



Firm Brochure for Discretionary Consulting Services

(Part 2A of Form ADV)

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

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

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

LCG Associates, Inc.
400 Galleria Parkway, Suite 1800
Atlanta, Georgia 30339
Phone: (770) 644-0100
Fax: (770) 644-0105

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

1700 Seventh Avenue, Suite 2100
Seattle, WA 98101
Phone: (206) 357-8504

Website: www.lcgassociates.com
LinkedIn: https://www.linkedin.com/company/lcg-associates?trk=top_nav_home
E-mail: astiles@lcgassociates.com

Date: March 30, 2017

Material Changes

Annual Update

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

Material Changes since the Last Update

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

There have been no material changes since the filing on March 28, 2016.

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

Brochure Available

This is a complete copy of LCG's Firm Brochure for Discretionary Consulting Services (Part 2A of Form ADV). If you wish to receive another copy, please contact Amber N. Stiles, J.D., LCG's Chief Compliance Officer, by telephone at (770) 644-0100 or by e-mail at astiles@lcgassociates.com.

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

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

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

Table of Contents

Material Changes.....	i
Annual Update	i
Material Changes since the Last Update	i
Brochure Available	ii
Item 4 Advisory Business.....	3
Firm Description	3
Principal Owners	3
Types of Advisory Services	4
Tailored Relationships	6
Item 5 Fees and Compensation.....	6
Description	6
Fee Billing	6
Item 6 Performance-Based Fees and Side-By-Side Management.....	7
Item 7 Types of Clients	7
Description	7
Account Minimums	7
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss	8
Methods of Analysis	8
Investment Strategies	8
Risk of Loss	9
Item 9 Disciplinary Information	14
Legal and Disciplinary	14
Item 10 Other Financial Industry Activities and Affiliations	15
Financial Industry Activities	15
Financial Industry Affiliations	16
Item 11 Code of Business Conduct and Ethics, Participation or Interest in Client Transactions and Personal Trading	17
Code of Business Conduct and Ethics	17
Participation or Interest in Client Transactions	17

Personal Trading.....	18
Item 12 Brokerage Practices	19
Selecting Brokerage Firms.....	19
Best Execution	19
Soft Dollars	19
Item 13 Review of Accounts.....	19
Periodic Reviews	19
Review Triggers	20
Regular Reports.....	20
Item 14 Client Referrals and Other Compensation.....	20
Incoming Referrals.....	20
Referrals Out	20
Item 15 Custody.....	21
Item 16 Investment Discretion	21
Discretionary Authority.....	21
Item 17 Voting Client Securities.....	21
Proxy Voting	21
Item 18 Financial Information.....	22
Financial Condition	22
Item 19 Requirements for State-Registered Advisers.....	22
General	22
Business Continuity Plan	22
General	22

Item 4 Advisory Business

Firm Description

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

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

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

LCG provides discretionary consulting services to LCG Hedged Equity Fund, Ltd. (the "Fund").

LCG provides implemented consulting services to clients. Implemented consulting clients remain responsible for certain decisions including, but not limited to, developing the asset allocation and investment policy as well as selecting service providers with assistance from LCG on a non-discretionary basis. Operating within the implemented consulting client's written investment policy and other terms outlined in the investment consulting agreement, LCG has the authority to select, retain, and terminate investment managers and rebalance portfolio assets.

Principal Owners

LCG is a wholly-owned subsidiary of LCG Holdings, Inc. The owners of LCG Holdings, Inc. are 28 active, full-time employees of LCG. The principal owners are:

Edward F. Johnson	President and Chief Executive Officer / Chairman of the Board of Directors
Britt L. Bentley, CFA, CAIA	Senior Vice President

John W. Burgin, CPA	CFO / Board Member
James J. Challen, CFA, CAIA	Senior Vice President
Anthony M. Daniel, Jr., CFA	Senior Vice President / Board Member
David R. Emerson, CFA, CAIA	Senior Vice President
Brian J. Falco	Senior Vice President / Board Member
Scott M. Freeman	Senior Vice President / Board Member
Michael T. Lubin, CFA	Senior Vice President / Board Member
James C. McElroy, CFA, CAIA	Senior Vice President
David D. Ritter, CFA	Senior Vice President / Board Member
Jared L. Shope	Vice President

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

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

Types of Advisory Services

LCG provides various levels of services to clients including implemented, non-discretionary, and discretionary consulting services.

Discretionary Consulting Services

LCG acts as a discretionary consultant to LCG Hedged Equity Fund, Ltd. (the "Fund").

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

As of December 31, 2016, LCG has approximately \$143,745,000 in discretionary assets under management.

Non-discretionary Consulting Services

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

- Investment policy development
- Investment manager guidelines
- Spending policy modeling and development
- Asset / liability studies for retirement plans
- Asset allocation modeling
- Asset class research, analysis, and recommendations
- Traditional and alternative manager search
- 401(k) / 403(b) strategies
- Performance measurement and evaluation
- Performance attribution analysis
- Fee analysis and negotiation
- Securities lending analysis and policy development
- Commission recapture program analysis
- Master trustee analysis and search
- Nuclear Decommissioning Trust (“NDT”) services

A client that uses LCG’s non-discretionary consulting services receives advice and recommendations and is ultimately responsible for all decision making. In a non-discretionary relationship, LCG does not have the authority to execute decisions on the client’s behalf.

As of December 31, 2016, LCG has approximately \$78,777,110,000 in non-discretionary assets under management.

Implemented Consulting Services

LCG provides implemented consulting services to clients. These services include, but are not limited to, the authority to select, retain, and terminate investment managers and rebalance portfolio assets, subject to the client’s investment policy statement and other terms outlined in the investment consulting agreement. LCG selects, approves, and monitors these investment managers pursuant to the clients’ investment guidelines, which are developed with LCG’s non-discretionary assistance. LCG executes and delivers all agreements necessary for any investments, and LCG directs the client-appointed custodian to acquire, hold, sell, transfer, exchange, and dispose of the investments. Implemented consulting clients remain responsible for certain decisions including, but not limited to, asset allocation, investment policy development, and service provider selection using LCG’s non-discretionary assistance.

As of December 31, 2016, LCG has \$302,330,000 in implemented consulting assets under management.

Tailored Relationships

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

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

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

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

Item 5 Fees and Compensation

Description

LCG does not charge a management fee nor receive any compensation in the form of performance-based fees for LCG Hedged Equity Fund, Ltd.

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

Fee Billing

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

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

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

For its discretionary consulting services, LCG does not charge management or performance-based fees for the LCG Hedged Equity Fund, Ltd.

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

Item 7 Types of Clients

Description

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

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

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

Account Minimums

Generally, the Fund imposes a \$5,000,000 minimum initial contribution, but the minimum may be waived by the Directors with respect to LCG Hedged Equity Fund, Ltd.

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

Methods of Analysis

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

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

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

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

Investment Strategies

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

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

Risk of Loss

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

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

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

Cybersecurity Risk. When using technology and electronic communication to conduct business as well as exchange information between clients, investment managers, and/or third-parties, there is a chance that internal and external cybersecurity threats to and vulnerabilities of the client's information and technology systems could occur.

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

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

Fund Not Registered. LCG HEF is not and will not be registered under the Investment Company Act. The Investment Company Act provides certain protections to investors that will not be applicable to the Shareholders as

investors in LCG HEF and imposes certain restrictions on registered investment companies, none of which will be applicable to LCG HEF.

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

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

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

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

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

factors related to the markets in which the Investment Funds invest and the financial condition and prospects of issuers in which the Investment Funds invest.

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

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

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

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

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

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

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

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

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

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

Side Letters. LCG HEF may from time to time seek to induce investment in LCG HEF by offering investment terms to certain prospective investors which are not available to existing investors in LCG HEF. In such cases the parties will enter into a written side arrangement varying the standard terms of offer herein. Such variations may include, without limitation, variations to investment portfolio, minimum and additional subscription amounts, currency of denomination, permitted subscription and redemption dates, redemption

frequency and notice periods, minimum and maximum aggregate subscription amounts, informational rights, capacity rights, Shareholder eligibility requirements and other rights, with the effect that not all investors in LCG HEF will invest on the same terms and some investors may be expected to enjoy more favorable terms than others.

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

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

Item 9 Disciplinary Information

Legal and Disciplinary

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

Item 10 Other Financial Industry Activities and Affiliations

Financial Industry Activities

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

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

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

In October 2013, LCG hired Catharine C. Burkett as Vice President, Director of Private Investments. Ms. Burkett has a relationship with a private equity fund of funds, where she has a personal investment, and at the conclusion of

the fund's life will be entitled to carried interest. Additionally, Ms. Burkett holds advisory board positions on two private equity funds for which she receives no compensation or expense reimbursement. These are not management roles. Neither of the aforementioned funds is currently fundraising. LCG does not believe that Ms. Burkett's relationships will affect its objectivity in any way.

Financial Industry Affiliations

Non-discretionary investment consulting is LCG's primary business. LCG may make recommendations for its non-discretionary consulting clients based on the specific needs of those clients that differ from the advice given or action taken with respect to its implemented and discretionary consulting clients. LCG may make changes for implemented and discretionary consulting clients without notification to non-discretionary consulting clients.

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

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

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

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

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

Code of Business Conduct and Ethics

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

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

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

Participation or Interest in Client Transactions

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

LCG Holdings, Inc. and some members of LCG's Board of Directors invest in LCG Investment Partners, LP which may invest in the same Investment Funds in which the Fund invests. This is analyzed on a case-by-case basis by the Chief Compliance Officer to ensure that the Fund is not being disadvantaged, and that the investment is in compliance with the Code of Business Conduct and Ethics.

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

The Fund and LCG Investment Partners, LP may invest in the same Investment Funds as those used by non-discretionary and implemented

consulting clients of LCG. LCG has a fiduciary duty to use its best efforts to ensure that no client is treated unfairly in relation to other clients in the allocation of investment opportunities. LCG will seek to recommend or allocate investment opportunities among clients, including Investors of the Fund, in a manner it believes to be equitable, considering each client's objectives and capital at the time of investment. Some of the ways LCG seeks to mitigate any potential conflicts of interest include but are not limited to:

- LCG employees are required to adhere to its Code and confirm acknowledgement of receipt;
- LCG employees must obtain prior written approval from LCG's President and CEO before acquiring any interest in an initial public offering (IPO) or limited offering;
- LCG employees must submit all reportable securities holdings initially upon hire and must re-certify their holdings annually;
- LCG employees must submit their reportable securities transactions quarterly;
- LCG employees must report any gifts given or gifts received quarterly;
- LCG employees must report certain outside business activities annually;
- LCG's Chief Compliance Officer is a full-time employee of the firm and does not receive compensation from any other entity;
- LCG does not receive compensation directly or indirectly from the Investment Funds in which the Fund, LCG Investment Partners, its non-discretionary or implemented consulting clients invest; and
- The Fund and LCG Investment Partners, LP pay the same Investment Funds fees as LCG's non-discretionary and implemented consulting clients invested in the same funds with similar terms.

Personal Trading

LCG has a **Statement of Policy Relating to Securities Transactions** ("Statement") intended to establish such policies and procedures to reduce the possibility employees will engage in fraudulent securities trading practices. Every employee must sign an acknowledgement of this Statement upon being hired and re-signs the policy periodically.

The Chief Compliance Officer of LCG is Amber N. Stiles, J.D. She reviews all required reportable employee trades each quarter. Her trades are reviewed by Edward F. Johnson, President and CEO, or John W. Burgin, CPA, CFO. The personal trading reviews help ensure the personal trading of employees does not affect the markets.

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

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

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

Item 12 Brokerage Practices

Selecting Brokerage Firms

LCG does not recommend brokerage firms to clients.

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

For information on how LCG handles its non-discretionary and implemented consulting clients, please refer to LCG’s Firm Brochures for Non-Discretionary and Implemented Consulting Services.

Best Execution

LCG does not execute any trades.

Soft Dollars

LCG does not participate in any soft dollar arrangements.

Item 13 Review of Accounts

Periodic Reviews

Per an investment management agreement, LCG’s Investment Committee is responsible for monitoring the Fund on an ongoing basis. The role of LCG’s Investment Committee is to incorporate the collective investment ideas of the firm and efficiently apply them to the Fund. The Investment Committee is comprised of certain LCG Senior Consultants, Research Directors, CFO and CCO.

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

Review Triggers

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

Regular Reports

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

Item 14 Client Referrals and Other Compensation

Incoming Referrals

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

Referrals Out

LCG does not accept compensation from Investment Funds.

Item 15 Custody

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

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

For information on how LCG handles its non-discretionary and implemented consulting clients, please refer to LCG's Firm Brochures for Non-Discretionary and Implemented Consulting Services.

Item 16 Investment Discretion

Discretionary Authority

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

For information on how LCG handles its non-discretionary and implemented consulting clients, please refer to LCG's Firm Brochures for Non-Discretionary and Implemented Consulting Services.

Item 17 Voting Client Securities

Proxy Voting

Generally, LCG will seek to delegate proxy voting authority to the Investment Funds responsible for investment decisions relating to such securities. However, per the investment management agreements with the Fund, the authority to vote proxies, where applicable, has been granted to LCG. In any

instance in which LCG votes a proxy, it will be guided by general fiduciary principles. LCG's proxy voting policy is available upon request.

For information on how LCG handles its non-discretionary and implemented consulting clients, please refer to LCG's Firm Brochures for Non-Discretionary and Implemented Consulting Services.

Item 18 Financial Information

Financial Condition

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

Item 19 Requirements for State-Registered Advisers

General

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

Business Continuity Plan

General

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