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Form ADV Part 2A: Firm Brochure 28 March 2019

This Brochure provides information about our qualifications and business practices. If you have questions about our Brochure, call + 44 (0)20 7993 9300 or e-mail compliance@pembertonam.com. The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission ("SEC") or by any foreign or state securities authority.

More information about us is available on the SEC's website, www.adviserinfo.sec.gov. An investment adviser's registration with the SEC does not imply a certain level of skill or training.

This Brochure does not constitute an offer to sell or the solicitation of an offer to purchase any securities of any entities described herein. Any such offer or solicitation will be made solely to qualified investors by means of a confidential offering memorandum, related subscription materials or other governing legal documentation.

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Item 2 Material Changes

This is our Brochure on Form ADV Part 2A, filed as part of our annual amendment. We had the following material changes from the date of our last Annual Brochure, which was 30 March 2018.

- Antoine Josserand joined as a partner and Michael Anderson and Helen Richards left as partners, but Ms Richards remains with us as our Chief Compliance Officer.
- We noted that we are the non-discretionary sub-adviser in respect of the following funds, and compartments, to Pemberton Asset Management S.A., a Luxembourg domiciled CSSF authorised Alternative Investment Fund Manager (“IM”), an Exempt Reporting Adviser (“ERA”):
 - Pemberton Debt Fund Compartment 1 (“Compartment 1”) of the Luxembourg umbrella fund, Pemberton Debt Fund SCS, SICAV-FIS (“Debt Fund”), now closed to new investors;
 - Pemberton Strategic Credit Opportunities Fund (“SCOF”), Compartment 4 of the Debt Fund; U.S. investors invest in Compartment 4 through a Delaware feeder fund, Pemberton Strategic Credit Fund Delaware I LP (“SCOF Feeder Fund”) and through a Cayman feeder fund, Pemberton Strategic Credit Fund Cayman I LP (“ERISA SCOF Feeder Fund”) now closed to new investors.
 - Pemberton European Mid-Market Debt Fund II (A) (“Fund II”), Compartment 5 of the Debt Fund, is closing to new investors.
 - Pemberton Debt Fund II SCS, SICAV-RAIF (“Debt Fund II”), Compartment Pemberton European Mid-Market Debt Fund II (B) (“Compartment II (B)”); U.S. investors invest in Compartment II (B) through a Delaware feeder fund, Pemberton Debt Fund Delaware II LP (“Fund II Feeder Fund”).
- We will be, through the IM, the non-discretionary sub-adviser to the Payables & Receivables Opportunity Fund S.A. SICAV-FIAR (“PROF”), which launched with its compartment only for non-U.S. investors, Global Trade Solutions 1 (“PROF Compartment 1”). As of the date of this Brochure, neither we nor the IM provide the compartment with continuous and regular investment advice.
- We are the non-discretionary sub-adviser to the IM for other Luxembourg private funds, none of which are U.S. incorporated, marketed in the United States or have U.S. person investors.

When material changes occur, we will file an amended Brochure and send this to our clients.

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Pemberton Capital Advisors LLP

Item 4 Advisory Business

Who we are

Pemberton Capital Advisors LLP ("PCA") is a limited liability partnership incorporated in England and Wales in November 2010. We are an SEC registered investment adviser and are authorised and regulated by the UK Financial Conduct Authority. We are one of several Pemberton companies that focus on advising private funds or compartments of same that make commercial loans to European mid-market corporates seeking to grow and expand their businesses. We are a MiFID Exempt CAD Adviser. We are an exempt CTA.

We employ 45 people. We have the following equity owners, as disclosed in our Form ADV Part 1: Legal & General Capital Investments Ltd-37.6%; PCA staff and management-30%; Symon Drake-Brockman (Managing Partner)-26.4%; and Pemberton Asset Management Services UK Limited ("PC Services")-6%. We are the 100% owner of Pemberton Capital Advisors France SAS ("PCAF"). PC Services is a wholly owned subsidiary of Pemberton Asset Management Holdings Limited ("Holdings"). We identify the owners of Holdings in our Form ADV Part 1 Schedule B. PCAF and Pemberton Asset Management GmbH ("PAMG") are our related persons and participating affiliates.

Activities

We are the non-discretionary sub-adviser to several funds and compartments. Certain of these are not incorporated in the United States, are marketed in the United States or have U.S. person investors. This includes Pemberton European Mid-Market Debt Fund I SCS, a Luxembourg SICAV-FIS ("Fund I"). Those fund compartments that are marketed in the United States or have U.S. investors are discussed below.

Pemberton Asset Management S.A., a Luxembourg CSSF authorised Alternative Investment Fund Manager ("IM"). The IM is the investment manager to all funds or compartments and is an Exempt Reporting Adviser ("ERA"). Pemberton Capital Advisors (Jersey) Limited ("IA"), is the investment adviser of record to the funds and compartments. The IA is incorporated in Jersey and authorised by the JFSC. It is not an ERA.

We provide advice to the feeder funds of the compartments (noted below) for hedging (Spot FX and FX forwards).

Funds and compartments

We are the non-discretionary sub-adviser in respect of the following Pemberton Debt Fund SCS, SICAV-FIS ("Debt Fund") compartments that are marketed to U.S. persons or that have U.S. person investors:

- Pemberton Debt Fund Compartment 1 ("Compartment 1") of the Debt Fund, which is now closed to new investors;

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- Pemberton Strategic Credit Opportunities Fund (“SCOF”), Compartment 4 of the Debt Fund;
- Pemberton European Mid-Market Debt Fund II (A) (“Fund II”), Compartment 5 of the Debt Fund.

Each compartment has a feeder fund for U.S. persons to invest; in turn, substantially all of the assets in each feeder fund are invested in a compartment (the remainder is used for hedging).

- U.S. investors invested in Compartment 1 through a Delaware feeder fund, Pemberton Debt Fund Delaware I LP (“C 1 Feeder Fund”).
- U.S. investors invest in Compartment 4 through a Delaware feeder fund, Pemberton Strategic Credit Fund Delaware I LP (“SCOF Feeder Fund”).
- U.S. investors that are ERISA pension funds invest in SCOF through Pemberton Strategic Credit Fund Cayman I LP (“ERISA SCOF Feeder Fund”).
- U.S. investors invest in Compartment 5 through a Delaware feeder fund.

We are the non-discretionary sub-adviser to Pemberton European Mid-Market Debt Fund II (B) (“Compartment II (B)”), a compartment of Pemberton Debt Fund II SCS, SICAV-RAIF (“Debt Fund II”). U.S. persons invest in this through Pemberton Debt Fund Delaware II LP (Fund II Feeder Fund”), and all or substantially all of the assets in this feeder fund are invested in this compartment.

We will, when it starts to operate, be the non-discretionary investment adviser to Pemberton Payables & Receivables Opportunity Fund S.A. SICAV-FIAR (“PROF”), which launched with one compartment for a UK investor. More compartments will be created in due course for U.S. investors.

We do not manage assets for separately managed accounts.

The Debt Fund is a Luxembourg investment company with variable capital. The Debt Fund’s general partner is Pemberton Debt GP S.à.r.l. (“Debt Fund GP”), a private limited company (*société à responsabilité limitée*) incorporated in Luxembourg and a wholly-owned subsidiary of Holdings. The Fund GP is an ERA. The Debt Fund’s objective is to invest, via compartments, in a portfolio of loans of varying seniority and risk to mid-market European corporates to generate an expected quarterly income stream and attractive total returns for investors. The Debt Fund is an umbrella fund structure with separate investment compartments. Each compartment will have its own assets and its own processes, objectives and restrictions. Each compartment has its own Supplement to the Debt Fund’s Information Memorandum.

U.S. investors participate in a compartment of the Debt Fund via a feeder fund.

- Compartment 1 is closed to investors. This invests in a portfolio of senior secured loans to established mid-market European companies to generate an expected quarterly income stream and attractive returns for Investors. Compartment 1 uses leverage as explained in Item 8, below.
- The investment objective of SCOF is to invest in a portfolio of senior loans, uni-tranche and subordinated debt, and preferred instruments to mid-market companies located in or with significant operations in Europe. This compartment will not use leverage.
- The investment objective of Fund II is to invest in a portfolio of senior loans to established mid-market European companies to generate an expected quarterly income stream and

attractive returns for Investors. Fund II does not use leverage.

Debt Fund II is a Luxembourg investment company with variable capital – reserved alternative investment fund under the form of a common limited partnership structured as an umbrella fund. The Debt Fund II's general partner Pemberton Debt GP II S.à.r.l. ("Debt Fund II GP") a private limited liability company (*société à responsabilité limitée*) incorporated in Luxembourg and a wholly-owned subsidiary of Holdings. The Fund GP is an ERA. The Debt Fund II's investment objectives are set out in the relevant Supplement to each compartment.

The investment objective of Compartment II (B) is to invest in co-investments that may arise alongside Related Funds (SCOF). The Company will invest in senior loans, unitranche and subordinated debt and preferred instruments to mid-market companies located in or with significant operations in European. This compartment uses leverage as explained in Item 8, below.

PROF is a Luxembourg umbrella fund. PROF will through one or more compartments invest in a diversified portfolio of one or more investment programmes sourced through the IM's strategic alliance with Global Supply Chain Finance Ltd ("GSCF"). GSCF, a Swiss company, is an SCF technology platform with 25 years of experience in servicing financing programmes where large global banks finance accounts receivable and accounts payable between multi-national corporates and their strategic distributors.

Nothing in this Brochure constitutes an offer to sell or the solicitation of an offer to purchase any securities of any entities described herein. Any such offer or solicitation will be made solely to qualified investors by means of a confidential offering memorandum, related subscription materials or other governing legal documentation. The securities of the feeder funds are offered on a private placement basis. In the United States, securities, if so offered, are offered pursuant to Regulation D under the U.S. Securities Act of 1933. They are exempt from the definition of an investment company pursuant to Section 3(c)(7) of the U.S. Investment Company Act of 1940.

The IM filed a report on Form ADV Part 1 with the SEC as a Private Fund Adviser. Each of the general partners of the compartments and of the Debt Fund are named as a Private Fund Adviser on the IM's report on Form ADV Part 1. This is available via www.adviserinfo.sec.gov.

The disclosures in this Form ADV Part 2A relate solely to any activities that involve U.S. resident persons that would invest in a fund or a compartment for which we serve as non-discretionary investment sub-adviser. These include the Delaware and Cayman feeder funds named above.

Prospective investors of a Fund or a Compartment should be aware that investors can, and typically do, enter into Side Letter arrangements. Side Letters are agreements directly between an individual investor and the General Partner and typically include certain terms that are specifically agreed upon by the parties in addition to the terms and provisions contained in the Subscription Agreement, Partnership Agreement and Information Memorandum (and Supplement in certain instances).

As at 31 December 2018, our assets under management for all funds and compartments were US\$ 2,463,516,969. Our regulatory assets under management are stated in our Form ADV Part 1.

How we operate

Investment opportunities are sourced through the extensive and long-standing relationships of the PCA Origination Team and the PCA Portfolio Management Team, and PAMG and PCAF, with regional and international banks, PE sponsors and intermediaries in the European mid-market primary loan market to source assets, primarily in the form of bilateral, club or syndicated loan transactions.

We work with leading European banks, private companies, private equity (“PE”) sponsors, debt advisors and other intermediaries and other key stakeholders to invest in:

- (i) *non-sponsor corporate loans* – providing growth or acquisition finance to, or refinancing existing debt packages of, European mid-market corporates;
- (ii) *mid-market PE Sponsor loans* – supporting PE sponsors in financing or refinancing European mid-market leveraged buyouts.

Only SCOF will focus on:

- *Growth capital* – supporting the continued growth of strongly performing mid-market businesses;
- *Recovery capital* – supporting post-restructuring growth; and
- *Opportunistic investment* – acquiring debt in secondary trades for attractive upside pricing.

We believe that this approach offers advantages:

- an “on the ground” presence in the UK, Germany, France and Italy is expected to facilitate closer relationships with locally based banks and other market participants and intermediaries that will be key sources of market and borrower intelligence and investment opportunities;
- a focus on primary transactions is expected to result in better pricing and risk-adjusted returns for investors as, in our experience, there is significantly less competition and higher upfront fees than for secondary market transactions; and
- a focus on primary market transactions is expected to assist in minimising the fund or compartment’s risk by enabling the Investment Team to determine the structure of transactions sourced for each fund or compartment and secure investor protections through directly negotiating the legal documentation.

We believe that working closely with banks is the most sustainable long-term approach to participation in the European private debt market and that this provides access to attractive investment opportunities that are not accessible by investors sourcing investment opportunities in competition with the banks.

PCA’s investment strategy prioritises engaging with borrowers and banks early in the transaction process, enabling its Portfolio Management Team to directly negotiate loan terms to meet both the financing needs of borrowers and fund or compartment investment criteria.

We focus on the five largest European economies, Germany, the UK, France, Italy and Spain, and that comprise more than 70% of the annual EU-28 GDP. We also consider other countries in Europe, including non-EU members Norway and Switzerland.

PCA's operating procedures are to research and identify opportunities to make commercial loans directly and, if so required, by buying privately issued bonds. We conduct due diligence on potential borrowers. We take this research/analysis, distill it and provide recommendations to the IM (copied to the IA). The IM's Investment Committee reviews our recommendations and determines either to make or decline the proposed investment, notifying the relevant general partner of its decision and, if a loan is to be made, requesting the relevant general partner to authorize and give instructions for the execution of the loan. Post-loan, we review the borrower's creditworthiness and help ensure that the loan is timely repaid – or advise on a course of action in the event of a default.

Item 5 Fees and Compensation

Fees

We receive our fees as detailed below. We are now in the "Investment Period". Fund administrators are responsible for checking on a quarterly basis the final determination of the calculation of fees. In addition, each fund or compartment auditor performs an annual review of the fee methodology and calculations.

- *Fees on Commitments after the Investment Period (the period of time before fund or compartment closure) – this is applicable for Fund I and Compartment 1.*

Fees from the fund or a compartment will be calculated quarterly in advance on the basis of drawn commitments used to fund the acquisition cost of investments that have not been sold or written off (and *pro-rated* on a time basis for any period of less than a calendar quarter). The amount of fees received by PCA will be the net residual management fee paid to the relevant general partner, after deducting non-reimbursable operating expenses paid by the IM and the IA and the fees retained by the , the IM and the IA.

- *Fees on Deployment – currently, this applies to SCOF, Fund II and Compartment II (B)*

Fees are paid quarterly in arrears, (and *pro-rated* on a time basis for any period of less than a calendar quarter), calculated on the basis of the Acquisition Cost of each Portfolio Investment, as at the end of the relevant calendar quarter. For SCOF the fee rate is equal to 1.25% per annum of each Partner's share of the Acquisition Cost of each Portfolio Investment and for Fund II the fee rate is 0.95% per annum of each Partner's share of the Acquisition Cost of each Portfolio Investment. For Compartment II (B) the fee rate is 0.8% per annum of each Partner's share of the Acquisition Cost of each Portfolio Investment. Acquisition Cost is the actual and prospective costs of acquiring or funding a Portfolio Investment, including all amounts committed or reserved to fund such Portfolio Investment.

Only for the UK Fund that is not marketed to U.S. investors, we receive Fees on Commitments during the Investment Period (when loans are being made to new portfolio companies).

We do not receive a fee from the feeder funds for our hedging advice.

In addition, we receive from the IA on a quarterly basis in advance an amount to cover any reasonable costs and expenses that we incur relating to our role as a sub-advisor to each fund or

compartment.

- Co-investment fee - SCOF, Fund II and Compartment II (B)

Under the terms of the fund documents governing each of SCOF, Fund II and Compartment II (B), the relevant general partner is entitled to be paid a co-investment fee.

The General Partner shall be entitled to be paid a fee which would be equal to the amount by which the Net Co-Invest Disposal Proceeds exceed the Net Co-Invest Acquisition Cost, if any, subject to a reduction as set out in the relevant compartment Supplement. We would then be entitled to a fee as is determined on an arm's length basis between Pemberton Group related parties.

Alternatively, if the Compartment disposes of a Co-Invest amount the purchaser may pay us a fee as a General Partner Affiliate and that fee solely relates to a purchase of the Co-Investment Amount, such a fee is treated in the same manner as a Co-Invest Fee and may also be reduced by certain fees as set out in the compartment Supplement.

The same calculation and time-based reduction applies in relation to any fee that a co-investor may pay to affiliates of the general partner in relation to the purchase of a co-invest amount (to avoid doubt, excluding management fees, carried interest and equivalent fees or profit shares relating to certain Pemberton funds and certain managed accounts).

Because of the relationship that we, the IM and the IA, and our other related persons have to the general partners, this is a conflict of interest. All such fees are calculated on an arm's length basis and are reviewed annually by independent auditors for the methodology and calculations.

We do not receive success fees – fees that arise as the result of the disposition or sale of a loan.

Expenses

We are entitled to reclaim certain costs and expenses incurred from the relevant fund or compartment under the terms of our sub-advisory agreement with the IA and the Information Memorandum's for Debt Fund and Debt Fund II and each compartment's Supplement.

Each compartment is responsible for all reasonable costs and properly incurred legal, accounting, filing, organizational and other establishment fees and expenses incurred in the formation of each compartment, the general fund of that compartment and in raising capital for the compartment up to the limits set out in each the compartments legal documentation.

Costs also incurred in pursuing the compartments investment program including all cost, liabilities and expenses associated with the organization, acquisition, holding, syndication, servicing and disposal of portfolio investments are also the responsibility of the fund or compartment as are certain costs and liabilities incurred in relation to the operation of the fund or compartment including financing costs, legal and compliance costs, insurance costs, custodian or trustee costs, administration costs, depositary costs, compartment accounting costs, investor communication and reporting costs, fees and government charges levied against the compartment, audit costs, tax compliance and reporting costs,

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costs associated with meetings of the compartment, costs incurred in connection with establishing and maintaining Escrow accounts and extraordinary costs and liabilities associated with each compartment.

Costs, expenses and liabilities not specifically attributable to a particular compartment will be allocated on a *pro rata* basis (based upon the NAV of the compartment relative to the NAV of the Partnership as a whole). This applies to costs, expenses and liabilities relating to the general operation of the compartment and costs associated with its on-going operations.

This arrangement is a conflict of interest. To address this and in addition to the policy set out in the Debt Fund's Information Memorandum and each compartment's Supplement, we operate an Expenses Policy that is overseen and subject to regular review by our Operational Risk and Controls Committee ("ORCC"). Each compartment's financial statements are subject to independent, external audit annually, and the General Partner approves the accounts quarterly, the directors of whom are independent.

Valuations

We review loan portfolios and produce loan and fund or compartment valuations on a quarterly basis, in accordance with each fund or compartment's Valuation Policy. The IM's Valuation Committee is responsible for providing a final valuation of each fund's or compartment's assets. The IM will consider the draft valuation recommendations of PCA in conjunction with reviewing independent valuations produced by Markit Valuation Services Ltd ("Markit") as a comparison in forming its views on valuations. Valuations are then finalized by the IM and sent to the fund or compartment administrator for recording and processing. The IM reviews the valuation methodology and calculations on at least a quarterly basis at the Valuation Committee. To address these conflicts of interest, Markit is used as an independent benchmark to validate valuation calculations and the annual external audits of the funds or compartments include an independent review of the valuation process, methodology and calculations for each fund and compartment.

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

We do not engage in side-by-side management.

Item 7 Types of Clients

As noted above, we provide research and recommendations to our client, the IM, and cash management and FX hedging advice to the feeder funds as noted above.

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

A. Sourcing loans

The responsibility for identifying and sourcing loans resides with our Origination Team, which includes our staff, members of PCAF, PAMG and an independent advisor in Italy. The Origination Team's direct coverage of the markets in which we seek to invest provides local relationships, market knowledge and insight to access high quality, locally-sourced deal flow across Europe.

Investment opportunities are sourced through the extensive and long-standing relationships that our Origination Team and Portfolio Management Team have individually built over several years with

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banks, intermediaries and PE sponsors focused on the European mid-market. We place controls on the information sharing that is involved in this. We believe that this approach offers advantages.

- Having a permanent presence on the ground in key markets facilitates closer relationships with locally based banks and other market participants and intermediaries that may be key sources of market and borrower intelligence and investment opportunities.
- Focusing on primary transactions is likely to result in better pricing and risk-adjusted returns for investors as we believe there to be less competition and higher up-front fees than for secondary market transactions.
- Focusing on primary market transactions helps minimize risk as it enables us to influence the structure of transactions and investor protections through direct input into commercial negotiations and legal documentation.

We expect the majority of loans to be direct bilateral, club or syndicated loans. However, legal requirements in certain jurisdictions in Europe, or timing considerations, may result in loans being structured as sub-participations or as private placements of debt.

B. Selecting loans

The Origination Team evaluates new investment opportunities against a fund's investment criteria, considering, *inter alia*, the borrower's size, business profile and business model, its competitive and market position, its industry sector and the maturity, structure, pricing and security of a loan. If the Origination Team considers that the potential opportunity is attractive, it will discuss this with the Portfolio Management Team. If the Portfolio Management Team agrees that a potential transaction is worthy of further investigation, the potential loan enters our due diligence process. After further research, the Portfolio Management and Origination Teams prepare a paper for submission and initial review by our Credit Review Committee ("CRC"). This typically addresses the following topics:

- the background to the transaction and investment rationale;
- the source of the introduction and/or history of the relationship;
- an initial or indicative description of the borrower including its business mode, competitive position, growth drivers,
- an initial or indicative description of the management, ownership and strengths and weaknesses;
- an overview of the borrower's industry sector;
- a summary of the financial performance of the borrower, including a review of recent and current trading and a review of P&L, balance sheet and key financial ratios;
- the currently proposed pricing and fees;
- an initial credit assessment; and
- the legal structure and jurisdiction of the transaction.

If the CRC supports the proposed transaction, it will authorize the Portfolio Management Team to undertake more detailed due diligence on the potential loan and proceed to structuring, negotiating and completing due diligence.

Due diligence typically includes an investigation of major business, accounting, tax, legal and regulatory issues as well as meetings with the senior management of the borrower. We use external independent experts and advisors where necessary, subject to compliance with our policies and

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procedures, including attestations, documentation and reviews, to prevent the misuse of information and to prevent any passing of confidential information, confidential client information (defined and used in our Code of Ethics) or unpublished price-sensitive information (inside information).

We build a financial model that includes information provided for each loan based on information provided by the proposed borrower, which will typically include a business plan comprising an operational plan and detailed financial forecasts. The borrower's business plan will then be stress tested to take account of different scenarios for future business performance, focusing on factors expected to strengthen or weaken a borrower's financial position. The credit review will include relevant factors including a financial comparison to competitors in the same sector, an industry review and a management team assessment.

This process includes an appropriate level of governance to ensure proper communication and documentation of all steps.

If the Portfolio Management Team still considers the potential transaction to be attractive, it will submit a more detailed Credit Paper to the CRC. This will address the same topics as the initial credit review paper but in greater depth and with the advantage of the more detailed information gathered during the due diligence process, and will include a final internal credit rating. If the transaction and the Credit Paper receive CRC support, the Credit Paper will be submitted, with CRC's endorsement and comments, if any, to the IM for review and approval at its Investment Committee ("IC").

The IM, acting through the IC, has discretion under the Management Company Services Agreement with the relevant general partner to approve or decline a loan proposal. It may recommend the terms of a proposed loan subject to final changes to such terms being recommended by us, provided that any such changes are not material and that the final terms are confirmed by the IC. If there are material changes to the terms of a loan before signing but after the proposed loan is approved, the CRC must review the terms again and if, it still considers the loan appropriate, it will confirm its support for the transaction to the IM, which has full discretion to approve or reject the proposed loan. All loan proposals are submitted to the relevant general partner for ratification.

After a loan is approved, our Portfolio Management Team will complete the following operational and administrative steps for the execution and closing of the loan, including:

- completion of all remaining formal customer due diligence;
- finalizing and procuring execution of the loan and security documentation;
- ensuring the transaction is booked correctly by the administrator in the administrator's systems;
- ensuring all conditions precedent are met or any non-material deviations agreed and waived; and
- obtaining final sign off from our Managing Partner, the Chief Credit Officer or the Chief Operating Officer for the release of funds to the borrower.

C. Leverage

Compartment 1 will use leverage with a view to enhancing its investment returns. Such leverage will not exceed 100% of the aggregate investor commitments to that compartment at the end of the Investment Period, taking into account currency fluctuations. This compartment will also borrow from third party providers, such as a bank, in other limited circumstances, including, *inter alia*, to pay

this compartment's fees and expenses and to make investments pending receipt of drawdowns. Under the terms of the leverage facility provided by the leverage lender, Citibank, N.A. London Branch, there are certain relevant considerations on assets in which this compartment may invest in addition to those in the offering document. These include tax, regulatory and eligibility constraints. Compliance with these considerations will be monitored at the point of acquisition by the portfolio manager and on an ongoing basis by the external collateral monitoring agent, Virtus Group L.P.

Compartment II (B) will use leverage with a view to enhancing its investment returns. Such leverage will not exceed 100% of the aggregate investor commitments to that compartment at the end of the Investment Period, taking into account currency fluctuations. This compartment will also borrow from third party providers, such as a bank, in other limited circumstances, including, *inter alia*, to pay this compartment's fees and expenses and to make investments pending receipt of drawdowns. Under the terms of the leverage facility provided by the leverage lender, Credit Suisse AG, London Branch, there are certain relevant considerations on assets in which this compartment may invest in addition to those in the offering document. These include tax, regulatory and eligibility constraints. Compliance with these considerations will be monitored at the point of acquisition by the portfolio manager and on an ongoing basis by the external collateral administrator, The Bank of New York Mellon S.A./N.V.

D. On-going loan management

We use a loan servicing and monitoring platform. The platform enables us to monitor within one integrated back office the following:

- Credit rating and credit migration;
- Collateral management and unsecured exposure;
- Covenant monitoring and all payments;
- Loan administration and waivers, including bilateral and agency functions;
- Financial reporting; and
- Integrated reporting on each loan and the portfolio through the life cycle of the loan.

Servicing is divided between credit monitoring and administrative functions, as set out below.

Credit monitoring: monitoring the performance of Portfolio Investments post-close will be undertaken using a two level approach of ongoing monitoring and formal semi-annual reviews.

On-going process: we monitor updated financial information submitted by borrowers under the terms of their loans as well as any public announcements by borrowers. Our corporate credit rating system automatically updates the credit rating for each Portfolio Investment at least semi-annually based upon updated financial information from the borrower. We monitor alerts from our Early Warning System (proprietary software): We operate a "traffic light system" to prioritize and track under-performing loans, with results circulated to the CRC.

We meet with the management of the borrowers, annually or as soon thereafter as is possible.

Formal reviews: each loan will undergo a formal semi-annual review by the CRC. Loans on the Watch List will be discussed on a weekly basis at the Enhance Monitoring Committee a sub-committee of

the CRC. The IM will be consulted in the event remediation action is recommended with respect to an investment on the Watch List.

E. Risks

General regulatory risk

We have obtained those licences and consents required from banking and financial services regulators to conduct business and seek to comply with all applicable laws and regulations. The possibility cannot be excluded, however, that either by reason of a change in law or regulation or their interpretation in any applicable jurisdiction or by reason of law or regulation of which we are unaware, certain activities or those of an agent in relation to the issue and offering of a fund and the investment and management of the Portfolio Investments may constitute the provision of cross-border banking or financial services under any applicable banking or financial services law or regulation in any jurisdictions. Should it be determined that we have failed to comply with any applicable licence or consent requirements under any applicable banking or financial services law or regulation in any jurisdiction in relation to the issue and offering of a fund and the investment and management of the Portfolio, the regulators in such jurisdiction could, to an extent that they have authority to do so, impose sanctions on certain of the parties involved, including the fund, seeking the immediate cessation of such parties' activities in that jurisdiction, liquidation of the transactions conducted by a fund in that jurisdiction or with Limited Partners in or from that jurisdiction and even the imposition of criminal sanctions.

Brexit

The UK's exit from the European Union, which was due to occur on 29 March 2019, has been extended to 12 April 2019 if the UK does not by that date ratify the Brexit withdrawal agreement. However, if the UK does ratify the withdrawal agreement then the exit date will be extended to 22 May 2019, end unless a further extension is agreed. The UK Government continues to debate and vote upon the terms of the Brexit withdrawal agreement and indicative matters. The implications of the withdrawal agreement are not yet clear or are capable of being anticipated at this time whilst debates and discussions are on-going.

Our business has arisen as a result of the 2008 financial credit crisis and reduction in bank cross-border and domestic lending to mid-market, creating demand for financing from non-bank sources. Bank lending volumes are unlikely to be stimulated by the uncertainty around Brexit and, compounded by the results of the EBA's latest round of bank stress testing, we believe this trend is set to continue through the end of 2019 and until the Brexit roadmap is clarified and implemented.

Impact of further regulation or changes to regulation in the financial markets

The instability in the financial markets has led to several unprecedented actions being taken by governments to support certain financial institutions and segments of the financial markets that have experienced volatility or a lack of liquidity. Governments, their regulatory agencies or self-regulatory organizations may take additional actions that affect the regulation of the assets in which the Fund invests, or the issuers of such assets, in ways that are unforeseeable.

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Legislation and regulation may also change the way in which a fund operates or is regulated. If legislation or government regulations impose any additional requirements or restrictions on the ability of financial institutions to make loans, the ability of a fund to originate loans or the availability of loans in the secondary market for investment may be adversely affected. In addition, such requirements or restrictions could reduce or eliminate sources of financing for certain borrowers. This would increase the risk of defaults.

Investor-related regulation such as Solvency II and other similar national or EU regulatory constraints applicable to banks, insurance companies and pension funds may have an impact on a limited partner's investments in a fund or compartment.

LIBOR, EURIBOR or other interest rate benchmark reform

Where any floating rate Portfolio Investments calculate interest by reference to a benchmark interest rate, such as London Inter-Bank Offered Rate ("LIBOR") or the European Inter-Bank Official Rate ("EURIBOR") (together, a "Benchmark"), a change in the method of calculation or the discontinuance of a Benchmark (or any currency or period in respect of which a Benchmark is calculated) could have a negative impact on the value of floating rate Portfolio Investments.

The current administrator of LIBOR is ICE Benchmark Administration Limited and it is likely that the administrator, and the method of calculating LIBOR, could change in the future or that LIBOR would be replaced. Any new administrator of LIBOR may make methodological changes that could change the level of LIBOR, which in turn may adversely affect the value of the Portfolio Investments. Any new administrator of LIBOR may also alter, discontinue or suspend calculation or dissemination of LIBOR. No administrator of LIBOR will have any obligation to any investor in respect of any floating rate Portfolio Investments.

Any change to the setting or existence of LIBOR, EURIBOR or other Benchmark could have a material adverse effect on the value of, and the amount payable under any Portfolio Investments which pay interest linked to LIBOR or EURIBOR or any other Benchmark and no assurance may be provided that relevant changes will not be made to LIBOR or EURIBOR and/or that any Benchmark will continue to exist.

Specific risks are set forth in a fund or compartment private placement memorandum and must be reviewed by each investor prior to investing.

Item 9 Disciplinary Information

There is nothing to report.

Item 10 Other Financial Industry Activities and Affiliations

We have two participating affiliates, PAMG and PCAF. Each under the terms of a participating affiliate agreement ("PAA"), provide us with research, advice and recommendations on loans for a fund or compartment. (Aside from this, they provide assistance in identifying loan prospects in Europe.) The PAA is structured based upon no-action letters issued by the SEC Staff. The individuals that perform services for us under the PAA, Geoffroi de Saint Chamas, Guillaume Farges, Valentine Guezenc, Juergen Breuer, Ralph Hora, Nils Weber, Zahbi Foladi are "associated persons". They are subject to

certain compliance controls, complying with the personal account trading provisions of our Code of Ethics and keeping records. Both of our participating affiliates are subject to supervision/oversight, record keeping and information protection requirements.

For each general partner, the IA and the IM have boards of directors. Keith Jones, Chairman, Symon Drake-Brockman, Managing Partner and Matteo Colombo, a non-executive director and an employee of Legal & General Capital Investments Ltd (L&G Cap”), sit on the IA board and on our Executive Management Committee.

Mr Drake-Brockman, Mr Jones, Thomas Lack, our Chief Operating Officer and a partner, and Mark Hickey, a portfolio manager and a partner, Mr Colombo, Hannah Gore-Randall, a non-executive director and an employee of L&G Cap, are members of our Executive Management Committee.

Mr Drake-Brockman, Mark Hickey, a portfolio manager, Mr Lack, Nicole Gates, our Chief Credit Officer, are Partners of PCA.

Our officers, partners and employees hold multiple roles in two or more of PCA, the IM, the IA and the Holdings. Our partners and staff that perform multiple roles are Mr Drake-Brockman, Mr Jones, Mr Lack and Mr Hickey. This is a conflict of interest.

The IC is comprised of Coen Teppema a Pemberton Director of the IM, the IM’s Portfolio Management Conducting Officer and a Director of the relevant Alternative Investment Fund GP and Jean de Courreges (both directors of the IM), Simon Hauxwell (an independent Luxembourg consultant) and Doug Welch an employee of the IM.

To address these conflicts of interest arising out of these multiple roles, competing interests and to prevent individuals seeking to exert pressure or influence over individuals working in control functions we supervise the persons involved, prepare records of meetings and decisions taken, identify and address conflicts for board of director’s meetings and IC meetings, require recusal from meetings and decisions when warranted and enforce pre-clearance requirements and account and position reporting requirements under our Code of Ethics (Item 11). We monitor all such arrangements and take or recommend to the appropriate entity appropriate steps when required.

There is at least one independent non-executive director on the governing body of each of PCA, the IM, the IA and the various general partners. This helps ensure that the interests of the different governing bodies are substantially aligned but each has an independent voice focused exclusively on the interests of that corporate entity.

The independence and effectiveness of control functions such as Credit, Operations, Legal or Finance are compromised when Partners of PCA or those holding front office functions including Portfolio Management seek to exert pressure or influence over individuals in these Control Functions. Steps have been taken to align reporting lines and ensure control functions are adequately represented on governing bodies. All decisions are subject to appropriate levels of review and any instances of influence are subject to investigation.

L&G Cap, the majority shareholder of Holdings and a shareholder of PCA, has two seats on our Executive Management, Audit, Operational Risk and Controls committees and one seat on our Ethics and Remuneration Committee. Legal and General Assurance Society Limited (“L&G Assurance”), an

affiliate of L&G Cap, was a seed investor in the Fund and in two of the Debt Fund compartments and remains so invested. Legal and General Reinsurance Company Ltd, Bermuda, is also an investor in the Fund. Through its economic interests and investments in Holdings, PCA and the Fund, these Legal & General companies, receive a portion of management and/or performance fees borne by investors in each fund or compartment. Although L&G Cap will not be involved in the day-to-day management of each fund or compartment or a general partner and will not have any decision-making authority with respect to each fund or compartment, L&G Cap has appointed two directors of Holdings and the IA and, through those directorships, has approval rights relating to certain decisions made by those entities (including, among other things, approval rights in respect of the appointment or removal of any external discretionary investment manager of each fund or compartment). L&G Cap may exercise certain voting rights as a shareholder of Holdings and participates in certain committees of the IA and PCA.

These Legal & General companies have other relationships with or interests in other investment vehicles and accounts that give rise to conflicts. For example, one of these may sponsor, advise, undertake, manage or invest in investment vehicles and accounts that pursue investment strategies similar to those of a fund or compartment. Such activities can, where direct competition is involved, affect each fund or compartment. For example, no such company is under an obligation to share any investment opportunity, idea or strategy with each fund or compartment or a Pemberton company. While the existence of a conflict of interest will not necessarily have an adverse impact on each fund or its compartments, a general partner, the IM, the IA or PCA, and L&G Cap has incentives to see each fund or compartment succeed. Accordingly, we require L&G Cap, L&G Assurance not to misuse our confidential client information and disclose any conflicts of interest that have an impact on us, the IM, the IA, a general partner or a fund or compartment.

Certain Partners and staff members invest in or alongside a fund or a compartment of the Debt Fund. Certain Partners and staff members are entitled to a share in the income and capital returns from the fund or compartment in the form of carried interest ("carried interest"), such returns being derived substantially from the fund or a compartment's Portfolio Investments under the terms of the Fund or a compartment agreed with investors in the compartment. Distributions of carried interest are subject to a waterfall that permits distributions of carried interest to the carry vehicle only after all of the fund's Limited Partners have received amounts drawn down from them and a hurdle rate (which will only occur at the end of the life of a fund or compartment) of return of 4% per annum compounding annually for Compartment 1, and 8% per annum compounded annually for SCOF and 5% per annum compounded annually for Fund II, and 7% per annum compounded annually for Pemberton Debt Fund Delaware II LP.

To address this conflict, the waterfall calculation is calculated by the independent Fund Administrator. Disclosure of carried interest is made in the Fund Information Memorandum and in the Fund Annual Accounts. Once the given hurdle is achieved payment will only be made at the end of the fund's life.

Certain Partners and staff members invest in a fund or compartment via a "closed to the public" feeder fund but do not make investments in the companies to whom loans are made. To address this conflict of interest, our Code of Ethics (Item 11) imposes control on all personal account transactions.

The loans and similar assets made by a fund or a compartment can be illiquid and hard to value. Valuations are performed as set forth in Item 5 above.

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Discretionary remuneration of our partners and staff is based on the performance of PCA. There is no link between such remuneration and the performance of each fund or compartment.

Our staff may receive gifts and entertainments from counterparties, including suppliers and service providers, or give these to them. Giving or receiving gifts and entertainments may influence the relationship we have with our suppliers and service providers. As noted above, we require disclosure of gifts and entertainment and pre-clearance of gifts and entertainment above a set amount. Our staff may engage in outside activities or hold non-executive directorships or shareholdings in third parties with whom we are not affiliated. To address this, we require the disclosure of all outside activities and, where a conflict of interest arises, we may require recusal or the cessation of a relationship.

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

As a fiduciary, we owe a duty to our clients to act solely in their best interests. We have adopted a Code of Ethics pursuant to Advisers Act Rule 204A-1. Under our Code of Ethics, officers, partners and employees, staff, are “supervised persons”, must comply with the U.S. federal securities laws at all times and act in accordance with standards articulated in the Code of Ethics.

The Code of Ethics contains policies and procedures that are designed to address the material conflicts of interest associated with the personal trading activities of access persons. These include a personal account transaction policy to address the conflicts of interest presented by personal trading activities. Transactions in certain investments are prohibited, while others require a pre-clearance. Additional policies and procedures to help ensure compliance with Rule 204A-1 are in place. These include: the prevention of misuse of material non-public information or confidential client or investor information; the delivery of the Code of Ethics and a written acknowledgment of its receipt (initial and annual); analysis of Code activity; initial, quarterly and annual reporting requirements; and a requirement to report promptly any suspected violations of our Code of Ethics. All supervised persons are required to discuss any perceived risks or concerns with the Chief Compliance Officer.

A copy of our Code of Ethics is available upon request.

Item 12 Brokerage Practices

It is not the intention of a fund or compartment to buy or sell securities. We do not intend to engage in any activity that involves brokerage or soft commissions. Nevertheless, on occasion, a loan will be made to a borrower in the form buying a bond of the borrower (on a private placement basis). That bond would be held as a loan and the redemption of the bond would be treated as the repayment of the loan in question.

Item 13 Review of Accounts

We provide credit review for loans on a continuous basis. There are regular meetings to discuss loans, potential loans and other related matters, as well as addressing the conflicts that arise from such activities. Financial statements are subject to an annual audit.

Item 14 Client Referrals and Other Compensation

As we do not provide investment advice in separately managed accounts, we do not have a solicitation agreement within the scope of Advisers Act Rule 206(4)-3. However, the IM, the IA and the Debt GP have retained Park Hill Group LLC to seek investors for Compartment 4.

Item 15 Custody

Loan documentation is held by the IM and designated loan agents. Since a fund or compartment does not buy, sell or hold securities, and loan documentation is held by independent third parties, we do not have custody as envisaged by Advisers Act Rule 206(4)-2.

Item 16 Investment Discretion

We are a non-discretionary investment manager. We provide research and recommendations to the IM for a fund to make commercial loans. From time to time we may consider a loan that would be suitable for one or more compartments of the Debt Fund, Debt Fund II or the Fund, or both or, make investments at different levels of an issuer's capital structure for different funds or compartments. This is an allocation issue and a conflict of interest. To address this, loans are considered and made based upon objective criteria that is assessed in the credit due diligence process and without regard to fees, and in accordance with each fund or compartment's specific investment objectives and criteria and restrictions and the allocation requirements applicable to a fund or a compartment. The final allocation is made by the IC. Fees are subject to independent review.

Certain assets held by one fund or compartment can be transferred between funds or compartments. All cross transactions require GP approval, prior credit review, must be documented to be in the best interest of both compartments or funds, must be executed in accordance with the fund or compartment general partner's obligations, the assets will be valued prior to any transaction according to the fund or compartment Valuation Policy and will be approved by the relevant Investment Advisory Committee.

Item 17 Voting Client Securities

We exercise our voting rights whenever there is a restructuring that requires different creditor groups to vote on a restructuring plan. Other than this, we do not vote proxies.

Item 18 Financial Information

There is nothing to disclose.

Item 19 Requirements for State-Registered Advisers

We are not registered with any state securities authority.