

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



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**March 28, 2013**

**This brochure provides information about the qualifications and business practices of Pine Grove Asset Management LLC (“PGAM”). If you have any questions about the contents of this brochure, please contact us at (908) 273-6321 or by email at [info@pinegroveam.com](mailto:info@pinegroveam.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

**Additional information about PGAM is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**PGAM is registered as an investment adviser with the SEC under the U.S. Investment Advisers Act of 1940, as amended (the “Advisers Act”). SEC registration does not imply a certain level of skill or training.**

## ITEM 2 – MATERIAL CHANGES

If you are amending your *brochure* for your annual update and it contains material changes from your last annual update, identify and discuss those changes on the cover page of the *brochure* or on the page immediately following the cover page, or as a separate document accompanying the *brochure*. You must state clearly that you are discussing only material changes since the last annual update of your *brochure*, and you must provide the date of the last annual update of your *brochure*.

Pine Grove is updating its firm brochure (the “Brochure”) as of March 28, 2013. The following is a summary of material changes that Pine Grove has made to the Brochure since the previous annual amendment on March 30, 2012:

- Item 4.A: Pine Grove has updated its ownership to reflect management’s February 1, 2013 completion of the purchase of Arthur Williams III’s remaining interest in Pine Grove Asset Management LLC effective January 1, 2013.
- Item 9: Pine Grove has removed the disclosure of a prior legal event consistent with updates to its Form ADV Part 1.
- Item 10.B: Pine Grove has updated the list of associated persons as Arthur Williams III is no longer Chairman or related to Pine Grove subsequent to the purchase of his remaining interest.

### ITEM 3 - TABLE OF CONTENTS

	<u>Page</u>
ITEM 2 – MATERIAL CHANGES .....	I
ITEM 3 - TABLE OF CONTENTS.....	II
ITEM 4 – ADVISORY BUSINESS .....	1
ITEM 5 – FEES AND COMPENSATION .....	3
ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT ..	6
ITEM 7 – TYPES OF CLIENTS .....	7
ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS .....	8
ITEM 9 – DISCIPLINARY INFORMATION .....	22
ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.	24
ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....	26
ITEM 12 – BROKERAGE PRACTICES.....	28
ITEM 13 – REVIEW OF ACCOUNTS.....	30
ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION.....	31
ITEM 15 – CUSTODY .....	32
ITEM 16 – INVESTMENT DISCRETION .....	33
ITEM 17 – VOTING CLIENT SECURITIES.....	34
ITEM 18 – FINANCIAL INFORMATION .....	35

## ITEM 4 – ADVISORY BUSINESS

<b>Item 4.A</b>	<p>Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).</p> <p>Pine Grove Asset Management LLC (“PGAM”) was formed in 2011 to succeed the business of Pine Grove Associates, Inc. (“PGA”) and its affiliates by providing discretionary investment advisory services, including, but not limited to, managing and directing the investment and reinvestment of assets for the following domestic and offshore private investment funds of hedge funds:</p> <ul style="list-style-type: none"> <li>○ Pine Grove Partners, L.P., a Delaware limited partnership (“PGP”),</li> <li>○ Pine Grove Institutional Partners, L.P., a Delaware limited partnership (“PGIP”),</li> <li>○ Pine Grove Institutional Partners II Ltd., an exempted Bermuda company (“PGIP II”),</li> <li>○ Pine Grove Offshore Fund Ltd., an exempted Bermuda company (“PGOF”), and</li> <li>○ Pine Grove Offshore Master Fund Ltd., an exempted Bermuda company (“PGOMF”).</li> </ul> <p>PGIP and PGOF invest all of their assets through a master-feeder structure into PGOMF. PGP and PGIP II operate as stand-alone funds.</p> <p>Each of PGP, PGIP, PGIP II, PGOF and PGOMF may be referred to individually in this Brochure as a “Fund” and together as the “Funds.” PGAM acts as investment manager to each of the Funds. The terms for each Fund are disclosed in detail the relevant Fund’s offering documents that are provided to prospective investors prior to investment.</p> <p>An affiliate of PGAM, Pine Grove Asset Management GP LLC (“PGAM GP”), acts as the general partner to PGP and PGIP.</p> <p>PGAM may provide discretionary investment advisory services to pension and profit sharing plans, trusts and estates, corporations and other entities through managed account relationships (the “Separate Accounts”, and together with the Funds, the “Advisory Clients”).</p> <p>PGA, the former general partner of PGP and PGIP, was formed in 1994. An affiliate of PGA, Pine Grove International Management Company, LLC (“PGIM”), was formed in 1998 to act as the investment manager of PGOF. Effective May 6, 2011, PGAM succeeded the business of PGA and its affiliates to facilitate the equity expansion of PGA. Effective January 1, 2012, PGIP and PGOF were organized into a master-feeder structure and PGIP II was launched. On February 1, 2013, PGAM completed the purchase of Arthur Williams III’s remaining interest in PGAM effective January 1, 2013.</p> <p>PGAM and its affiliate PGAM GP are each owned by Tom Williams, Chief Investment Officer, Matthew Stadtmauer, President, and Manish Keshive, Senior Managing Director, John Feeley, Managing Director, Michael Herring, Head of Operations and Chief Compliance Officer, Jennifer Babsin Neirick, Head of Marketing, and Eric Taubenheim, Managing Director.</p>
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<p><b>Item 4.B</b></p>	<p>.</p> <p>Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.</p> <p>PGAM invests the Funds’ assets with professional money managers (“Money Managers”) who invest in common and preferred stocks (including small-cap stocks), options, warrants, convertible securities, bonds, foreign securities, foreign currencies, commodities, commodity futures, financial futures, derivatives, residential and/or commercial mortgage-backed and mortgage-related securities, mortgages, collateralized loan obligations, other asset backed securities including securities backed by student loans, privately placed securities or other assets, real estate, structured products, and other assets of investment grade or below investment grade. PGAM attempts to minimize the risks involved in the Funds’ investments through diversification and by selecting Money Managers who utilize strategies such as hedged investing.</p>
<p><b>Item 4.C</b></p>	<p>Explain whether (and, if so, how) you tailor your advisory services to the individual needs of <i>clients</i>. Explain whether <i>clients</i> may impose restrictions on investing in certain securities or types of securities.</p> <p>PGAM neither tailors its advisory services to the individual needs of investors nor accepts investor-imposed investment restrictions with respect to the Funds. When deemed appropriate for a large or strategic investor, PGAM may establish a Separate Account that may tailor its investment objectives to those of the specific investor and/or be subject to different terms and/or fees than those of the Funds.</p> <p>PGAM may, with respect to certain prospective or existing investors of the Funds, enter into agreements whereby such investors may be subject to terms and conditions that are more advantageous than those available to other investors.</p>
<p><b>Item 4.D</b></p>	<p>If you participate in <i>wrap fee programs</i> by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.</p> <p>PGAM does not participate in wrap fee programs.</p>
<p><b>Item 4.E</b></p>	<p>If you manage <i>client</i> assets, disclose the amount of <i>client</i> assets you manage on a <i>discretionary basis</i> and the amount of <i>client</i> assets you manage on a <i>non-discretionary basis</i>. Disclose the date “as of” which you calculated the amounts.</p> <p>As of January 1, 2013, PGAM had approximately \$917,171,281 of regulatory assets under management. All such Advisory Client assets are managed on a discretionary basis. PGAM does not currently manage any Advisory Client assets on a non-discretionary basis.</p>

## ITEM 5 – FEES AND COMPENSATION

<p><b>Item 5.A</b></p>	<p>Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.</p> <p>PGAM is generally compensated for its advisory services to PGP through a quarterly fixed fee (a “Fixed Fee”) in a range of 0% to 1.75% per annum of PGP’s net assets, depending on the applicable class of interests. PGAM may waive or reduce the Fixed Fee payable to it by certain limited partners invested in PGP that are employees or affiliates of PGAM, or relatives of such persons, or for any other limited partner. As noted above, an investor may pay a higher or lower fixed fee depending upon which class of limited partnership interests they have invested in.</p> <p>PGAM is generally compensated for its advisory services to PGIP and PGIP II through a quarterly Fixed Fee in a range of 1.0% to 1.2% per annum of the relevant Fund’s net assets. The fees payable by PGIP and PGIP II are not currently subject to negotiation with prospective investors, but PGAM and its affiliates reserve the right to modify the fees payable by PGIP and/or PGIP II in the future.</p> <p>PGAM is generally compensated for its advisory services to PGOF through a quarterly Fixed Fee in a range of 1.0% to 1.75% per annum of PGOF’s net assets, depending on the applicable class of shares. The fees payable by PGOF are not currently subject to negotiation with prospective investors, but PGAM and its affiliates reserve the right to negotiate these and any other fees in the future.</p> <p>Fees paid to PGAM by Separate Accounts will be individually negotiated with each account and may include management and/or performance-based fees.</p> <p><b>Fixed fees vary by Fund and by class. It is critical that prospective investors refer to the relevant Fund’s offering documents for a complete understanding of how PGAM is compensated for its advisory services. The information contained in this Item 5 is a summary only and is qualified in its entirety by the relevant Fund’s offering documents.</b></p>
<p><b>Item 5.B</b></p>	<p>Describe whether you deduct fees from <i>clients</i>’ assets or bill <i>clients</i> for fees incurred. If <i>clients</i> may select either method, disclose this fact. Explain how often you bill <i>clients</i> or deduct your fees.</p> <p>As noted in Item 5.A above, PGAM deducts fees from the Funds’ assets in the form of a quarterly Fixed Fee. The Fixed Fee is generally paid to PGAM from the Funds quarterly in arrears (or payable on a pro-rata basis the day the relevant Fund terminates if other than the last day of a calendar quarter).</p>
<p><b>Item 5.C</b></p>	<p>Describe any other types of fees or expenses <i>clients</i> may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that <i>clients</i> will incur brokerage and other transaction costs, and direct <i>clients</i> to the section(s) of your <i>brochure</i> that discuss brokerage.</p> <p>Each Fund will bear its own organizational, operational, legal (including ongoing offering costs), auditing and accounting expenses, compliance, risk management and due diligence research fees, research technology fees, investment expenses (including interest on indebtedness, custodial fees and other reasonable expenses related to the purchase, sale or transmittal of Fund assets), directors’ fees and</p>

	<p>expenses, administrator fees, corporate secretarial fees and expenses, insurance expenses, registration fees and bank service fees as applicable.</p> <p>In addition to the Funds' direct expenses, each Fund, as a fund-of-hedge fund, indirectly bears its pro rata share of the expenses of the underlying funds. These indirect expenses include the Fund's pro rata share of an underlying fund's investment expenses (such as custodial fees and brokerage commissions) and overhead and operational expenses (such as management and consulting fees and similar expenses). Money Managers may charge (i) a fixed base fee (typically 1% to 2% of net assets on an annual basis) and (ii) an incentive fee or allocation based upon a percentage of any profits of the underlying fund (typically 15 to 20% of profits).</p> <p>Certain investors in the Funds may also be subject to withdrawal/redemption fees, as described in the Funds' offering documents.</p> <p>It should also be noted that a certain class of interests in PGP and PGOF are only offered pursuant to distribution arrangements that PGP and PGOF have with independent distributors ("Distribution Agents") and that the Distribution Agents may receive, in respect of investors introduced to PGP or PGOF (on a fully disclosed basis), an upfront sales charge commission equal to a percentage of the amount invested in PGP or PGOF by any such investor (a "Distribution Fee"). Any Distribution Fee will be paid to the Distribution Agent upon subscription and will be in addition to, and not a deduction from, the subscription amount.</p> <p>As mentioned above in Item 4.B above, PGAM primarily utilizes an investment strategy that is focused on investing Advisory Client assets in other investment funds managed by the Money Managers. Investors will indirectly incur brokerage and other transaction costs related to such investments. Refer to Item 12 – Brokerage Practices for further information.</p>
<b>Item 5.D</b>	<p>If your <i>clients</i> either may or must pay your fees in advance, disclose this fact. Explain how a <i>client</i> may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.</p> <p>Advisory Clients do not pay fees in advance.</p> <p><b>It is critical that prospective investors refer to the relevant Fund's offering documents for a complete understanding of how they may terminate the investment advisory relationship with PGAM. The information contained in this Item 5 is a summary only and is qualified in its entirety by the relevant Fund's offering documents.</b></p>
<b>Item 5.E</b>	<p>If you or any of your <i>supervised persons</i> accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.</p> <p>Not applicable</p>
<b>Item 5.E.1</b>	<p>Explain that this practice presents a conflict of interest and gives you or your <i>supervised persons</i> an incentive to recommend investment products based on the compensation received, rather than on a <i>client's</i> needs. Describe generally how you address conflicts that arise, including your procedures for disclosing the conflicts to <i>clients</i>. If you primarily recommend mutual funds, disclose whether</p>

	<p>you will recommend “no-load” funds.</p> <p><a href="#">Not applicable</a></p>
<b>Item 5.E.2</b>	<p>Explain that <i>clients</i> have the option to purchase investment products that you recommend through other brokers or agents that are not affiliated with you.</p> <p><a href="#">Not applicable</a></p>
<b>Item 5.E.3</b>	<p>If more than 50% of your revenue from advisory <i>clients</i> results from commissions and other compensation for the sale of investment products you recommend to your <i>clients</i>, including asset-based distribution fees from the sale of mutual funds, disclose that commissions provide your primary or, if applicable, your exclusive compensation.</p> <p><a href="#">Not applicable</a></p>
<b>Item 5.E.4</b>	<p>If you charge advisory fees in addition to commissions or markups, disclose whether you reduce your advisory fees to offset the commissions or markups.</p> <p><a href="#">Not applicable</a></p>

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

If you or any of your *supervised persons* accepts *performance-based fees* – that is, fees based on a share of capital gains on or capital appreciation of the assets of a *client* (such as a *client* that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your *supervised persons* manage both accounts that are charged a *performance-based fee* and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your *supervised persons* face by managing these accounts at the same time, including that you or your *supervised persons* have an incentive to favor accounts for which you or your *supervised persons* receive a *performance-based fee*, and describe generally how you address these conflicts.

Neither PGAM nor any of our supervised persons currently accepts any performance-based fees.

## ITEM 7 – TYPES OF CLIENTS

Describe the types of *clients* to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.

PGAM provides investment advisory services to the Funds, which are pooled investment vehicles operating as private investment funds. When deemed appropriate for a large or strategic investor, PGAM may establish Separate Accounts for strategic investors. Any such Separate Accounts are individually negotiated and are generally subject to a minimum investment amount at the discretion of PGAM.

The minimum initial investment in the Funds is currently \$500,000 (or in the case of PGOF share classes denominated in currencies other than the US dollar, the equivalent in each such currency of US\$500,000). This minimum is subject to increase or decrease at the discretion of PGAM.

## ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

<b>Item 8.A</b>	<p>Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that <i>clients</i> should be prepared to bear.</p> <p>The Funds endeavor to invest in strategies and with Money Managers which, in the opinion of PGAM, meet the objectives of the Funds. The Funds are designed to provide access to a number of investment strategies and Managers that, in aggregate aim to provide rates of return consistent with relative value and event strategies by potentially reducing certain market and trading risks resulting in a potentially less risky profile than the equity markets.</p> <p>The Funds utilize a variety of methods and strategies to make investment decisions and recommendations. The methods of analysis include both qualitative and quantitative assessments of Money Managers. The Funds endeavor to analyze the appropriateness of a Money Manager's strategy to the objectives of the Funds, risks of the strategy and the method of implementing it utilized by the Money Manager, its perceived skill in implementing it, its past experience, particularly during adverse market conditions, reputation, financial and risk controls, terms of the agreement between the Money Manager and investors (including allocation of profits and expenses, and rights to withdraw), and estimated capacity of the strategy (amount of money which can be invested in the strategy or by the Money Manager without increasing risk or reducing return to unacceptable levels). Practical considerations include the willingness or ability of the Money Manager to accept new funds, whether the amount which the Funds wish to invest is above the Money Manager's minimum investment and the concurrence of the times when the Funds have available funds and the Money Manager can accept them. The foregoing criteria reflect various factors, all or many of which may be present with respect to any particular investment. In addition, there may be other criteria which may, from time to time, be considered other than the foregoing.</p> <p>The Funds invest with Money Managers who invest in common and preferred stocks (including small cap stocks), options, warrants, convertible securities, bonds, foreign securities, foreign currencies, commodities, commodity futures, financial futures, derivatives, residential and/or commercial mortgage-backed and mortgage-related securities, mortgages, collateralized loan obligations, other asset backed securities including securities backed by student loans, privately placed securities or other assets, real estate, and other assets of investment grade or below investment grade. The Funds attempt to minimize the risks involved in the Funds' investments through diversification and by selecting Money Managers who utilize strategies such as hedged investing, relative value and event driven. Diversification, as commonly understood, and in the meaning of portfolio theory, suggests that investors should spread their risk among a variety of investments so that if any one investment performs particularly badly, the investor will not suffer a catastrophic loss to the overall portfolio. By increasing the number of investments, the investor generally increases the chances of having an investment with bad results, but reduces the impact of such investment on the whole</p>
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	<p>portfolio.</p> <p><b>The Funds have broad and flexible investment authority. The Funds may have other strategies or engage in other activities than those described herein. It is critical that investors refer to the relevant Fund’s offering documents for a complete understanding of that Funds’ investment objective and strategies. The information contained in this Item 8 is a summary only and is qualified in its entirety by the relevant Fund’s offering documents.</b></p> <p><b>An investment in the Funds may be deemed speculative and is not intended as a complete investment program. The Funds are designed only for experienced and sophisticated persons who are able to bear the risk of substantial impairment or total loss of their investment in the Funds.</b></p>
<b>Item 8.B</b>	<p>For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.</p> <p><u>Illiquidity</u></p> <p>Because of the limitation on withdrawal/redemption rights and the fact that limited partnership interests/shares are not tradable, and furthermore, due to the fact that the Funds may invest with Money Managers who do not permit frequent withdrawals/redemptions, an investment in the Funds is a relatively illiquid investment and involves a high degree of risk.</p> <p>A purchase of limited partnership interests/shares should be considered only by entities financially able to maintain their investment and which can afford a substantial loss of their investment.</p> <p><u>Concentration of Investments</u></p> <p>Although PGAM seeks to obtain diversification by investing with a number of Money Managers with diverse strategies, it is possible that several of the Money Managers might take substantial positions in the same security or group of securities at the same time. This may subject the investments of the Funds to more rapid change in value than would be the case if the assets of the Funds were more widely diversified. Further, while diversification theoretically decreases the chances that a poor investment will seriously damage the Funds, diversification may increase the likelihood that a poor investment will be made.</p> <p><u>Activities of Money Managers</u></p> <p>Although the Funds seek to select only Money Managers who will invest the Funds’ assets with the highest level of integrity, the Funds will have no control over the day-to-day operations of any of the selected Money Managers. Rather, the Money Managers will have various levels of experience and will have exclusive responsibility for making trading decisions on behalf of the Funds. As a result, there can be no assurance that every Money Manager engaged by the Funds will invest on the basis expected by the Funds.</p>

### Multiple Money Managers

Because the Funds invest with multiple Money Managers who make their trading decisions independently, it is theoretically possible that one or more of such Money Managers may, at any time, take positions which may be opposite to positions taken by other Money Managers. It is also possible that Money Managers may on occasion be competing with each other for similar positions at the same time. Also, a particular Money Manager may take positions for its other clients which may be opposite to positions taken for the Funds.

The Funds may be required to pay an incentive fee to the Money Managers who make a profit for the Funds in a particular fiscal year even though the Funds may in the aggregate incur net losses for such fiscal year.

### Valuation of Assets

In general, PGAM and the administrator will rely on valuations provided to them by the Money Managers in determining the valuations of each Fund's investments. However, except during any time when the assets of a Fund are subject to ERISA, PGAM has the right to determine that some other valuation is more appropriate. Valuations of the Funds' investments (which will indirectly determine the amount of the Fixed Fee) may involve uncertainties and judgmental determinations, and if such valuations should prove to be incorrect, the investors could be adversely affected. Independent pricing information may not at times be available with respect to certain of the Funds' securities and other investments, particularly illiquid investments. Accordingly, while the Money Managers and PGAM, as applicable, may use their commercially reasonable efforts to value all investments in the Funds fairly, certain investments may be difficult to value and may be subject to varying interpretations of value. During any time that the assets of a Fund are subject to ERISA, PGAM may not exercise any discretion in the valuation of such assets. Instead, during any such time, such assets will be valued by other suitable independent sources, independent brokers, market makers, other intermediaries or any third parties as reasonably appointed by the administrator, in consultation with PGAM, based upon fair value.

### Reliability of Valuations

For the determination of each Fund's net asset value, PGAM depends on the valuations of the Fund's interest in the underlying funds provided by the Money Managers. Each Fund's interest in an underlying fund is valued pursuant to the instrument governing such underlying fund. As a general matter, the governing instruments of the underlying funds provide that any securities or investments that are illiquid, not traded on an exchange or in an established market, or for which no value can be readily determined, are assigned such fair value as the respective Money Managers may determine in their judgment based on various factors. Such factors include, but are not limited to, dealer quotes or independent appraisals. Such valuations may not be indicative of what the actual fair market value would be in an active, liquid, or established market and subject the Money Managers to a conflict of interest where their fees are based on such valuations.

#### Estimates

PGAM has limited ability to assess the accuracy of the valuations received from the Money Managers. Furthermore, the net asset values received by PGAM from such Money Managers are typically estimates only, subject to revision through the end of each underlying fund's annual audit, and no net asset value figure of the Funds can be considered final until each underlying fund's annual audit is completed.

#### Dependence on Money Managers

The Funds will be highly dependent upon the expertise and abilities of the Money Managers who will have investment discretion over the Funds' assets and, therefore, the death, incapacity or retirement of any Money Manager or its principals may adversely affect investment results. The Funds also can be negatively affected by adverse price movements of significant positions held by one or more of the funds or Money Managers in which the Funds invest.

#### Access to Information from Money Managers

As an investor in an investment fund, managed account or other entity managed by the Money Managers, the Funds will receive periodic reports of varying levels of details from such Money Managers. PGAM may not always be provided with detailed information regarding all the investments made by the Money Managers because certain of this information may be considered proprietary information by the Money Manager. Additionally, information received from the Money Managers may not always be accurate and/or timely. This lack of access to, untimeliness of and/or inaccuracy of information provided by the Money Manager may make it more difficult for PGAM to evaluate, allocate among, and terminate Money Managers.

#### Assessment of Risk

PGAM uses a third party risk management service provider ("Third Party Risk Manager") to assist it with its risk analysis program. A number of Money Managers report to a Third Party Risk Manager their portfolio positions and other financial data, and the Third Party Risk Manager in turn uses this information to produce risk and exposure evaluation reports for PGAM. Neither the Third Party Risk Manager nor PGAM independently verifies the information provided by Money Managers. In addition, not all Money Managers provide full position transparency to the Third Party Risk Manager. For Money Managers that provide less than or no position transparency, the Third Party Risk Manager may use other available information such as performance returns to calculate risk. To the extent that any information provided or used is inaccurate or incomplete or the models are not suitable for measuring the risk for a Money Manager's strategy, this could affect the risk evaluations contained in the reports. The Third Party Risk Manager risk estimates contained in the reports are generated using quantitative models and no such models can predict actual losses in future real world scenarios. The estimates of losses contained in the reports are based upon calculations made by the Third Party Risk Manager and may not track the actual losses incurred. The

	<p>Funds (and investors) may experience actual losses that are significantly worse than those estimated in the Third Party Risk Manager reports.</p> <p><u>Lack of Liquidity of Certain Investments – Private Investments</u></p> <p>At various times, the markets for certain securities purchased or sold by Money Managers utilized by the Funds may be “thin” or illiquid, making purchase or sale of securities at desired prices or in desired quantities difficult or impossible. There may be no market for unlisted securities traded by such Money Managers. In some cases, the Money Managers (or the investment funds that they manage) may be contractually prohibited from disposing of such securities for a specified period of time. Further, the sale of any such investments may be possible only at substantial discounts and such investments may be extremely difficult to value. For these reasons, the Funds may face problems in liquidating the portion of their investment in an underlying fund that is attributable to such investments until the investment becomes (or is deemed to become) marketable or liquid.</p> <p><u>Relative Value Strategies</u></p> <p>The success of certain of the underlying funds’ relative value investing is dependent on the relevant Money Managers’ ability to exploit relative mispricings among interrelated instruments. Although relative value positions are considered to have a lower risk profile than directional investments as the former attempt to exploit price differentials rather than overall price movements, relative value strategies are by no means without risk. Mispricings, even if correctly identified, may not converge within the time frame within which such underlying funds maintain their positions. Even “riskless” arbitrage — which is rare — can result in significant losses if the arbitrage cannot be sustained (due, for example, to margin calls) until expiration. Such underlying funds’ relative value strategies are subject to the risks of disruptions in historical price relationships, the restricted availability of credit and the obsolescence or inaccuracy of its or third-party valuation models. Market disruptions may also force such underlying funds to close out one or more positions. Such disruptions have in the past resulted in substantial losses for investment funds employing relative value strategies.</p> <p>A major component of certain of the underlying funds’ relative value investing involves spreads between two or more positions. To the extent the price relationships between such positions remain constant, no gain or loss may occur. Such positions do, however, entail a substantial risk that the price differential could change unfavorably and, due to the leveraged nature of an underlying fund’s investing, result in increased losses.</p> <p>In recent market conditions, the profitability of relative value investing has been materially reduced — in part due to the number of market participants seeking to exploit the same perceived mispricings.</p> <p><u>Counterparty and Credit Risk to Money Managers; Underlying Fund Assets Not Protected by Segregation</u></p> <p>The investment vehicles managed by Money Managers may be subject to the risk that brokers, counterparties, clearing houses or exchanges may default on their obligations to the underlying investment vehicles. Any such default could result</p>
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	<p>in material losses for the Money Managers.</p> <p>The Money Managers' assets (i.e., the assets of the investment vehicles that they manage) held by their brokers and/or counterparties may not be held in segregation. Consequently, the Money Manager may have only the status of any other general creditor of such broker or counterparty in the event of their bankruptcy</p> <p><u>Portfolio Turnover</u></p> <p>Some of the Money Managers may utilize aggressive trading strategies, which may involve engaging in substantial short-term trading. Accordingly, the annual portfolio turnover rate of some of the underlying funds may be substantially in excess of 200%. A high rate of portfolio turnover involves corresponding greater expenses than a lower rate.</p> <p><b>Please refer to the offering documents of the Funds for a detailed description of the material risks related in an investment in the Funds.</b></p>
<b>Item 8.C</b>	<p>If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.</p> <p><u>Emerging Markets and Non-U.S. Investments</u></p> <p>Certain Money Managers may invest in emerging markets. Investing in emerging markets and the securities of non-U.S. companies which are generally dominated in non-U.S. currencies, involves certain considerations comprising both risk and opportunity not typically associated with investing in other more established economies or securities markets or in the securities of U.S. companies. Such considerations include (i) the risk of nationalization or expropriation of assets or non-U.S. taxation; (ii) social, economic, and political uncertainty; (iii) dependence on exports and the corresponding importance of international trade; (iv) price fluctuations, less liquidity and smaller capitalization of securities markets; (v) changes in exchange rates and exchange control regulations; (vi) rates of inflation; (vii) controls on non-U.S. investment and limitations on repatriation of invested capital and on the Funds' ability to exchange local currencies for U.S. dollars; (viii) governmental in and control over the economies; (ix) that governments may decide not to continue to support economic reform programs generally and could impose centrally planned economies; (x) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers and less available information than is generally the case in the United States; (xi) less extensive government supervision of the securities markets, brokers and issuers; (xii) the settlement period of securities transactions in emerging markets may be longer; (xiii) less developed corporate laws regarding fiduciary duties of officers and directors and the protection of investors; (xiv) higher transaction costs and greater price volatility; (xv) imposition of foreign taxes; (xvi) difficulty in enforcing contractual obligations; and (xvii) less available information than is generally the case in the United States. The performance of the Funds will be measured in U.S. Dollars.</p> <p><u>Short Sales</u></p> <p>The investment program of many of the Funds' Money Managers will include</p>

short selling. A short sale is a transaction in which an investor sells a security it does not own but has borrowed in anticipation that the market price of that security will decline. When the investor makes a short sale of a security that it does not own, it must borrow from the broker-dealer the security sold short and deliver the security to the broker-dealer upon conclusion of the short sale. The investor may be required to pay a fee to borrow particular securities and is often obligated to pay over any payments received on such borrowed securities. The investor's obligation to replace the borrowed security will be secured by collateral deposited with a broker-dealer. Depending on the arrangements the investor makes with the broker-dealer from which it borrowed the securities, regarding remittance of any payments received by the investor on such security, the investor may not receive any payments (including interest) on its collateral deposited with the broker-dealer. In addition, the lender of the security sold short generally may require the borrower to retain the security at any time. This means that the lender may require the borrower to involuntarily purchase the security at a significant loss.

If the price of the security sold short increases between the time of the short sale and the time the investor replaces the borrowed security, the investor will incur a loss; conversely, if the price declines, the investor will realize a gain. Any gain will be decreased, and any loss increased, by the transaction costs described above. Although the investor's gain is limited to the price at which it sold the security short, its potential loss is theoretically unlimited. There can be no assurance that securities necessary to cover a short position will be available for purchase.

#### Indirect Designated Investments

Certain underlying funds managed by the Money Managers may invest a material percentage of their capital in investments that they classify as designated investments, which typically not only do not have a readily determinable market value, but also do not permit any means of liquidity. In order to accommodate such designated investments, upon an investor's withdrawal/redemption from a Fund, the Fund will effectively buy-out such investor's residual interests in the designated investments in which such investor is indirectly invested through its investment in the relevant Fund at "fair value." Such "fair value" may be substantially below actual or realizable value, likely benefiting the continuing investors; however, any such buy-outs will increase such continuing investors' exposure to designated investments in the underlying funds. Such "fair value" may also be substantially above actual or realizable value, likely hurting the continuing investors, if a withdrawal/redemption is paid out based on such higher value.

#### Leverage; Options

The Money Managers retained by the Funds may employ financial leverage (margin) and may write or purchase options. While the use of borrowed funds can substantially improve the return on invested capital, the use of borrowed funds may also increase any adverse impact to which the investments of the Funds may be subject. The writing or purchasing of an option runs the risks of losing the entire investment in such option or of causing significant losses to the Funds in a relatively short period of time.

	<p>Because option premiums paid or received by an investor will be small in relation to the market value of the investments underlying the options, buying and selling put and call options can result in large amounts of leverage. As a result, the leverage offered by trading in options could cause an investor's asset value to be subject to more frequent and wider fluctuations than would be the case if the investor did not invest in options.</p> <p>Upon the exercise of a put option written by an investor on securities, the investor may suffer a loss equal to the difference between the price at which the investor is required to purchase the underlying securities and their market value at the time of the option exercise, less the premium received from writing the option. Upon the exercise of a call option on securities written by the investor, the investor may suffer a loss equal to the excess of the market value of the securities at the time of the option's exercise over the investor's acquisition cost of the securities, less the premium received from writing the option.</p> <p>No assurance can be given that a Money Manager will be able to effect the closing transaction at a time when it wishes to do so. If the Money Manager cannot enter into a closing transaction, the Money Manager may be required to hold securities that it might otherwise have sold, in which case it would continue to be at market risk on the securities and could have higher transaction costs, including brokerage commissions, upon the sale of securities.</p> <p><u>Futures Contracts</u></p> <p>Trading in futures contracts and options thereon are highly specialized activities which, while they may increase the total return on investments, may entail greater than ordinary investment risks.</p> <p><u>Commodity Futures</u></p> <p>A number of Money Managers may engage in commodity futures transactions. Trading in commodity and financial futures contracts and options thereon are highly specialized activities which, while they may increase the total return on the Funds' investments, may entail greater than ordinary investment risks. Commodity futures markets are highly volatile and are influenced by factors such as changing supply and demand relationships, governmental programs and policies, national and international political and economic events and changes in interest rates. In addition, because of the low margin deposits normally required in commodity futures trading, a high degree of leverage may be typical of a commodity futures trading account. As a result, a relatively small price movement in a commodity futures contract may result in substantial losses to the trader. Commodity futures trading may also be illiquid. Certain commodity exchanges do not permit trading in particular futures contracts at prices that represent a fluctuation in price during a single day's trading beyond certain set limits. If prices fluctuate during a single day's trading beyond those limits, the Money Manager could be prevented from promptly liquidating unfavorable positions and thus be subject to substantial losses.</p> <p><u>Bank Loans</u></p> <p>The investment program of Money Managers retained by the Funds may include investments in significant amounts of bank loans and participations. These</p>
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obligations are subject to unique risks, including, without limitation: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws; (ii) so-called lender-liability claims by the issuer of the obligations; (iii) environmental liabilities that may arise with respect to collateral securing the obligations; and (iv) limitations on the ability of the Money Managers to directly enforce its rights with respect to participations. In analyzing each bank loan or participation, the Money Managers will attempt to compare the relative significance of the risks against the expected benefits of the investment. Successful claims by third parties arising from these and other risks will be borne by the underlying fund (including the Funds' pro rata share of such underlying fund).

#### Distressed Securities

The investment program of Money Managers retained by the Funds may include investment in "distressed" securities, claims and obligations of domestic and foreign entities which are experiencing significant financial or business difficulties. Investments may include loans, commercial paper, loan participations, trade claims held by trade or other creditors, stocks, partnership interests and similar financial instruments, executory contracts and options or participations therein not publicly traded. Distressed securities may result in significant returns to the underlying funds managed by the Money Managers, but also involve a substantial degree of risk. The underlying funds may lose a substantial portion or all of its investment in a distressed environment or may be required to accept cash or securities with a value less than the underlying fund's investment. Among the risks inherent in investments in entities experiencing significant financial or business difficulties is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments also may be adversely affected by state and federal laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims. The market prices of such instruments are also subject to abrupt and erratic market movements and above average price volatility, and the spread between the bid and asked prices of such instruments may be greater than normally expected. In trading distressed securities, litigation is sometimes required. Such litigation can be time-consuming and expensive, and can frequently lead to unpredicted delays or losses. Moreover, to the extent that the underlying funds invests in distressed sovereign debt obligations, they will be subject to additional risks and considerations not present in private distressed securities, including the uncertainties involved in enforcing and collecting debt obligations against sovereign nations, which may be affected by world events, changes in U.S. foreign policy and other factors outside of the control of the Money Managers. The market for distressed securities and instruments is generally thinner and less active than other markets, which can adversely affect the prices at which distressed securities can be sold.

#### Risks of Investment in Small Capitalization and Mid-Capitalization Issuers

The pursuit of the Funds' and certain underlying funds' investment strategy may result in a significant portion of the Funds' or certain underlying funds' assets being invested in financial instruments of small-cap and mid-cap issuers. Financial instruments of small and mid-cap issuers pose certain distinctive risks. Some small and mid-cap issuers have limited product lines, markets or financial

resources. They may be subject to high volatility in revenues, expenses and earnings. They may be dependent for management on one or a few key persons, and can be more susceptible to losses and risks of bankruptcy. Their financial instruments may be thinly traded (and therefore have to be sold at a discount from current market prices or sold in small lots over an extended period of time), may be followed by fewer investment research analysts and may be subject to wider price swings and thus may create a greater chance of loss than when investing in financial instruments of large-cap issuers. In addition, small and mid-cap issuers may not be well-known to the investment public and may have only limited institutional ownership. The market prices of financial instruments of small and mid-cap issuers generally are more sensitive to changes in earnings expectations, to corporate developments and to market rumors than are the market prices of large-cap issuers. Transaction costs in financial instruments of small and mid-cap issuers may be higher than in those of large-cap issuers.

#### Equity Investments

The equity securities in which the Money Managers may invest may involve substantial risks and may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. There are no absolute restrictions in regard to the size or operating experience of the companies in which the Money Managers may invest (and relatively small companies may lack management depth or the ability to generate internally, or obtain externally, the funds necessary for growth and companies with new products or services could sustain significant losses if projected markets do not materialize).

#### Interest Rate Risk

Money Managers selected by PGAM may be subject to interest rate risk. Generally, the value of fixed income securities will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed income securities tends to increase. This risk will be greater for long-term securities than for short-term securities.

#### Currency Risks

The investments of Funds that are denominated in various currencies are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. The Money Managers retained by the Funds may try to hedge these risks by investing in foreign currencies, foreign currency futures contracts and options thereon, forward foreign currency exchange contracts, or any combination thereof, but there can be no assurance that such strategies will be effective.

#### Small Cap Stocks

At any given time, the Funds may have significant investments in smaller-to-medium sized companies of a less seasoned nature whose securities are traded in the over-the-counter market. These “secondary” securities often involve

significantly greater risks than the securities of larger, better-known companies.

#### Convertible Securities

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

#### High Risk Investments

The Funds may have investments in public or private companies involved in (or the target of) acquisition attempts or tender offers or companies involved in work-outs, liquidations, spin-offs, reorganizations, financings, bankruptcies and similar transactions. In any investment opportunity involving any such type of business enterprise, there exists the risk that the transaction in which such business enterprise is involved either will be unsuccessful, take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Funds of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the Funds may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which the Funds may invest, there is a potential risk of loss by the Funds of their entire investment in such companies.

#### High Yield Securities

The Funds may have investments in public or privately-placed "high yield" bonds and preferred securities (convertible or non-convertible) which are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities). Securities in the lower rating categories are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with the lower rated securities, the yields and prices of such securities may tend to fluctuate more than those for higher rated securities. The market for lower rated securities is thinner and less active than that for higher rated securities, which can adversely affect the prices at

which these securities can be sold. In addition, adverse publicity and investor perceptions about lower rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower rated securities.

#### Mortgage-Backed and Mortgage-Related Securities

The Money Managers may invest in residential and/or commercial mortgage-backed securities. The investment characteristics of certain mortgage-backed and mortgage-related securities differ from those of traditional fixed income securities. The major differences include the payment of interest and principal on the securities on a more frequent schedule and the possibility that principal may be prepaid at any time due to prepayments on the underlying mortgage loans or other assets. These differences can result in significantly greater price and yield volatility than is the case with traditional fixed income securities.

Money Managers may also invest in sub-prime mortgage securities. Sub-prime borrowers generally include borrowers with a tarnished or limited credit history. Sub-prime loans carry a higher credit risk than loans made at prime or mid-prime and as such will carry a higher interest rate. Investments in sub-prime mortgage securities should generally be viewed as a riskier investment than investments in residential prime mortgage securities or residential mid-prime mortgage securities, as there is a greater chance that borrowers will default on their sub-prime mortgages. Money Managers may also engage in short sales of securities comprised in whole or in part of sub-prime mortgages, usually through derivatives. If the value of such securities increases, such Money Managers may experience substantial losses.

#### Corporate Debt Obligations

Money Managers selected by the Funds may invest in corporate debt obligations, including commercial paper. Corporate debt obligations are subject to the risk of an issuer's inability to meet principal and interest payments on the obligations (credit risk). Money Managers selected by the Funds may actively expose the portfolios to credit risk. However, there can be no guarantee that the Money Managers selected by the Funds will be successful in making the right selections and thus fully mitigating the impact of credit risk changes on the portfolios.

#### Other Asset Backed Securities, Including Collateralized Loan Obligations

The Money Managers may invest in other asset backed securities, including collateralized loan obligations ("CLOs") and student loans. CLO collateral may consist of residential mortgage backed securities, commercial mortgage backed securities, other asset backed securities, other high-yield debt securities, loans and other instruments, which often are rated below investment grade (or of equivalent credit quality). The value of CLO owned generally will fluctuate with, among other things, the financial condition of the obligors or issuers of the underlying portfolio of assets of the related CLO, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. Consequently, holders of the CLOs must rely solely on distributions on the CLO collateral or proceeds thereof for payment in respect thereof. If distributions on the CLO collateral are insufficient to make payments on the CLOs, no other assets will be available for

payment of the deficiency and following realization of a CLO's collateral, the obligations of such issuer to pay such deficiency generally will be extinguished.

Purchasers of loans are predominantly commercial banks, hedge funds, mutual funds and investment banks. As secondary market trading volumes increase, new loans are frequently adopting standardized documentation to facilitate loan trading which may improve market liquidity. There can be no assurance, however, that future levels of supply and demand in loan trading will provide an adequate degree of liquidity or that the current level of liquidity will continue. Because of the provision to holders of such loans of confidential information relating to the borrower, the unique and customized nature of the loan agreement, and the private syndication of the loan, loans are not as easily purchased or sold as a publicly traded security, and historically the trading volume in the loan market has been small relative to, for instance, the high-yield debt market.

#### Real Estate

Some of the risks associated with investments in real estate are declines in the value of real estate, risks related to general and local economic conditions, dependency on management skill, heavy cash flow dependency, possible lack of availability of mortgage funds, overbuilding, extended vacancies of properties, increased competition, increases in property taxes and operating expenses, changes in zoning laws, losses due to costs resulting from the clean up of environmental problems, liability to third parties for damages resulting from environmental problems, casualty or condemnation losses, limitations on rents, changes in neighborhood values and the appeal of properties to tenants and changes in interest rates.

#### Derivative Instruments

The Money Managers may use derivatives in their investment programs for speculative and hedging purposes. The use of derivative instruments involves a variety of material risks, including the extremely high degree of leverage often embedded in such instruments and the possibility of counterparty non-performance as well as of material and prolonged deviations between the actual and the theoretical value of a derivative. In addition, the markets for certain derivatives are frequently characterized by limited liquidity, which can make it difficult as well as costly to the Money Managers to close out positions in order either to realize gains or to limit losses.

#### Real Estate Industry and REIT Risks

The Money Managers may invest in companies in the real estate industry and, therefore, may be subject to risks associated with the direct ownership of real estate, such as decreases in real estate values, overbuilding, increased competition and other risks related to local or general economic conditions, increases in operating costs and property taxes, changes in zoning laws, casualty or condemnation losses, possible environmental liabilities, regulatory limitations on rent and fluctuations in rental income. Equity REITs generally experience these risks directly through fee or leasehold interests, whereas mortgage REITs generally experience these risks indirectly through mortgage interests, unless the mortgage REIT forecloses on the underlying real estate.

	<p>REITs in which the Money Managers invest may be affected by changes in underlying real estate values, which may have an exaggerated effect to the extent that REITs in which the Money Managers invest may concentrate investments in particular geographic regions or property types. Additionally, rising interest rates may cause investors in REITs to demand a higher annual yield from future distributions, which may in turn decrease market prices for equity securities issued by REITs. Rising interest rates also generally increase the costs of obtaining financing, which could cause the value of the Money Managers' investments to decline. During periods of declining interest rates, certain mortgage REITs may hold mortgages that the mortgagors elect to prepay, which prepayment may diminish the yield on securities issued by such mortgage REITs. In addition, mortgage REITs may be affected by the ability of borrowers to repay when due the debt extended by the REIT and equity REITs may be affected by the ability of tenants to pay rent.</p> <p>Certain REITs have relatively small market capitalizations, which may tend to increase the volatility of the market price of securities issued by such REITs. Furthermore, REITs are dependent upon specialized management skills, have limited diversification and are, therefore, subject to risks inherent in operating and financing a limited number of projects. REITs depend generally on their ability to generate cash flow to make distributions to investors.</p> <p><b>Investors in the Funds should be aware that the Money Managers may invest in a wide range of securities or financial instruments, each of which may present different risks than those described in this Item 8.</b></p> <p><b>Please refer to the offering documents of the Funds for a detailed description of the material risks related in an investment in the Funds.</b></p>
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## ITEM 9 – DISCIPLINARY INFORMATION

If there are legal or disciplinary events that are material to a *client's* or prospective *client's* evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.

Items 9.A, 9.B, and 9.C list specific legal and disciplinary events presumed to be material for this Item. If your advisory firm or a *management person* has been *involved* in one of these events, you must disclose it under this Item for ten years following the date of the event, unless (1) the event was resolved in your or the *management person's* favor, or was reversed, suspended or vacated, or (2) you have rebutted the presumption of materiality to determine that the event is not material (see Note below). For purposes of calculating this ten-year period, the “date” of an event is the date that the final *order*, judgment, or decree was entered, or the date that any rights of appeal from preliminary *orders*, judgments or decrees lapsed.

Items 9.A, 9.B, and 9.C do not contain an exclusive list of material disciplinary events. If your advisory firm or a *management person* has been *involved* in a legal or disciplinary event that is not listed in Items 9.A, 9.B, or 9.C, but nonetheless is material to a *client's* or prospective *client's* evaluation of your advisory business or the integrity of its management, you must disclose the event. Similarly, even if more than ten years have passed since the date of the event, you must disclose the event if it is so serious that it remains material to a *client's* or prospective *client's* evaluation.

<b>Item 9.A</b>	<p>A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which your firm or a <i>management person</i></p> <ol style="list-style-type: none"> <li>1. was convicted of, or pled guilty or nolo contendere (“no contest”) to (a) any <i>felony</i>; (b) a <i>misdemeanor</i> that <i>involved</i> investments or an <i>investment-related</i> business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses;</li> <li>2. is the named subject of a pending criminal <i>proceeding</i> that involves an <i>investment-related</i> business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses;</li> <li>3. was <i>found</i> to have been <i>involved</i> in a violation of an <i>investment-related</i> statute or regulation; or</li> <li>4. was the subject of any <i>order</i>, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a <i>management person</i> from engaging in any <i>investment-related</i> activity, or from violating any <i>investment-related</i> statute, rule, or <i>order</i></li> </ol> <p>Not applicable.</p>
<b>Item 9.B</b>	<p>An administrative <i>proceeding</i> before the SEC, any other federal regulatory agency, any state regulatory agency, or any <i>foreign financial regulatory authority</i> in which your firm or a <i>management person</i></p> <ol style="list-style-type: none"> <li>1. was <i>found</i> to have caused an <i>investment-related</i> business to lose its authorization to do business; or</li> <li>2. was <i>found</i> to have been <i>involved</i> in a violation of an <i>investment-related</i></li> </ol>

	<p>statute or regulation and was the subject of an <i>order</i> by the agency or authority</p> <ul style="list-style-type: none"> <li>(a) denying, suspending, or revoking the authorization of your firm or a <i>management person</i> to act in an <i>investment-related</i> business;</li> <li>(b) barring or suspending your firm's or a <i>management person's</i> association with an <i>investment-related</i> business;</li> <li>(c) otherwise significantly limiting your firm's or a <i>management person's investment-related</i> activities; or</li> <li>(d) imposing a civil money penalty of more than \$2,500 on your firm or a <i>management person</i>.</li> </ul> <p>Not applicable.</p>
<b>Item 9.C</b>	<p>A self-regulatory organization (SRO) proceeding in which your firm or a management person</p> <ul style="list-style-type: none"> <li>1. was <i>found</i> to have caused an <i>investment-related</i> business to lose its authorization to do business; or</li> <li>2. was <i>found</i> to have been <i>involved</i> in a violation of the <i>SRO's</i> rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from <i>investment-related</i> activities; or (iii) fined more than \$2,500.</li> </ul> <p>Not applicable.</p>

## ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

<b>Item 10.A</b>	<p>If you or any of your <i>management persons</i> are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.</p> <p>Not applicable.</p>
<b>Item 10.B</b>	<p>If you or any of your <i>management persons</i> are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.</p> <p>PGAM is registered as a commodity pool operator and a commodity trading advisor. The following individuals are registered as its associated persons: Jennifer Babsin Neirick, Lewis Mercer Borden IV, John Feeley, Michael Herring, Manish Keshive, Matthew Stadtmauer and Thomas Williams.</p>
<b>Item 10.C</b>	<p>Describe any relationship or arrangement that is material to your advisory business or to your <i>clients</i> that you or any of your <i>management persons</i> have with any <i>related person</i> listed below. Identify the <i>related person</i> and if the relationship or arrangement creates a material conflict of interest with <i>clients</i>, describe the nature of the conflict and how you address it.</p> <ol style="list-style-type: none"> <li>1. broker-dealer, municipal securities dealer, or government securities dealer or broker</li> <li>2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)</li> <li>3. other investment adviser or financial planner</li> <li>4. futures commission merchant, commodity pool operator, or commodity trading advisor</li> <li>5. banking or thrift institution</li> <li>6. accountant or accounting firm</li> <li>7. lawyer or law firm</li> <li>8. insurance company or agency</li> <li>9. pension consultant</li> <li>10. real estate broker or dealer</li> <li>11. sponsor or syndicator of limited partnerships</li> </ol> <p>PGAM serves as the investment manager to the Funds. PGAM, its employees, affiliates or their related persons may also invest directly in any one, some or all of the Pine Grove Funds.</p> <p>An affiliate of PGAM, PGAM GP, acts as the general partner to PGP and PGIP. In accordance with SEC guidance, PGAM GP relies upon PGAM’s registration as an investment advisor with the SEC. There are no other relationships or arrangements that are material to our advisory business or our clients that PGAM or our management persons have with any of the related persons above.</p> <p>Additionally, the Funds recently committed to become seed investors in an underlying fund being launched by a Money Manager with whom PGAM has an</p>

	existing relationship. As part of this arrangement, the Funds will share in the management fees earned on third-party assets raised by the Money Manager up to a stated maximum.
<b>Item 10.D</b>	<p>If you recommend or select other investment advisers for your <i>clients</i> and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.</p> <p>Not applicable.</p>

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

<b>Item 11.A</b>	<p>If you are an SEC-registered adviser, briefly describe your code of ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your code of ethics to any <i>client</i> or prospective <i>client</i> upon request.</p> <p>PGAM has adopted a Code of Ethics, which is a part of PGAM’s compliance manual and has been designed to comply with the requirements of Advisers Act Rule 204A-1. Among other things, the Code of Ethics (i) requires that all employees comply with federal securities laws, (ii) requires that all employees submit to PGAM reports containing their personal securities holdings and transactions in reportable securities, and that PGAM review such reports, (iii) prohibits all employees from trading securities on PGAM’s “Do Not Trade List” for their personal accounts, (iv) requires all employees to obtain pre-approval of certain personal investments; and (v) contains policies and procedures designed to prevent the misuse of material, non-public information. All personnel of PGAM are required to certify their compliance with the Code of Ethics.</p> <p>Clients or prospective clients may arrange a time to review PGAM’s Code of Ethics by contacting the Chief Compliance Officer, Michael Herring, at (908) 273-6321.</p>
<b>Item 11.B</b>	<p>If you or a <i>related person</i> recommends to <i>clients</i>, or buys or sells for <i>client</i> accounts, securities in which you or a <i>related person</i> has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.</p> <p>Examples: (1) You or a <i>related person</i>, as principal, buys securities from (or sells securities to) your <i>clients</i>; (2) you or a <i>related person</i> acts as general partner in a partnership in which you solicit <i>client</i> investments; or (3) you or a <i>related person</i> acts as an investment adviser to an investment company that you recommend to <i>clients</i>.</p> <p>As explained in Item 10.C above, PGAM serves as the investment manager to each Fund. PGAM, its employees, affiliates or their related persons may also invest directly in any one, some or all of the Pine Grove Funds. The fact that PGAM, its employees, affiliates or their related persons have a financial ownership interest in the Funds creates a potential conflict in that it could cause PGAM to make different investment decisions than if they did not have such a financial ownership interest. PGAM manages this potential conflict through regular monitoring of the Advisory Clients’ portfolios to ensure consistency with the Advisory Clients’ investment objectives. Further, the Code of Ethics sets forth a fiduciary standard that requires PGAM’s employees to act in the best interests of the Advisory Clients and place the interests of Advisory Clients ahead of their own and those of PGAM.</p>
<b>Item 11.C</b>	<p>If you or a <i>related person</i> invests in the same securities (or related securities, <i>e.g.</i>, warrants, options or futures) that you or a <i>related person</i> recommends to <i>clients</i>, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.</p>

	<p>PGAM, its employees, affiliates or their related persons may buy, sell or otherwise invest in securities for their own accounts, but not in securities they also recommend to Advisory Clients. PGAM will maintain a “Do Not Trade List” of securities that would give rise to or appear to give rise to a conflict of interest. Generally each Money Manager with which the Advisory Clients are invested or are contemplating an investment will be listed on the Do Not Trade List. Approval generally will not be given to related persons of PGAM for personal transactions in securities that are on the Do Not Trade List.</p>
<b>Item 11.D</b>	<p>If you or a <i>related person</i> recommends securities to <i>clients</i>, or buys or sells securities for <i>client</i> accounts, at or about the same time that you or a <i>related person</i> buys or sells the same securities for your own (or the <i>related person's</i> own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.</p> <p>PGAM, its employees, affiliates or their related persons conduct investment activities and may serve as investment managers or general partners to other Advisory Clients in the future. Such other activities or accounts may have investment objectives or may implement investment strategies similar to those of the Funds. In addition, PGAM may provide discretionary investment advisory services to Separate Accounts. The trades made by any affiliated funds or Separate Accounts that would be managed by PGAM or its affiliates may compete with trades for the Funds’ portfolios. To address this potential conflict, PGAM will determine the allocation of assets among the Advisory Clients pro rata based on assets under management or in some other manner which PGAM determines is fair and equitable under the circumstances to all Advisory Clients.</p>

## ITEM 12 – BROKERAGE PRACTICES

<p><b>Item 12.A.1</b></p>	<p>Describe the factors that you consider in selecting or recommending broker-dealers for <i>client</i> transactions and determining the reasonableness of their compensation (e.g., commissions).</p> <p><u>Research and Other Soft Dollar Benefits.</u> If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions (“soft dollar benefits”), disclose your practices and discuss the conflicts of interest they create.</p> <ol style="list-style-type: none"> <li>a. Explain that when you use <i>client</i> brokerage commissions (or markups or markdowns) to obtain research or other products or services, you receive a benefit because you do not have to produce or pay for the research, products or services.</li> <li>b. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving the research or other products or services, rather than on your <i>clients’</i> interest in receiving most favorable execution.</li> <li>c. If you may cause <i>clients</i> to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), disclose this fact.</li> <li>d. Disclose whether you use soft dollar benefits to service all of your <i>clients’</i> accounts or only those that paid for the benefits. Disclose whether you seek to allocate soft dollar benefits to <i>client</i> accounts proportionately to the soft dollar credits the accounts generate.</li> <li>e. Describe the types of products and services you or any of your <i>related persons</i> acquired with <i>client</i> brokerage commissions (or markups or markdowns) within your last fiscal year.</li> <li>f. Explain the procedures you used during your last fiscal year to direct <i>client</i> transactions to a particular broker-dealer in return for soft dollar benefits you received.</li> </ol> <p>As mentioned in Item 4.B above, PGAM primarily utilizes an investment strategy which is focused on investing Advisory Client assets in other investment funds or retaining underlying Money Managers. As such, this question is generally not applicable to PGAM.</p> <p>PGAM (on behalf of PGOF) may engage in certain currency hedging transactions whereby it has the authority to determine the counterparty to be used for such transactions without obtaining specific consent.</p>
<p><b>Item 12.A.2</b></p>	<p><u>Brokerage for Client Referrals.</u> If you consider, in selecting or recommending broker-dealers, whether you or a <i>related person</i> receives <i>client</i> referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of</p>

	<p>interest it creates.</p> <ol style="list-style-type: none"> <li>Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving <i>client</i> referrals, rather than on your <i>clients'</i> interest in receiving most favorable execution.</li> <li>Explain the procedures you used during your last fiscal year to direct <i>client</i> transactions to a particular broker-dealer in return for <i>client</i> referrals.</li> </ol> <p>This question is not applicable to PGAM because, as mentioned in Item 12.A.1, it primarily utilizes an investment strategy which is focused on investing Advisory Client assets in other investment funds or retaining underlying Money Managers.</p>
<b>Item 12.A.3</b>	<p><u>Directed Brokerage.</u></p> <ol style="list-style-type: none"> <li>If you routinely <u>recommend</u>, <u>request</u> or <u>require</u> that a <i>client</i> direct you to execute transactions through a specified broker-dealer, describe your practice or policy. Explain that not all advisers require their <i>clients</i> to direct brokerage. If you and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, describe the relationship and discuss the conflicts of interest it presents. Explain that by directing brokerage you may be unable to achieve most favorable execution of <i>client</i> transactions, and that this practice may cost <i>clients</i> more money.</li> <li>If you <u>permit</u> a <i>client</i> to direct brokerage, describe your practice. If applicable, explain that you may be unable to achieve most favorable execution of <i>client</i> transactions. Explain that directing brokerage may cost <i>clients</i> more money. For example, in a directed brokerage account, the <i>client</i> may pay higher brokerage commissions because you may not be able to aggregate orders to reduce transaction costs, or the <i>client</i> may receive less favorable prices.</li> </ol> <p>Not applicable.</p>
<b>Item 12.B</b>	<p>Discuss whether and under what conditions you aggregate the purchase or sale of securities for various <i>client</i> accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to <i>clients</i> of not aggregating.</p> <p>As purchases and withdrawals/redemptions in the Funds' investments are generally effected directly with the Money Managers, orders are not generally aggregated, but are effected independently.</p> <p>To the extent a particular investment is suitable for multiple Advisory Clients, PGAM will generally allocate such investment between the Advisory Clients based on the strategic nature of the investment and the various Advisory Clients' investment objectives or based on some other criteria deemed to be equitable. Moreover, at certain times, it may not be possible or consistent with the investment objectives of, and available cash in, the Advisory Clients for the same investment positions to be taken or liquidated at the same time or at the same price.</p>

## ITEM 13 – REVIEW OF ACCOUNTS

<p><b>Item 13.A</b></p>	<p>Indicate whether you periodically review <i>client</i> accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the <i>supervised persons</i> who conduct the review.</p> <p>Weekly review of Advisory Client accounts includes monitoring current market conditions, evaluating the outlook for the various strategies pursued by the Money Managers and assessing the appropriateness of the investments for each Advisory Client. Further, review of individual Money Managers is periodically conducted, subject to more frequent review based on the circumstances of each Advisory Client. Triggering factors granting particular attention may include poor performance by a Money Manager, change in organizational structure of a Money Manager, changes in the investment environment or excessive capital outflows, in addition to changes in the Advisory Client’s objectives and risk tolerance.</p> <p>PGAM developed an investment due diligence process focused on information gathering and on-site due diligence meetings with senior investment and operations professionals of prospective and current Money Managers of underlying investment funds. PGAM uses a variety of measures in determining whether or not to approve a portfolio fund investment including, but not limited to, (i) sourcing and screening Money Managers according to strategy and risk, (ii) research by the investment team (including, but not limited to, full strategy, manager, performance, risk and organizational assessments), and (iii) due diligence on the managers including back office assessments, background checks, verification of material third party service providers, among others. If the decision is made to select a certain portfolio fund, the Money Manager of such portfolio fund may be subject to continual monitoring, quarterly calls and periodic on-site visits.</p> <p>Thomas Williams, PGAM’s Chief Investment Officer, is responsible for conducting investment reviews of all accounts.</p> <p>Further, Michael Herring, the Chief Compliance Officer, periodically reviews PGAM’s investments to ensure consistency with applicable law and regulations.</p>
<p><b>Item 13.B</b></p>	<p>If you review <i>client</i> accounts on other than a periodic basis, describe the factors that trigger a review</p> <p>See Item 13.A above.</p>
<p><b>Item 13.C</b></p>	<p>Describe the content and indicate the frequency of regular reports you provide to <i>clients</i> regarding their accounts. State whether these reports are written.</p> <p>Advisory Client investors receive written monthly and quarterly investor relations communications, including monthly statements.</p>

## ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

<b>Item 14.A</b>	<p>If someone who is not a <i>client</i> provides an economic benefit to you for providing investment advice or other advisory services to your <i>clients</i>, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.</p> <p>Not applicable.</p>
<b>Item 14.B</b>	<p>If you or a <i>related person</i> directly or indirectly compensates any <i>person</i> who is not your <i>supervised person</i> for <i>client</i> referrals, describe the arrangement and the compensation.</p> <p>PGAM may enter into written arrangements with third parties to act as solicitors for PGAM's investment advisory business. Where applicable, all such compensation will be fully disclosed to each client consistent with applicable law. Where applicable, all such referral activities will be conducted in accordance with SEC Rule 206(4)-3 under the Advisers Act as well as relevant SEC guidance. In general, third party solicitors may receive a portion of the fees otherwise payable to PGAM.</p>

## ITEM 15 – CUSTODY

If you have *custody* of *client* funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your *clients*, explain that *clients* will receive account statements from the broker-dealer, bank or other qualified custodian and that *clients* should carefully review those statements. If your *clients* also receive account statements from you, your explanation must include a statement urging *clients* to compare the account statements they receive from the qualified custodian with those they receive from you.

With respect to the cash assets of the Funds, PGAM is deemed to have custody by virtue of its status as the investment manager of the Funds. With respect to the cash assets of PGP and PGIP, PGAM GP is deemed to have custody by virtue of its status as the general partner of PGP and PGIP. The qualified custodian presently utilized by PGAM and PGAM GP for the Funds is:

JP Morgan Chase Bank, N.A.  
1166 Avenue of the Americas  
New York, NY 10036-2708

To ensure compliance with Rule 206(4)-2 under the Advisers Act, all investors in the Funds will be provided with audited financial statements, prepared by an independent accounting firm that is registered with and subject to review by the Public Company Accounting Oversight Board, in accordance with U.S. Generally Accepted Accounting Principles, within 180 days, of the end of the Funds' fiscal years. Investors should carefully review the audited financial statements of the Funds upon receipt. PGAM and PGAM GP may use additional qualified custodians in the future.

## ITEM 16 – INVESTMENT DISCRETION

If you accept discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).

PGAM has discretionary authority to manage the investments of the Funds. Prior to assuming such authority in managing Advisory Client assets, PGAM enters into an investment management agreement or other agreement that sets forth the scope of PGAM's discretion. PGAM is authorized to make purchase and sale decisions for the Funds. As explained in Item 4.C above, individual investors in the Funds do not have the ability to impose limitations on PGAM's discretionary authority. Prospective investors are provided with an offering memorandum prior to their investment and are encouraged to carefully review the offering memorandum, along with all other relevant offering documents, and to be sure that the proposed investment is consistent with their investment goals and tolerance for risk. Prospective investors must also execute a subscription agreement, which constitutes a legal, valid and binding obligation of the investor, enforceable in accordance with its terms, and, in PGP and PGIP, a limited partnership agreement.

When deemed appropriate for a large or strategic investor, PGAM may establish a Separate Account that may tailor its investment objectives to those of the specific investor and/or contain certain limitations on PGAM's discretionary authority.

## ITEM 17 – VOTING CLIENT SECURITIES

<p><b>Item 17.A</b></p>	<p>If you have, or will accept, authority to vote <i>client</i> securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6. Describe whether (and, if so, how) your <i>clients</i> can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your <i>clients</i> with respect to voting their securities. Describe how <i>clients</i> may obtain information from you about how you voted their securities. Explain to <i>clients</i> that they may obtain a copy of your proxy voting policies and procedures upon request.</p> <p>PGAM has adopted a set of procedures outlining how proxies (related to portfolio investments/underlying funds) will be voted. As a fund of funds manager, these proxies are generally related to voting on issues related to the operative terms of underlying funds. Where PGAM does have the discretion to vote proxies, PGAM understands and appreciates the importance of proxy voting. Prior to voting any proxies, PGAM’s “Proxy Voting Committee” will use its best efforts to identify any conflicts of interest related to the proxy in question, that PGAM could reasonably be expected to be aware of. If a conflict is identified, the Proxy Voting Committee will then decide (which may be in consultation with outside legal counsel) as to whether the conflict is material or not. If no material conflict is identified, the Proxy Voting Committee will make a decision on how to vote the proxy in question.</p> <p>If a conflict is identified and deemed “material” by the Proxy Voting Committee, PGAM will determine whether voting in accordance with the proxy voting guidelines outlined in its compliance manual is in the best interests of the affected Advisory Clients (which may include utilizing an independent third party to vote such proxies or consents). With respect to material conflicts, PGAM will determine whether it is appropriate to disclose the conflict to affected Advisory Clients (and indirectly, investors) and give such Advisory Clients the opportunity to vote the proxies or consents in question themselves.</p> <p>Please let us know if you have any questions about, or would like to be provided with a copy of, our proxy voting procedures. Also, please let us know if you would like detailed information about how any proxies were actually voted by calling the Chief Compliance Officer, Michael Herring, at (908) 273-6321.</p>
<p><b>Item 17.B</b></p>	<p>If you do not have authority to vote <i>client</i> securities, disclose this fact. Explain whether <i>clients</i> will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) <i>clients</i> can contact you with questions about a particular solicitation.</p> <p>Not applicable.</p>

## ITEM 18 – FINANCIAL INFORMATION

<b>Item 18.A</b>	<p>If you require or solicit prepayment of more than \$1,200 in fees per <i>client</i>, six months or more in advance, include a balance sheet for your most recent fiscal year.</p> <ol style="list-style-type: none"> <li>1. The balance sheet must be prepared in accordance with generally accepted accounting principles, audited by an independent public accountant, and accompanied by a note stating the principles used to prepare it, the basis of securities included, and any other explanations required for clarity.</li> <li>2. Show parenthetically the market or fair value of securities included at cost.</li> <li>3. Qualifications of the independent public accountant and any accompanying independent public accountant’s report must conform to Article 2 of SEC Regulation S-X.</li> </ol> <p>Not applicable.</p>
<b>Item 18.B</b>	<p>If you have <i>discretionary authority</i> or <i>custody</i> of <i>client</i> funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per <i>client</i>, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to <i>clients</i>.</p> <p>PGAM is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.</p>
<b>Item 18.C</b>	<p>If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.</p> <p>Not applicable.</p>