

Item 1. Cover Page



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Part 2A of Form ADV: Firm Brochure

This brochure provides information about the qualifications and business practices of Pivot Point Capital Partners, LLC. If you have any questions about the contents of this brochure, please contact us at 415.343.7074 or joe@pivotpointcap.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Pivot Point Capital Partners, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Pivot Point Capital Partners, LLC is a registered investment adviser with the SEC. This registration does not imply a certain level of skill or training.

Item 2. Material Changes

Pivot Point Capital Partners LLC updates its ADV Part 2A annually, or more frequently in the event of certain material changes. This section outlines and summarizes the specific changes made to this Brochure since our last update.

- ▲ Joseph Welsh joined the firm in April 2014 as Chief Administrative Officer and Chief Compliance Officer. Wendy Menefee, a partner/co-founder, and former Chief Administrative and Chief Compliance Officer of the firm, died in February 2014, after a brief illness. Anthony Brenner, the firm's Managing Member, assumed CCO duties in the interim period. Please refer to *Overview* section of Item 4.

- ▲ For change in AUM, please refer to *Assets Under Management* section of Item 4.

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Item 4. Advisory Business

Overview

Pivot Point Capital Partners, LLC (“PPCP”, “us” or “we”) was founded in 2005. Anthony P. Brenner (“Tony”) is the Managing Member (“Managing Member”) of PPCP and Raja S. Moorthy (“Raj”) is a Member (“Member”). Tony is the principal owner of PPCP with a 65% interest.

The following individuals are also employees of PPCP: Dianne M. Zurita (Associate - Marketing – 2012), Namir Chowdhury (Associate – Investments – 2013); Uren Dhanani (Associates – Investments – 2013); Elizabeth Hartshorne (Office Manager/Administrative Assistant – 2014); Joseph Welsh (Chief Administrative Officer & Chief Compliance Officer - 2014).

PPCP provides investment advisory and administrative services solely to several related pooled investment vehicles, collectively known as “the Fund.” Pivot Point Capital, LP (“PPC LP”) was established first and began accepting subscriptions in March 2005 and making investments in April 2005. In June 2006, two additional entities were established: Pivot Point Capital Offshore, L.P. (“PPC Offshore”) and Pivot Point Capital Master, LP (“PPC Master”). In September 2008, a fourth entity was launched – Pivot Point Capital Offshore DS, Ltd. (the “DS Fund”). PPC LP, PPC Offshore and DS Fund are limited partners in PPC Master. They are strictly feeder vehicles and hold no investments directly. We refer to the entire group of PPC Master and its three feeder vehicles in this Brochure as the “Fund”.

An affiliate of PPCP, Pivot Point Capital GP, LLC (“PPC GP”), serves as the general partner of PPC LP, PPC Offshore and PPC Master, and is the manager of DS Fund.

The Fund is a private investment fund that is authorized to invest in both publicly traded securities and private securities. Our investment strategy in the public markets focuses on U.S. listed small cap equities. To date, the Fund has not made any private portfolio investments (“PPIs”).

The minimum investment for a new investor in the Fund is \$1 million. The minimum additional investment amount is \$250,000. PPC GP can waive these minimums at its discretion. Investor contributions to the Fund are accepted only as of the last day of each month. The next day, i.e. the first day of the following month, is thus the effective commencement date for the investment.

The Fund has two classes of interests: Class A Interests and Class B Interests. Investors are required to elect which Class they want to invest in at the time of investment. Once that election is made, it is irrevocable, i.e. investors may not switch their investment to the other Class at a later date. They may, however, have the terms of the other Class govern any additional investment amounts. Other than with respect to withdrawal rights, both Classes have the same terms.

Please refer to Item 7, *Types of Clients* for further details about the Fund entities and the individuals and entities that may invest in them.

Assets Under Management

As of 12/31/2014 PPCP managed Fund assets in the amount of \$284,400,000 on a fully discretionary basis. PPCP does not manage any assets outside of the Fund. Included in this amount is undistributed carried interest paid to PPC GP since inception.

Item 5. Fees and Compensation

Quarterly Management Fee

All investors in the Fund, with the exception of our employees and their direct family members who have made personal investments in the Fund, pay a quarterly management fee of 0.375% (1.5% annually). The management fee is payable in advance on the first day of each calendar quarter and is calculated based on the value of an investor's capital account on the first day of the calendar quarter after all adjustments are made to it for activity through the end of the calendar quarter just ended. For new subscriptions made on other than the first day of the calendar quarter, the fee is prorated for the first quarter so that a fee is charged only for the months within the quarter in which the funds are invested in the Fund. The management fee is automatically deducted from each investor's capital account on the first business day of each quarter. All investors pay the same management fee on the same schedule, with the exception of employees and their direct family members, who are not charged a management fee. Direct family members are limited to the employee's parents and children, as well as the employee's estate planning family trusts and partnerships for the benefit of parents and children.

Withdrawals from the Fund are generally processed only at calendar quarter-ends, but PPC GP has authority to allow withdrawals at other times in limited situations. If a situation arises where PPC GP allows an investor to make a withdrawal on a date other than a calendar quarter-end, then that investor would be reimbursed the management fee charged to the investor's capital account which relates to the portion of the quarter during which the investor is no longer an investor in the Fund. Non-quarter-end withdrawals may occur if (i) PPC GP asks an investor to withdraw from the Fund; (ii) we decide to dissolve some or all of the feeder funds that are part of the Fund; or (iii) an investor does not agree with an amendment to the Fund documents and decides to withdraw their investment for this reason.

Withdrawal Fees

Class A Interests: Withdrawals are allowed without penalties or restrictions as of the end of any Fiscal Quarter ending with or after the second (2nd) anniversary of the date a limited partner's funds were invested in the Fund, referred to as the "Class A Initial Release Date" and on each anniversary of the Class A Initial Release Date. Requests for withdrawal after the 2nd anniversary of investment that are not on the anniversary of the Class A Initial Release Date (a "non-Anniversary Release Date") are subject to a 20% class-level gate (20% of the aggregate net asset value of all Class A interests) and a 5% redemption fee.

Class B Interests: Withdrawals are allowed as of the end of any Fiscal Quarter, but are subject to a class-level, quarterly gate equal to the greater of \$2.5 million or 12.5% of the aggregate net asset value of all Class B interests. Requests for withdrawal before the first anniversary of the date a limited partner's funds were invested in the Fund, referred to as the "Class B Initial Release Date" are subject to a 6% redemption fee in addition to a gate equal to the greater of \$2.5 million or 12.5% of the aggregate net asset value of all Class B interests.

All withdrawal penalties are payable to the Fund.

Other Fees and Expenses

Other fees and expenses charged to the Fund include: (i) fees for professional services such as legal, audit and accounting; (ii) costs associated with borrowing or trading on margin; (iii) expenses resulting from private deals that are broken; (iv) fees paid for research, consulting and/or valuation services related to a specific investment; (v) fees required for regulatory filings; (vi) insurance premiums related to key man life insurance; (vii) federal or state taxes; (viii) fees related to custody and safekeeping of Fund assets and transfer agent services as needed; and (ix) commissions paid to brokers for the purchase and sale of publicly traded securities (please refer to Item 12, *Brokerage Practices* for more details).

Performance Allocation

In addition, the Fund pays a performance allocation to PPC GP, which is described in Item 6.

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

In addition to the quarterly management fee, each investor in the Fund, with the exception of our employees and their direct family members who have made personal investments in the Fund, pays an annual performance-based fee at the end of each calendar year if the investor's capital account balance exceeds the investor's high water mark ("HWM") in effect at that time. An investor's initial HWM is equal to the amount of the investor's contribution to the Fund. The investor's HWM is adjusted each year by the net appreciation, if any, in the investor's capital account, less any performance allocation paid on that net appreciation. If the investor makes additional investment(s) in the Fund during the year, the HWM is increased by the amounts contributed. If the Fund is profitable for the year, each investor's HWM will increase by the investor's share of those profits less the performance allocation paid with respect to that investor's capital account. If the Fund does not generate profits in a given year, or if the Fund has declined in value since the previous December 31, then each investor's HWM remains unchanged for the next year. In years where an investor's capital account falls below its HWM, we do not charge a performance fee on that account. The performance fee is paid to PPC GP – the general partner of the Fund.

We generally calculate each investor's HWM only once a year, on December 31. However, if the investor withdraws funds from its capital account during the year in a partial distribution, the performance allocation to PPC GP is calculated and paid on the portion withdrawn at the time of the partial withdrawal and the HWM in effect for the remainder of the year is adjusted to take the partial withdrawal into account. If the investor makes a complete withdrawal during the year, the performance allocation to PPC GP is calculated and paid at the time of the complete withdrawal.

The performance allocation is equal to 20% of net profits earned in an investor account to the extent those net profits cause the account to exceed that investor's HWM. The net profit includes both realized and unrealized gains. Because unrealized gains are included in the fee calculation, PPC GP may be paid a fee on gains that are not ultimately realized. If a performance allocation is earned on an investor's capital account, the HWM for that account adjusts to the revalued capital account balance after re-allocation of the performance fee to PPC GP.

If the Fund were to invest in a private company ("PC"), the Fund would not charge a performance fee on the PC, regardless of any change in its value, until the PPI is liquidated.

Item 7. Types of Clients

Our only clients are the four entities that comprise the Fund. It is a pooled investment vehicle with both onshore and offshore components. Investors in the Fund must meet strict suitability requirements. Each investor must be both an “accredited investor,” as that term is defined in Rule 502 of Regulation D promulgated under the Securities Act of 1933, and a “qualified purchaser” as that term is defined in Section 2(a)(51) of the Investment Company Act of 1940.¹ Investors must complete a questionnaire to establish their suitability and sign a subscription agreement attesting to a number of representations, including representations related to their suitability as investors and to anti-money laundering.

The types of individuals and entities that may invest in the Fund include:

- High net worth individuals
- Qualified family offices and multi-family offices
- Trusts
- Wealth management firms
- Partnerships, corporations, limited liability companies
- Endowments and foundations
- Fund of funds
- Pension funds
- Benefit plans

We reserve the right to accept or reject any subscription agreement in whole or in part in our sole discretion.

Our minimum investment requirements are as set forth in Item 4.

¹ See Appendix A for a full definition of these terms.

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

Methods of Analysis and Investment Strategy

Pivot Point Capital invests in US-listed small cap equities with the goal of creating long-term value through an investment process that we have branded High Definition Investing[®]. The Fund typically holds a portfolio of 8 – 12 investments.

We generate and track a proprietary Watch List of 80 - 100 companies. These typically have market capitalizations of \$500 million to \$3.0 billion. We select the companies on our Watch List based on the quality of their underlying business model, their strong competitive position, revenue growth potential, high free cash flow and the perceived strength of their management team. We continually monitor our Watch List companies through earnings calls and periodic visits to the companies.

Potential investment opportunities occur when a specific issue or event causes the stock of one of our Watch List companies to trade below what we believe to be its long-term intrinsic value. In particular, we look for “dislocations”. We typically define a dislocation as a stock trading down at least 10% on at least 3.0x average daily trading volume. Usually, the dislocation is due to a negative news event, but it may also result from market uncertainty about the company that causes its stock to be, in our opinion, significantly undervalued relative to its long-term intrinsic valuation. Since inception, we have made the great majority of our investments following a dislocation event.

We look to invest in situations where we can form a differentiated perspective through our extensive research activities. We generally commit 200 – 400 hours of time to evaluating each investment we make. We believe this is more time than the typical fund spends on an investment – given the dramatically larger number of holdings most funds have – and permits us to have a deeper understanding of the issues facing our Watch List companies than most other investors in those companies. In conducting our diligence, we access a variety of information sources, including but not limited to financial filings with the SEC, earnings calls, company press releases, interviews with the company’s customers, vendors and competitors as well as information provided by management, analysts, research services, expert networks and hired consultants and advisers.

We routinely hold our investments for one to three years to allow the underlying business issues that have depressed the stock price to be resolved. As a result, the vast majority of our gains have been long-term in nature. The Fund is typically a major shareholder in the companies in which we invest, helping to give us good access to management.

We do not focus our investments on any particular industries. However, we tend to invest in industries where the competitive landscape is relatively stable and the underlying industry characteristics support high operating margins and strong free cash-flow, although we will also invest in companies that we believe are industry “disruptors”. We generally avoid businesses that are capital intensive, subject to rapid obsolescence or shifting market share as well as those that have high working capital requirements.

PPCP may use options as a means of expressing investment positions. In select situations, we may feel the Fund has the possibility of achieving a risk/reward profile that we believe may be more attractive than a straight long only position in a Watch List security.

Risks

Small Cap Company Stocks are More Volatile. Public information about small cap companies is often limited, sometimes to no more than what has been filed with the SEC. Small cap companies often have greater price volatility, lower trading volume and less liquidity than larger, more established companies. They tend to have smaller revenues, narrower product lines, less management depth and experience, smaller shares of their product or service markets, fewer financial resources and less competitive strength than larger companies. These factors are some of the primary reasons why there is more inherent risk in a portfolio of small-cap-only companies as compared to a portfolio of large cap companies.

The Concentration in Our Portfolio May Result in Losses. Our portfolio is concentrated. We typically hold only between 8 and 12 public companies at any given time. Compared to portfolios of other fund managers with many more stocks, the Fund's portfolio will be much more sensitive to changes in the price of a single stock, and consequently, the returns of the Fund can be greatly impacted by the gains or losses of a single stock.

Our Investment Opportunities May be Limited. Since we most frequently invest following a dislocation, a reduction in the number of dislocations could constrain our investment opportunities. Dislocations typically occur after one or more of the following events: an earnings miss, a guidance reduction, a competitive threat, a regulatory issue, a key manager departure or an analyst downgrade. We do not control the frequency of dislocations nor do we know in advance how many dislocations will occur in any calendar quarter or which companies will experience a dislocation.

"Toehold" Positions May Not be Profitable. Our investment process usually involves taking a "Toehold" position – a position 30% - 60% of the ultimate intended size – on the day a company dislocates or within a few days after a dislocation. After taking the Toehold position, we commence our 200 – 400 hours of due diligence. Approximately 60% of the time, our due diligence leads us to maintain the position and build it from a Toehold into a full size position, which we refer to as a "Core" holding. Approximately 40% of the time, our diligence leads us to sell the Toehold position. We may realize a loss on these sales. Historically, we have averaged a small short-term loss of less than 1.5% on such sales (on an equal-dollar-weighted basis).

Securities May Not be Available at Attractive Enough Prices or in Sufficient Quantities to Allow Us to Fulfill our Strategy. Our strategy is to own meaningful positions in the companies in which we invest. There are no guarantees that sufficient securities will be available at attractive enough prices to allow us to fulfill our strategy of acquiring substantial holdings in a particular company. In addition, owning large positions requires us to make various filings with the SEC to disclose our large holdings and to comply with various rules and regulations that, if violated, could subject us to significant sanctions. It can also be much more difficult to dispose of a larger position in the event we decide to exit the position, since small cap stocks are typically not traded as often and in as large amounts as medium and large cap stocks.

Our Dependence on Portfolio Company Management Teams Increases Risk of Investment in the Fund. We seek to invest only in companies that have what we believe to be exceptional management teams. When necessary, we seek to influence the management team's thinking about how to remedy the underlying business event or issue that has caused the dislocation from intrinsic value and position the company positively in its investors' eyes. This relationship with management can have a negative impact on the investment, however, if we become privy to material, non-public information that makes it impossible for us to trade in the stock until the information becomes public. In addition, unexpected turnover in the management team is a risk. We may build a relationship with one manager only to find another in his or her position at a later time. We may also fail to sell a position because of a sense of loyalty to a portfolio company management team due to the close relationship that is formed over time. Conversely, if we feel that we will not be able to exert the necessary influence over the company's management, we may seek to exit the investment.

Identifying Undervalued Securities is Challenging. One of our primary objectives is to invest in securities at a point in time when their intrinsic value is not reflected in their market price, i.e. when the market undervalues the stock. The identification of investment opportunities in undervalued securities is a difficult task and we may not successfully recognize opportunities at all or opportunities at the best time, and when we do recognize them, we may not be able to acquire them at the undervalued prices. Undervalued securities offer the potential for above-average capital appreciation but also entail a high degree of financial risk and can result in substantial losses. There are no assurances that the securities purchased will in fact be undervalued or that undervalued securities will ever cease to be undervalued. The Fund may be required to hold such securities for a substantial period of time before realizing their anticipated value.

Limited Hedging Strategy May Limit both Gains and Losses. Our strategy does not include hedging the overall portfolio. We can, however, hedge an individual position if we think that is appropriate. Not hedging can result in larger gains, but it can also result in larger losses for the Fund.

Performance Allocation May Lead to Conflicts of Interest or Improper Incentives. Investors should be aware that performance-based fees/allocations may be deemed to create a conflict of interest for Pivot Point, as there can be an incentive for PPC GP to make investments that are riskier or more speculative than would be the case in the absence of a performance fee/allocation.

Liquidity Options May Mean Investors are Invested in the Fund Longer than they Desire. The Fund offers withdrawal rights that are limited and in certain cases subject to penalties. In addition, when an investor requests a withdrawal, it may require us to sell portfolio securities at a time when market prices are not at a level where it is desirable to sell or where we will be able to realize on the efforts made with the portfolio company in accordance with our strategy. These restrictions may mean that investors are not able to exit their investment in the Fund as rapidly as they would like.

Options. Trading in options is a highly specialized activity which, while it may increase the total return on a portfolio, may entail greater than ordinary investment risk. The use of derivatives may also have a leveraging effect on the Fund. All derivative instruments, including options, involve risks different from, and in certain cases, greater than the risks presented by more traditional investments. Accordingly, derivative

products require specialized investment techniques and risk analyses that are different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself. In particular, the use and complexity of derivatives require the maintenance of adequate controls to monitor the transactions entered into and the ability to assess the risk that a derivative adds to the Fund portfolio under all market conditions.

Investing in securities always involves the risk of loss. Anyone considering making an investment in our Fund should be aware of and prepared for this risk of loss.

Item 9. Disciplinary Information

We have no legal or disciplinary events to report.

Item 10. Other Financial Industry Activities and Affiliations

No one at PPCP has registered with or has an affiliation with any broker-dealer, futures commission merchant, commodity pool operator, or commodity-trading advisor. We operate independently of any other financial industry party(ies), including other investment advisers, with the exception of SAGEN Trust Company, Inc. (merged with SAGEN Asset Management, LP in 2011) (“SAGEN”).

We have a sub-advisory agreement with SAGEN and two principals of SAGEN serve on the Fund’s advisory board. SAGEN is a family office, which also was our anchor investor when we launched in 2005. SAGEN provides advisory services on an as-requested basis only. We call on SAGEN very little for advisory services. We pay SAGEN a small sub-advisory fee out of our management fee if our annual management fee exceeds a certain amount. As SAGEN was our anchor investor in 2005, SAGEN also owns a small portion (which declines over time) of our performance allocation. Neither payment to SAGEN increases what the Fund pays as management fee or performance allocation.

SAGEN pays the same management fee and performance fee allocation to PPCP and PPC GP on their invested capital as all the other investors in the Fund (with the exception of employees and their direct family members as described in Item 5).

We provide discretionary investment management services to private investment funds and we also serve as general partner of those funds, as more fully discussed in Item 4.

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

The Pivot Point Capital Partners LLC Code of Ethics and Statement of Insider Trading (the “Code of Ethics”) covers everyone who works at PPCP as well as our third party fund accountant (“fund accountant”). Because we are a small firm, with each of us performing a wide range of duties with some overlap, we decided that each employee should be subject to the identical standards and restrictions. Similarly, because our fund accountant has access to confidential information regarding our client accounts, we have required such person also to be covered by our Code of Ethics, although with fewer restrictions.

We are happy to provide any current or prospective investor in the Fund with a copy of our Code of Ethics upon request. In summary, our Code of Ethics covers:

- The requirement for everyone covered by our Code of Ethics to arrange for duplicate statements and trade confirmations for their personal trading accounts (including the accounts of their immediate family members or any account where they have the authority to direct investments or from which they derive financial benefit) to be sent directly to the Fund’s Chief Compliance Officer. Preclearance (including written consent – email is acceptable) requirements for personal trading, including investments in private placements. Consent may ultimately be withheld for good reason or for no reason.
- Quarterly and annual reporting requirements to verify personal trading accounts, holdings and transactions.
- Annual certification by all those covered by the Code of Ethics that they have complied with and will continue to comply with all the policies and procedures laid out in the Code of Ethics.
- A discussion of what constitutes insider trading, what sorts of information is considered “material” and “non-public” and the responsibility of everyone covered by the Code of Ethics to report any insider information (or suspected insider information) they may have received directly to our Chief Compliance Officer for appropriate action up to and including placing a specific stock on a “restricted list”, thus prohibiting transactions in that stock until further notice.
- Our firm’s principles for doing business (including client/investor confidentiality, actions which may result in a conflict of interest with our fiduciary duty to our clients and investors, with policies and procedures to prevent this) and the responsibility of everyone covered by the Code of Ethics to report any violations of the Code of Ethics or conflicts of interest to the Chief Compliance Officer or Managing Member.
- An annual review of the procedures called for by the Code of Ethics to determine if they continue to be effective in detecting and preventing insider trading and if not, recommendations for improvement. Any violations that occurred during the year and how they were handled are documented. A written report is prepared by the Chief Compliance Officer and submitted to the Managing Member.

PPC GP (the general partner of the Fund) has an investment in the Fund. PPCP's Managing Member, Tony Brenner and PPCP's other Member Raj Moorthy have investments in the Fund as Members of PPC GP and as limited partners of Pivot Point Capital, LP. Because the performance and management fees paid by other investors in the Fund benefit PPC GP, PPCP and ultimately the members and employees of both those entities, potential conflicts of interest could arise where their interests might differ from those of other investors in the Fund. We believe this risk is mitigated by Tony and Raj's meaningful investments in the Fund which helps to align their interests with the interests of other investors in the Fund – as all parties participate in the profits and the losses of the Fund in accordance with their contributed dollars.

None of PPC GP or any employee of PPCP, including Tony and Raj, is permitted to invest personally in any stock that is held in the Fund portfolio or any stock that is listed on our Watch List. Sales of investments in Watch List companies may be permitted if the personal investment was made before a company was added to the Watch List. In this case, additional approval is required as set forth in the Code of Ethics. Sales of personal investments in portfolio companies are prohibited for so long as the company remains a portfolio company. As with all transactions covered by our Code of Ethics, consent may or may not be granted, for good reason or for no reason at all.

Item 12. Brokerage Practices

Small cap stocks are not as widely covered by the financial analyst community as medium to large cap stocks. For this reason, PPCP has a much smaller pool of broker-dealers to choose from and we are limited in our ability to leverage the cost of commissions we must pay. We typically pay \$0.05/share in commissions to the relatively small pool of broker-dealers who provide us with their proprietary research on the 80 to 100 small cap companies that are on our Watch List.

Two broker-dealers provide us with third-party research. They receive the same commission levels from us as do the other broker-dealers with whom we work. They allocate a portion of their commission to cover the cost of the third-party research we obtain through them – a “soft dollar benefit.” All trading for the Fund takes place in a single trading account. Commission expense is allocated proportionately to each of the underlying investors in our clients. When we use Fund brokerage commissions to obtain research or other products or services, we receive a benefit because we do not have to produce or pay for the research, products or services.

Following is a description of the third-party research we obtain using soft dollar benefits:

- Electronic market data (real-time quotes, news, charts, regulatory filings, research and analytics, earnings call transcripts) delivered directly to investment team members’ personal computers. In the last fiscal year (2012) we obtained the following services using soft dollars: (i) Bloomberg, (ii) Thomson Reuters Bridge Station, and (iii) Standard & Poor’s Capital IQ.
- Industry expert consulting service. The investment team has conference calls with these consultants as part of the due diligence process. They may also attend industry-specific forums with expert panels hosted by the service.
- At present, we outsource the trading function to two traders at Wells Fargo Prime Services. Our Managing Member has primary responsibility for overseeing trading. He and the two Members create a budget for allocating trades to various brokers during each calendar year, which is reviewed and adjusted periodically to accommodate new stocks added to the Watch List. We may select or recommend a broker-dealer in order to receive research or other products or services, rather than select them on the basis of most favorable execution. In our experience, proportionately more trades are allocated to our two soft dollar brokers to cover the additional third party research they provide, as we prefer to use our commission dollars for this purpose rather than paying for the research directly.

Trade Errors

The Fund has very low trade volume. Our policy is to identify and correct trade errors in a timely manner. If the Fund incurs a trade error, PPCP is required to correct the error as soon as practicable and in such a manner that the Fund incurs no loss. Any gains resulting from trade errors belong to the Fund.

Trade errors might include, for example, (i) the placement of orders (either purchases or sales) in excess of the intended amount of securities or instruments; (ii) the sale of a security or instrument when it was

intended to have been purchased; (iii) the purchase of a security or instrument when it was intended to have been sold; (iv) the purchase or sale of the wrong security or instrument; or (v) the purchase or sale of a security or instrument contrary to regulatory restrictions, such as Regulation S or private placement restrictions.

Trade Aggregation

All trading for the Fund takes place in a single trading account, and commissions are allocated proportionately to each client and the underlying investors.

Item 13. Review of Accounts

Periodic Review

Each calendar quarter our investment team holds a formal meeting to discuss the Fund's performance in the previous quarter as well as to discuss plans for the Fund in the coming quarter(s). The members of the investment team are Tony Brenner, Raj Moorthy, Namir Chowdhury and Uren Dhanani. The agenda for these meetings typically covers all or most of the following topics:

- Fund performance analysis
- Macro / economic perspective
- Company-by-company portfolio review
- Portfolio strategy review
- Investment process review
- Watch List additions / subtractions / analytics
- Commission and soft dollar review

Fund Reporting

Each investor in the Fund receives a monthly capital account statement within 20 days after the end of each calendar month showing the current value of the investment and investment returns for the month, quarter-to-date, year-to-date and since the date of investment. Our outside fund accountant calculates all data reflected on such reports and reviews all such data before the reports are distributed. We also provide a monthly recap for non-quarter-month-ends that shows the Fund's performance for the month, quarter-to-date, year-to-date and since inception (as calculated and reviewed by our fund accountant), along with a short summary of Fund activity for the month.

Within 20 days after each quarter-end, we provide a longer, more detailed quarterly letter to investors that provides Fund returns month-to-date, quarter-to-date, year-to-date and since inception (as calculated by our fund accountant) as well as an in-depth discussion of Fund activities and performance during the quarter. Depending on the then current market circumstances, we may also share our thoughts on broader macro issues and their impact on the portfolio. These letters typically also include an Appendix where a single portfolio company is highlighted and discussed at length. We do this to give readers the chance to see our investment strategy "at work" at a granular level. We usually highlight a current portfolio company, although sometimes we will opt to write about a portfolio company from which we have already exited.

Item 14. Client Referrals and Other Compensation

PPCP does not have any arrangements in place to compensate third parties for investor referrals.

Item 15. Custody

As general partner of the Fund, PPC GP is deemed to have constructive custody of all Fund assets. The Fund's assets are comprised of cash, cash equivalents and securities. Our prime broker and qualified custodian, Wells Fargo Prime Services, through their clearing agent, J.P. Morgan Chase Clearing Corp., have physical custody of these assets. Wells Fargo reporting is done at the Fund level only – it is not broken down by individual investor. Every month our outside fund accountant reconciles our internal Fund accounting records with those provided by Wells Fargo. He then allocates account balances and returns for each individual investor (please refer to Item 13, *Review of Accounts*). Our independent certified public accountants are Ernst & Young. They are subject to regulation by the Public Company Accounting Oversight Board, and perform an audit of the Fund in accordance with generally accepted auditing standards, as well as applicable U.S. tax reporting for each investor. We deliver our final audited financial statements to each investor within 90 days after the end of the Fund's fiscal year.

Item 16. Investment Discretion

We have full discretionary authority over our investor's contributions to the Fund and the Fund portfolio. Investors in the Fund acknowledge this authority by signing one or more of these documents as part of the Fund subscription paperwork:

- Agreement of Limited Partnership
- Subscription Agreement

Item 17. Voting Client Securities

Our full discretionary authority over the Fund portfolio entitles us to vote the proxies issued by the Fund portfolio companies without direction from Fund investors. Our policy for voting proxies of the Fund's portfolio companies is to vote in a manner deemed prudent, diligent and timely and that is in the best interests of the Fund and its investors. We carefully evaluate the proposals presented on each proxy ballot.

We are happy to provide, to any current or prospective investor in the Fund who requests it in writing, a copy of our proxy voting policies and procedures as well as a report showing how we have voted portfolio company proxies in the past.

In general, we will (i) approve routine proposals that do not change the structure, bylaws or operations of the issuer to the detriment of the shareholders; (2) oppose any proposal that clearly has the effect of restricting the ability of shareholders to realize the full potential of their investment, such as proposals providing for cumulative voting rights; and (3) vote certain types of proposals on a case-by-case basis, such as proposals for changes to specific accounting policies, proposals to rotate annual meeting locations/dates or proposals regarding option stock grants to management and directors.

By voting proxies based on pre-determined voting policies, and by making these policies along with a record of our past votes available to current or prospective investors, we seek to ensure that proxies are voted in the best interests of and do not present a conflict of interest between PPCP and investors in the Fund.

Item 18. Financial Information

There are currently no financial conditions that would be reasonably likely to impair our ability to meet our contractual obligations to the investors in the Fund.

Appendix A

Interests in the Fund may be purchased only by investors who are both “qualified purchasers” (as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the “Investment Company Act”) and “accredited investors”, as defined in Rule 501(a) of Regulation D under the Securities Act of 1933, as amended (the “Securities Act”).

Qualified Purchaser Definition:

As defined under the Investment Company Act, the term “qualified purchaser” currently includes the following:

- (i) any natural person (including any person who holds a joint, community property, or other similar shared ownership interest in an issuer that is excepted under Section 3(c)(7) [15 USCS § 80a-3(c)(7)] with that person’s qualified purchaser spouse) who owns not less than \$5,000,000 in investments, as defined by the Commission;
- (ii) any company that owns not less than \$5,000,000 in investments and that is owned directly or indirectly by or for 2 or more natural persons who are related as siblings or spouse (including former spouses), or direct lineal descendants by birth or adoption, spouses of such persons, the estates of such persons, or foundations, charitable organizations, or trusts established by or for the benefit of such persons;
- (iii) any trust that is not covered by clause (ii) and that was not formed for the specific purpose of acquiring the securities offered, as to which the trustee or other person authorized to make decisions with respect to the trust, and each settlor or other person who has contributed assets to the trust, is a person described in clause (i), (ii), or (iv); or
- (iv) any person, acting for its own account or the accounts of other qualified purchasers, who in the aggregate owns and invests on a discretionary basis, not less than \$25,000,000 in investments, excluding (i) private investment funds in existence on April 30, 1996, unless each beneficial owner of such fund on April 30, 1996 that is currently a beneficial owner has consented to such fund’s status as a “qualified purchaser” permitted to invest in a category of investment pools that would include Pivot Point, (ii) entities formed for the purpose of investing in the Fund, unless each beneficial owner in the entity is a “qualified purchaser” and (iii) pension and other employee benefit plans that allow the beneficiaries to direct the investments of the plans.

Accredited Investor Definition:

As defined under Regulation D promulgated under the Securities Act, the term “accredited investor” currently includes any of the following:

- (i) an individual who has a net worth, or joint net worth with that individual’s spouse, at the time of investment in excess of \$1,000,000 (excluding the value of such individual’s primary residence); or
- (ii) an individual who has had income in excess of \$200,000 (or joint income with his spouse in excess of \$300,000) in each of the two most recent years and who reasonably expects to reach the same income level in the current year;

- (iii) banks acting in an individual or fiduciary capacity;
- (iv) insurance companies;
- (v) certain qualified employee benefit plans;
- (vi) a director, executive officer, or general partner of the General Partner;
- (vii) a small business investment company licensed by the United States Small Business Administration; and
- (viii) a corporation, partnership or business trust (a) that was not formed for the purpose of acquiring a Limited Partner interest in the Partnership which has total assets in excess of \$5 million or (b) in which all of the equity owners are accredited investors.