees by any client six months or more in advance.

This item requires an adviser to make certain disclosures that are not applicable to Pacific Global Advisors, because it has no financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients, and it has not been the subject of a bankruptcy petition at any time during the past 10 years.