

Pacific Corporate Group LLC

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This brochure (“Brochure”) provides information about the qualifications and business practices of Pacific Corporate Group LLC (“PCG”). If you have any questions about the contents of this Brochure, please contact us at (619) 522-0100. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

PCG is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information which you may use to determine whether to hire or retain an Adviser.

Additional information about PCG is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

Pursuant to SEC Rules, PCG will ensure that clients receive or have a summary of any material changes to any Brochure within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

PCG will further provide clients with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Christopher Bower, Chief Compliance Officer at (619) 522-0100 or cbower@pcgfunds.com. Our Brochure is also available on our web site www.pcgfunds.com, also free of charge.

Additional information about PCG is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with PCG who are registered, or are required to be registered, as investment adviser representatives of PCG.

The date of the last annual update of PCG's Form ADV is February 10, 2012. Material changes contained in this Brochure are summarized below and, if applicable, a reference to a subsequent Item of this Brochure is included should you want additional information.

Summary of Material Changes

PCG has not identified any material changes to report in this Brochure.

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Item 4 – Advisory Business

PCG was founded in 1979¹ as a research-driven private equity investment firm, and began offering private equity advisory and management services in 1989. PCG provides investment services in the private equity (non-public alternative asset) arena to private equity funds, whose beneficial owners include institutional investors, public pension funds, and other investors. These services include the development of policy and strategy with respect to the private equity asset class, as well as the selection, due diligence, structuring, negotiation, monitoring and reporting of private equity investments in limited partnerships and direct company investments. PCG offers private equity investment supervisory services as a bundled suite of services or as individual services, depending on its clients' needs. PCG's investment advice is limited to the private equity asset class.

PCG (either directly or through affiliates) serves as the manager of private equity investment funds, providing structured, non-control equity capital to companies to finance growth. This corporate partnering strategy provides long-term equity capital which typically serves as a catalyst for growth. An investment by a PCG-sponsored fund is typically used to fund strategic acquisitions, internal growth initiatives (e.g. product line expansion, facilities renovation, research & development), working capital enhancements, de-leveraging, and/or shareholder liquidity. PCG is flexible in the deal structures it uses to enable its corporate partners to reach their strategic goals. Our flexibility is manifested in the range of securities and possible transaction structures we will consider, which have ranged from mezzanine debt to common equity.

Since 1989, PCG has been exclusively focused on private equity investments, which are illiquid holdings in non-public companies. Historically, PCG's primary client base has consisted of large institutional investors, most of which are public pension programs. A smaller portion of the client base has consisted of institutional corporate entities, pooled investment vehicles and other types of clients. These clients are domiciled in the United States and other countries. See Item 7 of this Brochure for additional information about PCG's clients.

PCG is headquartered in California.

The firm's service offerings are focused on two primary business lines: advisory services and asset management. Within the advisory services business, PCG offers a full suite of services designed to assist clients with the development and management of their private equity investments. These services are typically non-discretionary (meaning that PCG does

¹ PCG includes the businesses of PCG Asset Management, LLC and PCG Capital Partners, LLC, as discussed in this Item of the Brochure.

not have authority to commit the client to an investment without its explicit approval) and typically include:

Investment policy development and implementation – Key components of the client's private equity investment program, including return targets, risk tolerance, and important constraints, are identified and codified in a formal document.

Portfolio management – This relates to the implementation of the client's private equity investment policy. It is an active and ongoing process designed to ensure that the risk and return targets for a client's private equity portfolio are being met and that other factors important to the client (e.g. liquidity requirements, exclusions relating to certain investments, special programs) are being implemented appropriately. A major part of this process involves selecting suitable investments for a client's private equity portfolio and ensuring that appropriate diversification of risk (by geography, investment type, sector, etc.) exists within the portfolio. Another important element of the portfolio management process involves estimating the cash flows associated with a client's private equity portfolio for use in the pacing of investment over multiple periods.

Investment selection and due diligence – This involves identifying, evaluating, and selecting appropriate private equity investments to satisfy client needs. Usually these investments are made in independent private equity managers rather than directly in private companies, but PCG offers both types of services. Once an investment is selected, PCG performs a detailed and comprehensive due diligence to more thoroughly substantiate the appropriateness of the investment for the client. The firm also assists and advises on how to improve the structure of the investment (from a business/ investment perspective), including expressing recommendations relating to the legal documents governing the agreements between investors and private equity managers, as applicable.

Monitoring, reporting, and risk-control – Once an investment is made by a client, PCG undertakes the ongoing monitoring of the performance of that investment (including whether it is complying with any and all contractual agreements) as well as the reporting of such performance to the client. Risk-control relates to ensuring compliance with legal agreements and identifying important negative developments in performance or other factors (key person departures, conflicts of interest, organizational instability, etc.) that may impact performance materially.

PCG's asset management business consists of commingled fund vehicles for which PCG (either directly or through an affiliate) performs the necessary investment functions described above with respect to advisory services. These functions primarily include the identification, analysis, due diligence of, and selection of private equity investments and the subsequent management and monitoring of those investments on behalf of the fund or account. PCG manages vehicles which include both private equity fund investments and

direct private equity investments. While most of the same elements and duties involved in advisory services also apply to asset management, the most important difference from a practical standpoint is that asset management is performed on a discretionary basis (the asset manager is empowered to invest and manage capital on its own judgment, within the parameters of the mandate, without having to consult the client). Another difference involves fees, since asset management services are typically compensated via an asset-based management fee and an incentive performance fee, or carried interest, while advisory services are most often compensated via negotiated contractual fees that are not directly linked to assets under management. See Item 5 of this Brochure for additional information about Fees and Compensation.

PCG tailors the advisory services it provides to the individual needs of its clients. Within its private equity advisory and asset management services, PCG provides a high level of customization and tailoring to specific clients and mandates, taking into account each client's unique risk tolerances, liquidity requirements, and return targets. For this reason, each client's private equity portfolio will be constructed somewhat differently in terms of investments selected. Further, many clients have certain restrictions or parameters that must be taken into account when constructing portfolios. For instance, a client may restrict investments domiciled in certain geographies, or may restrict certain investment strategies, such as hostile takeovers or buyouts that are viewed as hostile to certain parties.

PCG does not currently participate in wrap fee programs.

PCG manages client assets on both discretionary and non-discretionary bases. As of September 30, 2012, PCG advises on or manages \$33,522,568 on a discretionary basis.²

PCG is privately owned. PCG is a wholly owned subsidiary of Pacific Corporate Group Holdings, LLC (the "Ultimate Parent"), which is beneficially owned by Christopher Bower. The Ultimate Parent is a principal owner of PCG and currently holds 100% of its equity. PCG has been registered with the SEC as an investment adviser since 1984.

Since 2006, PCG has undergone three internal reorganization events: one effective as of January 2007 (the "2007 Reorganization"), one effective as of October 2010 (the "2010 Reorganization") and one effective as of November 2011 (the "2011 Reorganization").

Prior to the 2007 Reorganization, PCG conducted the businesses of private equity investment advisory and private equity direct investment through two internal operating divisions, known as PCG Asset Management and PCG Capital Partners. As part of the 2007 Reorganization, PCG Asset Management, LLC, ("PCG AM") was established as a stand-alone entity, formed for the purpose of continuing the fund investment advisory branch of PCG,

² In light of the valuation lag for private equity investments, but in an effort to provide the most accurate data possible, RAUM figures herein consist of the most recently reported fair market value of discretionary investments (which are as of 9/30/12). PCG does not currently advise non-discretionary clients.

and PCG Capital Partners, LLC (“PCG CP”), was established as a stand-alone entity, formed for the purpose of continuing the direct investment branch of PCG. Today, PCG is a majority owner of PCG AM, and a 100% owner of PCG CP. After the 2007 Reorganization, pursuant to written contract, PCG continues to provide certain investment, administrative and “back office” services to PCG AM and PCG CP, including, among others, accounting, human resources, information technology, legal and administrative services.

Under the 2010 Reorganization, PCG engaged in two corporate buyout transactions through which PCG’s interests in its former affiliates PCG International LLC (“PCGI”)³ and PCG Corporate Partners Advisors II, LLC (“CP Advisors II”) were purchased by certain members of the management teams of PCGI and CP Advisors II, respectively. In connection with these transactions, PCG sold its management rights for certain investment vehicles and ventures of PCGI and CP Advisors II. Although PCG is no longer affiliated with PCGI or CP Advisors II in connection with management of the client relationships or investment fund mandates transferred as part of the transactions, PCG retains certain economic rights relating to the investment vehicles that continue to be managed by PCGI, CP Advisors II or their respective successors-in-interest.

In connection with the 2011 Transaction, TorreyCove Capital Partners, LLC (“TorreyCove”), a newly formed registered investment adviser of which Mitsubishi Corporation is the majority owner, purchased a material portion of the assets and client contracts, and certain liabilities of PCG AM, an investment adviser of which PCG was the majority owner. The investment personnel of PCG AM either joined TorreyCove or departed PCG AM. After the closing of the 2011 Transaction, PCG relocated its operations to the address listed on the first page of this Brochure. Today, PCG AM’s executive management consists of Christopher Bower, who previously served as a Director of PCG AM. PCG and its affiliates continue to manage and provide investment advisory services to the Pacific Corporate Group Private Equity Fund, the Private Market Fund and the New York State Retirement Co-Investment Fund LP. (see Item 10 for additional details). The client contracts not transferred in connection with the 2011 Transaction activities were retained by PCG AM and are now serviced by PCG. Subsequent to the 2011 Transaction, in or about February 2012, PCG AM withdrew its registration as an SEC-registered investment adviser due to a decrease in RAUM below the threshold amount.

Item 5 – Fees and Compensation

PCG charges fees based upon the scope of the engagement and services required by its clients.

The specific manner in which fees are charged by PCG is established in a client’s written agreement with PCG or its affiliates. All fees are subject to negotiation. PCG will provide

³ Subsequent to the 2010 Reorganization, PCGI changed its name to 57 Stars LLC.

services on a fixed fee or negotiated fee basis. Fees may be charged using a flat rate based on a percentage of assets under management. Generally, PCG will bill its fees on a quarterly basis, payable quarterly in advance, but clients may elect to be billed in arrears.

A client will generally be able to terminate PCG's advisory services upon 30 days written notice. In such a case, the fees owed to PCG will be adjusted pro rata, unless otherwise agreed to by the client in writing. Accounts initiated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Generally, PCG is compensated differently for non-discretionary advisory services and discretionary asset management services. With respect to non-discretionary advisory services, PCG is compensated via a contractual fee which is not directly calculated from the size of assets under management. While such fees will take the size of the mandate into account, they will also reflect an assessment of the resources, personnel, and expenses associated with the advisory mandate. These fees are set out in a contract with the client and typically do not vary with assets under management. There is usually no incentive component to such fee arrangements.

With respect to discretionary services, PCG's compensation typically consists of two parts, a management fee based upon a percentage of assets under management within the separate account or fund and a variable incentive fee (or carried interest) that is based on the performance of the separate account or fund. Management fees typically range from 1% to 3% per annum, and may incorporate step-downs (reductions) at various points in a PCG-sponsored fund's life. Depending on certain performance hurdles being met, there may also be an additional incentive compensation associated with a PCG-sponsored fund known as a carried interest, which ranges from 5-20% of the profits generated by such a fund. The amount of carried interest payable to PCG will vary depending on the structure and attributes of the particular PCG-sponsored fund.

Investors in PCG-sponsored funds may incur other fees payable to PCG, its affiliates or third parties, depending on the nature of the investment vehicle. For example, fees may be assessed either at the fund or portfolio company levels that include structuring, topping, breakup, monitoring, directors', organizational, set-up, closing, commitment, advisory, consulting, underwriting, investment banking, brokerage and syndication fees in connection with the purchase, monitoring or disposition of underlying investments. All fees are fully disclosed in advance of client investment.

Specific information with respect to the calculation of carried interest and other fees is included in the relevant partnership and/or limited liability company agreements relating to a PCG-sponsored fund.

PCG's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges

imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, fund administration fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Such charges, fees and commissions are exclusive of and in addition to PCG's fee, and PCG shall not receive any portion of these commissions, fees, and costs.

See Item 12 of this Brochure for additional information about brokerage fees and how PCG selects broker-dealers for client transactions.

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

PCG offers both private equity advisory services and private equity fund management services. In connection with its fund management services, PCG or an affiliate acts as a general partner or manager of private equity funds in which clients may invest. In some cases, a client will engage PCG to provide advisory services for a flat fee, and also invest in a PCG sponsored fund from which PCG will receive both a management fee and performance-based carried interest compensation.

In measuring clients' assets for the calculation of performance-based fees, PCG shall include realized and unrealized capital gains and losses. Performance based fee arrangements may create an incentive for PCG to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities.

Allocation Practices

PCG has policies and procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients. These policies and procedures require that investment and allocation decisions are made based on the merits of the investment and appropriate fit with the client's portfolio. All investment decisions by PCG are made by its Investment Committee comprised of senior PCG investment professionals. In addition, as an additional safeguard, PCG's Investment Committee is monitored by PCG's compliance function.⁴

Each client portfolio or PCG sponsored fund is constructed in a fashion that is tailored to the specific risk/return preferences and desired cash flow characteristics of the client/fund investor. Due to the customized nature of these portfolios and PCG's general historical

⁴ As of the date of this Brochure, Christopher Bower comprises PCG's Investment Committee and serves as PCG's Chief Compliance Officer.

ability to secure maximum allocation on behalf of its clients, PCG's experience is that few allocation issues arise.

A potential conflict of interest arises with respect to investment allocation between funds sponsored by PCG (together with discretionary accounts) and non-discretionary client accounts. Since the fees and incentives may be higher for discretionary accounts, there may be an incentive for PCG to give preferential allocation to discretionary accounts. In the rare instance where PCG is not able to secure full allocations of investment opportunities for discretionary and non-discretionary clients, PCG will take steps to avoid conflict issues, including (among other things): (i) requiring external fund sponsors and fund managers to evaluate PCG's clients as individual potential institutional investors, rather than as one commingled pool of capital, reducing the number of internal allocation decisions made by PCG, (ii) requiring PCG compliance oversight of allocation decisions, and (iii) following a written Allocation Policy designed to address allocation decisions in this type of situation. The Allocation Policy, generally, mandates that allocation of an investment opportunity with limited availability is to be determined based on the proportion of capital available for each client, on a pro-rata basis, in relation to the total amount of capital available for investment.

In the event that a particular fund investment might be oversubscribed, PCG will work proactively with the fund manager to secure allocations sufficient to meet the expected demands of client portfolios. If this approach does not secure the desired level of allocation, investors who have invested with the particular fund manager previously are generally provided the first opportunity to make the investment (typically at the insistence of the fund manager). In the event that an investment with limited availability is appropriate for various clients, the allocation of that opportunity will be made strictly on a pro-rata basis among all such clients based on the proportion that the capital available for investment by each client bears to the total amount of capital available for investment.

However, PCG recognizes that in certain circumstances strict compliance with these procedures may not be feasible and that unusual or extraordinary conditions may warrant deviation from its standard practices and procedures described in this Item. In such circumstances, senior management charged with investment decision-making responsibility, in conjunction with PCG's compliance personnel, shall determine the most appropriate action which, in their reasonable judgment, will serve the best interests of, and be fair and equitable to all clients involved.

As noted previously in this Brochure, PCG offers both discretionary asset management and non-discretionary advisory services. With respect to most of its discretionary asset management engagements, the firm is paid both a set management fee as well as an incentive fee (carried interest) based on the performance of the commingled fund or separate account. There are potential conflicts of interest related to such arrangements, which PCG must manage appropriately. First, there is the potential that PCG will have an incentive to recommend that clients invest in a commingled fund or separate account

rather than an advisory account, due to a more attractive fee structure associated with the commingled or separate account (higher management fee and incentive fee). In order to mitigate this potential conflict, PCG does not recommend commingled or separate accounts to its clients. For such accounts, the recommendation of an independent third-party advisor is obtained by the client. In some cases, the client requests from the outset that the engagement is structured as a commingled fund or separate account. It should also be noted that PCG rarely performs asset management services that would directly conflict with its advisory services for clients, since they are focused on specialized areas of private equity (e.g. clean technology and energy, secondary purchases) that clients may not be able to access via independent third-party managers. In this regard, PCG maintains an “open architecture” approach to all its service offerings by identifying and recommending what it judges to be the best investment managers to satisfy its clients’ private equity needs. When PCG is unable to access targeted investment managers or the client has particular requirements relating to cost, structure, or investment restrictions, PCG may consult with a client to construct a commingled vehicle or separate account to serve the client’s particular interests.

A second potential conflict of interest may occur with respect to the professionals that are charged with managing both asset management and advisory accounts, as they may have an incentive to favor the potentially more lucrative asset management accounts as they perform their duties. PCG manages this conflict in two ways. First, PCG professionals are compensated primarily by base salary and a variable bonus payment. Some professionals that are predominantly responsible for the management of a separate account or fund will receive a share of the carried interest tied to that fund or account, in order to promote as much as possible an appropriate alignment of interests between the client and the team responsible for managing that fund. The incentive fee structure tends to mitigate much of the potential conflict that has been noted, as it is payable only once a fund has met certain return hurdles that typically take several years to achieve. Meanwhile, the base salary and bonus compensation of all team members is calculated and awarded based on their overall performance within the PCG organization, which includes all services and client accounts, both for advisory and asset management services. This has the effect of making the largest and most immediate portion of professional compensation directly attributable to each professional’s performance regarding the entire PCG client universe. It should also be noted that, except in certain limited circumstances, professionals assigned to manage specific separate accounts are not paid a set percentage of the fees associated with client accounts (see Item 14 of this Brochure for additional information). The second way that PCG manages this potential conflict is through a defined investment selection process and allocation policy (discussed in this Item). For any private equity investment that is suitable for a client portfolio and for which PCG issues a recommendation, we apply this allocation policy in order to reduce the potential for conflicts to occur.

Item 7 – Types of Clients

PCG provides portfolio management and investment services to private equity investment funds, private equity funds of funds, pooled investment vehicles, funds registered under the Investment Company Act of 1940, public pension plans, and other U.S. and international institutional investors.

PCG does not have formal requirements for new client relationships, such as a minimum account size; however, PCG focuses its efforts on clients that are qualified, institutional investors.

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

Investing in securities involves risk of loss that clients should be prepared to bear.

PCG analyzes private equity investments both for the purpose of formulating advice and recommendations to its advisory clients and for use in selecting investments for discretionary asset management mandates. With the exception of certain direct private equity investment programs, PCG's investment strategies involve the construction of diversified private equity fund portfolios that are designed to provide excellent returns at reasonable risk when compared to other potential investments. The predominant strategy utilized by PCG is the selection of private equity fund managers.

The basic method of analysis for fund investments is founded on the assumption, based on sound empirical evidence, that the selection of superior fund managers is a major factor in terms of generating above average performance in a private equity program. Further, research suggests that the best-performing private equity managers tend to persist over time, meaning that a manager with an excellent track record is more likely to perform well with respect to subsequent investments than a manager without such a track record, all other things being equal. To this end, PCG devotes substantial resources to identifying and evaluating superior private equity fund managers. Our analytical method combines both qualitative and quantitative elements and is focused on the following key areas:

Management – evaluation of the experience of the key investment team members (particularly as it relates to principal investing), interaction and decision-making amongst these key members, distribution of profits and other compensation amongst the team, organizational structure, and contributions of various team members to the success of prior investments.

Track record – evaluation of the historical principal investment track records of the key investment professionals and/or prior fund vehicles, developing an attribution of these investments to various team members, analyzing the key factors which led

to positive or negative performance, and determining whether the track record is relevant as a predictor of potential future performance of the investment team.

Strategy – assessment of the appropriateness of an investment strategy in light of current and prospective market conditions, determination of whether the investment fund can demonstrate a differentiating advantage in sourcing, selecting, and/or managing investments, and evaluating a fund in comparison to its peers with similar strategies.

Terms – business and investment review of the offering and legal documents pertaining to a fund in order to ensure that the interests of the fund and the investors are aligned, fees and expenses are appropriate and reasonable for the fund size and strategy, and key investor protections are included.

PCG also implements direct private equity investment strategies, typically within a fund format or as part of a co-investment program. For direct investments that are sponsored by a private equity fund manager, the method of analysis described above is applicable, with additional analysis that must also be performed on the specific investment. For direct investments without a private equity fund sponsor, an analysis of the specific investment is ordinarily all that is required. The key elements of an evaluation of a direct investment include an evaluation of the following, among other things: the company's business plan and model, historical financial performance, pro-forma/ projected financial performance, sources and uses of proceeds, market environment, competitive universe, SWOT analysis (strengths, weaknesses, opportunities, threats), key company management, capital expenditure requirements, scenario analysis, downside protections, and exit strategy. In addition to all of the risks associated with private equity that have been previously noted, direct investments pose additional risk when compared to fund investments, due to their lack of diversification. Since an investment is concentrated in one private equity company rather than in a portfolio of such companies, the susceptibility of the investment return to unique business risk is significantly heightened and may lead to a loss of some or all of the invested capital. See below in this Item for additional information about Risk Factors.

Risk Factors

Prospective clients should be aware that contracting with PCG for advisory services or making an investment in a PCG-sponsored fund (a "PCGFund") entails a high degree of risk. There can be no assurance that a client's or a PCGFund's investment objectives will be achieved or that any investor will receive a return of or on its capital. In addition, there may be occasions when PCG or the manager of a PCGFund, its affiliates and/or its members may encounter potential conflicts of interest. The following considerations are among those that should be carefully evaluated before engaging PCG or making an investment in a PCGFund.

Prior Performance. Past performance is not indicative of future results, and there can be no assurance that PCG will achieve investment results comparable to those previously achieved.

Highly Competitive Market for Investment Opportunities. The activity of identifying, completing and realizing attractive private equity investments is highly competitive, difficult and involves a high degree of uncertainty. There can be no assurance that PCG or a PCGFund will be able to execute on its strategy so as to satisfy a client's rate of return objectives or realize upon their values, or that a PCGFund will be able to invest fully its committed capital.

Long-Term Nature of Investment in Fund Interests; No Assurance of Return. An investment in a private equity fund or a PCGFund requires a long-term commitment, with no certainty of return.

Access to Private Equity Investments. Access to private equity investments that are managed by high quality fund managers is limited, and there can be no assurance that PCG will be able to secure sufficient opportunities to invest in all or any desirable fund investments.

Lack of Information. There generally will be little or no publicly available information regarding the prospects of a private equity fund or a PCGFund's investments.

No Market for Interests; Restrictions on Transferability. A private equity fund or PCGFund's interests will not be registered under the Securities Act of 1933 or the securities laws of any state or other jurisdiction and cannot be publicly resold. There is no public market for the interests in a private equity fund or a PCGFund, and none is expected to develop.

Multiple Levels of Fees and Expenses. Private equity funds and PCGFunds, as well as the underlying funds in which those funds invest, will each impose management fees and "carried interest," and each will incur operating and administrative costs and expenses. Investors will be required, directly or indirectly, to bear their proportionate share of all such amounts. Management fees and expenses will also be charged even if a private equity fund or PCGFund or its investments perform negatively.

Lack of Operating History of Certain Portfolio Companies. Many portfolio companies in which a private equity fund or a PCGFund invests, directly or indirectly, are expected to be at early stages of development, with minimal operating history and with a need for substantial additional capital to set up infrastructure, hire management and personnel, develop technologies, support expansion or achieve or maintain a competitive position.

Terms of Fund Investments. The terms and conditions of a fund investment may not be subject to negotiation, and therefore terms of such investments may be favorable to the fund managers at the expense of PCG clients.

No Control Over Fund Investments. None of a PCGFund, its manager, advisers, or their affiliates will have (i) the right to participate in the management, control or operation of a portfolio fund's investments, (ii) the opportunity to evaluate the relevant economic, financial and other information that will be used by those funds' managers in their selection, structuring, monitoring and disposition of investments, or (iii) sole authority to remove the manager of any of such fund investments.

Market Risks. Certain private equity investments may be in securities that become publicly traded. Such investments may involve economic, political, interest rate and other risks, any of which could result in an adverse change in the market price.

Passive Investment in Interests; Reliance on Personnel. The success of a private equity investment depends in substantial part upon the skill and expertise of the manager and the manager's personnel. There can be no assurance that any or all of the personnel will continue to be associated with the manager throughout the life of a private equity investment.

Difficulty Valuing Fund Assets. Because private equity investments may include investments in unproven business strategies, PCG or a PCGFund may, from time to time, sell or otherwise dispose of assets that prove to be more valuable than the consideration received by PCG or a PCGFund for those assets.

Conflicts of Interest. A PCGFund is subject to a number of potential conflicts of interest. The manager intends to deal with all potential conflict of interest situations (to the best of its ability) in a manner that is consistent with the best interests of a PCGFund.

Distributions in Kind. If PCG or a PCGFund receives distributions in kind from an investment, PCG or a PCGFund may incur additional costs and risks in disposing of such assets, or alternatively may make distributions in kind to its investors. There can be no assurance that investors will be able to dispose of any such investments or that the value of such investments will ultimately be realized.

Legal, Tax and Regulatory Risks. The regulatory considerations affecting the ability of PCG or a PCGFund to achieve its investment objectives are complicated and subject to change. In addition, other legal, tax and regulatory changes could occur that may adversely affect the private equity asset class, PCG or a PCGFund.

The information about Risk Factors above addresses, in brief and in part, the material risks related to the private equity products and investments on which PCG advises clients. More complete information about risks associated with private equity investing and PCG Funds may be available in prospectuses, offering memoranda or other disclosure documents and information relating to PCG Funds or PCG-recommended private equity investment vehicles.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of PCG or the integrity of PCG's management.

In June 2009, PCG Corporate Partners Advisors II, LLC ("CP Advisors II"), an affiliate of PCG CP, and therefore, an affiliate of PCG, was asked by the NY Attorney General ("NY AG") to sign an Assurance of Discontinuance ("AOD"), to adopt the Public Pension Fund Reform Code of Conduct and to return monies earned by CP Advisors II in connection with the Strategic Co-Investment Partners Fund (the "SCP Fund"), a private equity investment vehicle formed on behalf of the New York State Common Retirement Fund in which CP Advisors II had a non-controlling, 20% economic interest.

Under a theory of vicarious liability⁵ for actions of a former PCG employee who left the firm in 2006, the NY AG asked that CP Advisors II repay monies it earned in connection with the SCP Fund.

Notably, pursuant the AOD, the NY AG found no evidence that PCG or its current personnel were aware of the alleged inappropriate actions by its former employee, and found that the former employee did not disclose his actions to PCG management. The allegations relating to the SCP Fund have no direct connection to PCG's current personnel.

Other than mentioned above, PCG has no items to disclose regarding disciplinary actions taken by official entities, including U.S. or state courts, federal or state regulatory agencies, the SEC, self-regulatory organizations or foreign regulatory entities, and PCG does not believe that it or any of its employees has been the subject of any actions or administrative proceedings before any such agencies or entities.

⁵ This theory provides that a company is responsible for the misdeeds of its employees, and for the return of monies received as a result of such acts, regardless of whether the company or its personnel had knowledge of any such alleged impropriety.

Item 10 – Other Financial Industry Activities and Affiliations

The following information is provided about affiliations that may be material to the advisory business of PCG or its clients:

PCG serves as the managing member of the PCG NYS Investments LLC, the general partner of New York State Retirement Co-investment Fund LP. The limited partnership was formed to make, hold, manage and dispose of co-investment opportunities in accordance with the terms of the partnership agreement.

PCG serves as a member of PCG Special Situation Investments, LLC, the general partner of PCG Special Situation Partners, LP (“SSP Fund”). PCG provides investment management support to the SSP Fund for which it receives a fee pursuant to a written investment management agreement. The SSP Fund was formed as a specialty fund-of-funds vehicle focused on distressed and special situation investments to provide investors with access to a select group of assets.

Pursuant to a contractual relationship, PCG serves as the Management Company for The Pacific Corporate Group Private Equity Fund (“PEF”), a Delaware Business Trust registered under the Investment Company Act of 1940. The PEF’s investment objective is to seek rates of return superior to public market investments through selected private market equity and equity-related investments, while reducing portfolio risks through subsector, industry and vintage year diversification of investments within the private market.

Pursuant to a contractual relationship, PCG and its affiliates provide services to the Private Market Fund, L.P. (“PMF”). The PMF’s investment objective is to seek rates of return superior to public market investments through selected private market investments, while reducing portfolio risks through subsector, industry and vintage year diversification of investments within the private market. Pacific Corporate Capital LLC, an affiliate of PCG, acts as the general partner of the PMF and has a partnership interest and also receives incentive compensation based upon the profits of any direct investments made. PCG serves as the Management Company of the PMF and earns a fee for its services. Compensation for these PCG entities is established by the terms of the partnership agreement or the related management contract and these PCG entities’ involvement was fully disclosed to investors as a potential conflict of interest.

For additional information about how PCG handles potential conflicts of interest that may arise from these affiliations, see Items 6 and 11 of this Brochure.

Item 11 – Code of Ethics

PCG has adopted a Code of Ethics (the “Code of Ethics”) and an Insider Trading Policy and Code of Conduct (“Code of Conduct”). These policies apply to all supervised persons of the

firm and describe PCG's high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics and Code of Conduct include provisions relating to the confidentiality of client information, a prohibition on insider trading, and personal securities trading procedures, among other things (PCG also maintains a separate Gift Policy that contains restrictions on the acceptance and delivery of significant gifts by PCG or its personnel, and requires the reporting of certain gifts and business entertainment items received). All supervised persons at PCG must provide a written certification acknowledging the terms of the Code of Ethics annually, or as amended.

The fundamental principles of PCG's Code of Ethics, as amended from time to time, are that (i) PCG requires high standards of conduct, (ii) the interests of PCG's clients must always come first, (iii) PCG employees must not take inappropriate advantage of any material, non-public information, and (iv) both actual and potential conflicts-of-interest must be avoided. Among other things, the Code of Ethics:

- Requires employees to comply with applicable provisions of the federal securities laws
- Prohibits certain purchases and sales of securities;
- Requires employees to pre-clear certain personal securities transactions;
- Requires employees to report personal securities transactions; and
- Requires employees to provide PCG with certain personal securities holdings reports (upon commencement of employment and annually thereafter).

PCG's employees are required to follow PCG's Code of Ethics. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of PCG will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code of Ethics, certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of PCG's clients. In addition, the Code of Ethics requires same day pre-clearance of many employee securities transactions. Nonetheless, because the Code of Ethics in some circumstances may, subject to the discretion of PCG's compliance function, permit employees to invest in the same securities as clients, there is a remote possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between PCG and its clients.

A written copy of PCG's Code of Ethics is available upon request.

PCG does not provide investment services relating to securities available to the general public. However, in rare circumstances, PCG will receive a distribution of public securities from one of its portfolio investments, and PCG may be responsible for disposing of those securities in accordance with its client agreements. In these circumstances, such as a distribution in kind from a private equity fund investment, certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with PCG's fiduciary and statutory obligations. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. PCG will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order.

It is PCG's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. PCG will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated investment fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

In certain circumstances, PCG may accept investments from its existing clients in PCG sponsored investment funds. In the event that there is interest from a client to invest in a product sponsored by PCG or an affiliate, the client's general consultant or other service provider, and not PCG, reviews the appropriateness of that investment opportunity and makes a recommendation to the client without participation from PCG.

In accordance with the terms of written contracts, PCG, either directly or through an affiliate, makes pro rata investments of up to one percent in each of the securities purchased by the funds it manages, and expects to do so in connection with future PCG sponsored funds. Under this structure, and pursuant to written agreements with clients, PCG may be considered to be investing in the same securities that it recommends to its clients and transacting in securities for client accounts, at or about the same time it buys or sells the same securities for its own account. See Item 6 of this Brochure for additional information about how PCG will address certain potential conflicts of interest that may result from this investment fund structure.

Notwithstanding the above, different securities or transactions may be affected or recommended for different investment advisory clients of PCG.

In addition, PCG has adopted the Public Pension Fund Reform Code of Conduct ("Code of Conduct") which, among other things, accomplishes the following:

- A ban on PCG's use of placement agents and lobbyists or other third-party intermediaries to influence the investment decision-making process at domestic public pension funds;
- A ban on campaign contributions above \$300 to officials of public pension funds that PCG is soliciting for business or which have an investment in a PCG sponsored fund;
- Increased transparency through disclosure about PCG's interactions with public pension funds;
- A higher fiduciary standard of conduct in connection with public pension fund business; and
- Strengthened conflicts of interest policies and disclosure obligations to domestic public pension fund clients.

Item 12 – Brokerage Practices

PCG does not utilize soft dollars in any way in connection with its business.

As the manager of certain investment funds, PCG has the authority to determine what securities those investment funds should buy or sell and, in certain circumstances, what brokers or dealers those investment funds should use. The significant majority of the investments made by these investment funds are in non-registered securities (e.g. direct participation securities) offered in private placements without the services of a broker or dealer. While PCG has the authority to select brokers or dealers, such authority is seldom exercised. In the rare instance when an investment fund distributes in-kind public securities, PCG has discretion, in certain circumstances, to take custody of, select the broker for, and liquidate such securities. Where PCG is required to select brokers or dealers for transactions on behalf of an investment fund or other client, PCG takes several factors into account, including the financial stability and reputation of the broker or dealer, execution costs, the quality of the services provided by the broker or dealer, and any special execution capabilities of the broker or dealer. PCG does not necessarily choose a broker or dealer based on the lowest available commission cost or spread.

Item 13 – Review of Accounts

PCG periodically reviews each of its advisory accounts at least once per annum, or as circumstances warrant. The review of accounts is done by or under the supervision of the senior investment personnel of PCG, who establish the review criteria for accounts in conjunction with client needs. PCG's senior investment personnel are typically assigned not more than four client relationships for ongoing maintenance and review in order to balance work load.

The nature of the review includes the evaluation of progress made over the prior year with respect to achieving the goals of the client's private equity program pertaining to investment pacing, manager selection, appropriate diversification, investment returns, maintenance of acceptable levels of risk, and adherence to program policies and constraints. Goals for the next year in all of these areas are outlined and recommendations are made to bring the client's private equity program more in line with the goals and policies set out at inception of the program and PCG's engagement. For instance, a review of the client private equity portfolio may indicate that investments in certain strategies, sectors, or geographies have exceeded the ranges set out in the prior annual plan, which may lead to a lack of appropriate diversification of the portfolio. Recommendations will then be made, in light of current market conditions, to modify investment in those areas and/or other areas in order to construct a diversified portfolio.

PCG may also review client accounts on a non-periodic basis. This will typically occur when a major change has been undertaken by a client regarding its private equity portfolio. For instance, a client may decide that it will allocate less of its investment capital to private equity overall, necessitating material changes in the pace of private equity investment and perhaps even a sale of some of its existing private equity investments. As another example, a client may decide that it no longer desires to invest in a certain region or private equity strategy, thereby requiring modifications to the investment plan.

With regard to funds it manages, PCG does not always develop a formal annual plan document; however, the portfolio management personnel assigned to the funds routinely evaluate fund portfolios to ensure that PCG sponsored funds are meeting their initial goals for investment pace, quality of investments and diversification.

PCG prepares written quarterly reports for distribution to all of its advisory clients, and more frequent reports or updates as a client may require. These reports contain information discussing the historical and current performance of the client's portfolio, along with a detailed analysis of each investment manager within the portfolio. This analysis includes the following:

- Calculation of performance via both internal rate of return and multiple of invested capital methodologies

- Description of each investment within a fund portfolio, along with the cost basis and fair market value of that investment
- A discussion of material events relating to the fund's portfolio, including new investments, sale or other exit of existing investments, major increases or decreases in fair market value of existing investments
- Important organizational or personnel changes
- A rating for each fund investment based on performance

Item 14 – Client Referrals and Other Compensation

PCG may engage independent contractors and other third parties to assist with the procurement of new clients, investment opportunities or investors into PCG sponsored investment funds. To the extent such independent contractors or third parties receive cash compensation as a result of offering or selling the shares, such arrangements will comply with the rules governing solicitation under the Investment Advisers Act. Such compensatory arrangements are determined on a negotiated basis and may include a retainer and/or success fee element.

In addition, certain employees of PCG may receive compensation, in addition to their base salaries, for the procurement of new clients or investors in connection with specific, negotiated employment arrangements or pursuant to PCG's general business development program.

Item 15 – Custody

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains PCG client's investment assets. PCG urges its clients to carefully review such statements and compare such official custodial records to the account statements that PCG may provide to you. PCG's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

PCG manages discretionary accounts on behalf of its clients, typically via a fund structure. PCG usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

PCG's discretionary mandates are governed by an agreement between PCG and the client relating to the investment purpose of the mandate and the parameters within which the mandate may be implemented (e.g. risk, return, restrictions on certain activities). The terms and conditions of a discretionary mandate are usually set out in a written definitive agreement (or set of agreements), containing a limited power of attorney or other written authorization for PCG to take certain actions on behalf of its clients. Standard investment limitations that will be described in such a document relate to investment concentrations with respect to geography, investment size, type of investment, sector exposure, and other pertinent factors.

In addition to limitations that are incorporated into the agreements relating to a particular discretionary mandate, our clients may impose more general limitations on the investment relating to their entire private equity portfolio (or entire investment portfolio, as the case may be). Often, these limitations are focused on the prohibition of certain types of transactions (i.e., hostile takeovers) or investments in certain geographies. Such restrictions are accounted for within PCG's overall portfolio management process for the client.

When selecting securities and determining amounts, PCG observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, PCG's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Item 17 – Voting Client Securities

Upon request, PCG votes proxies for the funds and securities it holds. As a manager of private equity investments, the number of proxies PCG receives is limited. Generally, PCG votes proxies: (i) for each client that has specifically authorized PCG to vote them by agreement; (ii) for each fund for which it acts as adviser with the power to vote proxies. In voting Proxies, PCG is guided by general fiduciary principles. PCG's goal is to act prudently, solely in the best interest of the beneficial owners of the accounts it manages. PCG attempts to consider factors that could affect the value of the investment and will generally vote proxies in the manner that it believes will maximize shareholder value. In addition, PCG's procedures are designed to identify, assess and disclose any material conflicts that may arise between PCG's interests and those of its clients.

Clients may obtain a copy of PCG's complete proxy voting policies and procedures upon request. Clients may also obtain information from PCG about how PCG voted any proxies on behalf of their account(s).

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about PCG's financial condition. PCG does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy proceeding.

Item 19 – Requirements for State-Registered Advisers

PCG is not a state-registered adviser. This Item is not applicable.