

Item 1 Cover Page



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Part 2A of Form ADV: Firm Brochure

5 May 2016

This Brochure provides information about the qualifications and business practices of Pemberton Capital Advisors LLP. If you have questions about the contents of our Brochure, please contact us at + 44 (0)20 7993 9300 and/or 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 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 Form ADV Part 2A. We have one material change, which is that we are now an SEC registered investment adviser.

In the future and when material changes occur, we will file an amended Brochure and send this to our clients.

All information in this Brochure is current as of the date stated on the cover page.

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Pemberton Capital Advisors LLP

Item 4 Advisory Business

Pemberton Capital Advisors LLP is a limited liability partnership incorporated in England and Wales in 2012. We are authorised and regulated by the UK Financial Conduct Authority. We are one of several affiliated companies (“Pemberton Companies”) focused on advising pooled investment vehicles, funds or single investor funds (“Single Funds”), that make commercial loans to European mid-market corporates who are looking to grow and expand their business.

We employ 26 people. We have the following equity owners, as disclosed in our Form ADV Part 1: Legal & General Capital Investments Ltd-37.6%; staff and management-30%; Symon Drake-Brockman (Managing Partner)-26.4%; and Pemberton Asset Management Services UK Limited-6%.

We are the sub-adviser to Pemberton European Mid-Market Debt Fund I SCS, a Luxembourg SICAV-FIS (“Fund”). The Fund’s general partner is Pemberton Capital Sàrl (“GP”). The GP is a private limited company (*société à responsabilité limitée*), incorporated in Luxembourg and a wholly-owned subsidiary of Pemberton Asset Management Holdings Limited (“PAMH”). The Fund’s investment manager is Pemberton Asset Management S.A., a Luxembourg domiciled CSSF authorised Alternative Investment Fund Manager (“IM”). Pemberton Capital Advisors (Jersey) Limited is the investment adviser (“IA”). It is incorporated in Jersey and approved by the Jersey Financial Service Commission. The GP and the IM have each filed a report on Form ADV Part 1 with the SEC as a “Private Fund Adviser”.

The Fund is a société d’investissement à capital variable – *fonds d’investissement spécialisé* under Part I of the Luxembourg Act of 13 February 2007, in the form of a common limited partnership (*société en commandite simple*) organized and existing under Luxembourg law. It is a closed ended fund with a term of seven years with two additional one-year extensions at the GP’s option. The Fund’s objective is to invest in a portfolio of senior and senior secured loans to established mid-market European corporates to generate a quarterly income stream and attractive total returns for investors.

Pemberton works with leading European banks, private companies, private equity (“PE”) sponsors, advisors 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 European mid-market leveraged buyouts.

Investment opportunities for the Fund are being sourced through Pemberton’s Origination Team’s extensive and long-standing relationships with banks, intermediaries and PE sponsors focused on the European mid-market.

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

Pemberton's investment strategy prioritises engaging with borrowers and banks early in the transaction process, enabling its investment team to directly negotiate the terms of its investments to meet both the financing needs of borrowers and the Fund's investment criteria.

The Fund focuses on the three largest European economies, Germany, the UK and France, which account for more than half of EU-28 GDP, with selected other countries in Europe including non-EU members Norway and Switzerland.

The Fund's securities are offered on a private placement basis. In the United States, they are offered pursuant to Regulation D under the U.S. Securities Act of 1933. The Fund is exempt from the definition of an investment company pursuant to Section 3(c)(7) of the U.S. Investment Company Act of 1940.

We and other Pemberton Companies research and identify opportunities and conduct due diligence on potential borrowers. We take this research and analysis, distil it and provide recommendations to the IM (copied to the IA). The IM's Investment Committee reviews and passes recommendations to the GP for commercial loans to be made by the Fund or a Single Fund (and in time, securities). When a decision is made to fund, the GP arranges the execution of the loan. Post-loan, we review the creditworthiness of the borrower and help ensure that the loan is timely repaid – or advise on a course of action in the event of a default.

As at 31 December 2015, our assets under management were US\$ 536,000,000.

Item 5 Fees and Compensation

We receive certain fees, incentive allocations and other compensation. The GP receives a management fee from the Fund that is paid quarterly in advance based on limited partner commitments to the Fund. The GP will then pay a portion of this and rebates to the IM, less costs and margin. The IM, in turn, pays a portion of this to the IA and the IA pays a portion of this fee to us, less its costs and margin.

The fees on Fund are calculated during the period to the end of the investment period on the basis of limited partner commitments, and thereafter on the basis of assets under management. The amount of fees received by us will be equivalent to the net residual management fee paid to the GP, after deducting non-reimbursable operating expenses paid by the IM and the IA and the net profit margin before tax retained by the GP, the IM and the IA.

In addition, we receive from the IA on a quarterly basis an amount to cover any reasonable costs and expenses that we incur, including in relation to the Fund's investment program.

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 the IM. Our client is the IM. This is expected to be the case with respect to future funds and any Single Funds. Fund and Single Fund investors will include both U.S. and non-U.S. institutional investors, including ERISA pension funds.

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

As described in Item 4, we are a sub-adviser to the Fund.

A. Sourcing for investments

The primary responsibility for identifying and sourcing loans that the Fund may make resides with our Origination Team, which includes our staff, members of other Pemberton Companies and advisors in Italy and Spain. The Origination Team's direct coverage of the markets in which the Fund seeks to invest provides local relationships, market knowledge and insight that enables Pemberton to access high quality, locally-sourced deal flow across Europe.

Investment opportunities for the Fund are sourced through the extensive and long-standing relationships that our Origination Team and Portfolio Management Team have individually built over several years with banks, intermediaries and PE sponsors focused on the European mid-market. We believe that this approach offers a number of 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 Fund 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.

B. Selecting Fund loans

The Origination Team will evaluate new investment opportunities against the 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. Here, after further research, the Portfolio Management and Origination Teams jointly prepare a paper for submission and initial review by to our Credit Review Committee ("CRC"). This will typically address the following topics:

- the background to the transaction and investment rationale;
- 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:
- recent and current trading; and
- 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.

Once complete, and provided the conclusion of the initial credit paper, including the initial credit assessment, continue to be positive, the Portfolio Management Team will prepare a final credit paper to the CRC.

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

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

Due diligence includes an investigation of major business, accounting, tax, legal and regulatory issues as well as meetings with the senior management of the borrower. External independent advisors will be used where necessary.

We build a financial model 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 a financial comparison to competitors in the same sector, an industry review and a management assessment.

If the Portfolio Management Team still considers the potential transaction to be attractive for the Fund, we 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 CRS support, the Credit Paper will be submitted, with CRC's endorsement and comments, if any, to the IM for review and approval at the Investment Committee.

The IM advises through the Investment Committee's full discretion to approve or reject a loan proposal. It may approve the terms of a proposed loan subject to final changes to such terms being made by us provided that any such changes are not material and that the final terms are subsequently submitted to the IM for review and confirmation. 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, if it still considers

the loan appropriate for the Fund, it will confirm its support for the transaction to the IM, which has full discretion to approve or reject the proposed loan.

After a loan that is approved, the Portfolio Management Team will arrange 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 in the Fund's 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 prior to the release of funds to the borrower.

C. On-going loan management

We have a sophisticated 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 updates the credit rating for each Portfolio Investment upon the receipt and analysis of 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 schedule and/or attend meeting with borrowers no less than annually.

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

D. Risks

General regulatory risk

The Fund has obtained all necessary licences and consents required from banking and financial services regulators to conduct its business in its jurisdiction of incorporation and seeks to comply with all applicable laws and regulations applicable to it of which it is aware in all jurisdictions with which its business is connected. 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 the Fund is unaware, certain of its activities or those of its agents in relation to the issue and offering of the 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 the Fund has 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 the Fund and the investment and management of the Portfolio, the regulators in such jurisdiction could, to the extent 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 the Fund in that jurisdiction or with Limited Partners in or from that jurisdiction and even the imposition of criminal sanctions.

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

The instability in the financial markets has led to a number of 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.

Legislation and regulation may also change the way in which the Fund itself 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 the Fund to originate loans or the availability of loans in the secondary market for investment by the Fund 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 the Fund. Each prospective Investor is urged to consult its advisors prior to making an investment in the Fund and to verify to what extent it can take such regulatory risk exposure.

Risk relating to the UK Banking Act 2009

The Banking Act 2009 outlines the special resolution powers and mechanisms to be made available to the Bank of England, the Treasury and Financial Conduct Authority ("Authorities") to deal with banks

that have failed or are likely to fail the threshold conditions under the Financial Services and Markets Act 2000 to carry on regulated activities. If the appropriate triggers are met, the Authorities may: (i) transfer shares in, or the property of, a bank to a commercial purchaser; (ii) transfer the property of a bank to a bridge company which is wholly owned by the Bank of England; or (iii) transfer shares of a bank to a nominee of the Treasury. The Authorities can order the transfer of any property of a bank without regard to any requirements for consent to transfer or any contractual or other restrictions on transfer.

If the Fund has entered into agreements, including, but not limited to, any interest rate swaps or participations with an affected bank, the rights of the Fund under any transferred property may be compromised. Further, if any property held on trust for the Fund by the affected bank is transferred, the Authorities may order the alteration or removal of such trust.

Jurisdictional structure and regulation

In certain jurisdictions in which the Fund will seek to invest, additional structuring steps may need to be taken to enable entities, such as the Fund, that are not authorized to carry on banking activities in those jurisdictions, to extend (or facilitate the extension of) loans to third parties. These activities may make it more difficult for the Fund to execute its proposed investment strategy, and/or may lead to additional costs being incurred, which may reduce the returns that the Fund is able to generate.

Enforcement of judgments

It may be difficult to gain or enforce judgments in legal disputes relating to the Fund's loans. The GP considers that the legal systems of the markets in which it makes loans are well developed.

LIBOR

A change in the method of calculation or discontinuance of the London Inter-Bank Offered Rate ("LIBOR") could have a negative impact on the value of any floating rate Portfolio Investments where the interest rate is calculated with reference to LIBOR. The current administrator of LIBOR is ICE Benchmark Administration and it is possible the administrator, and the method of calculating LIBOR, could change in the future. 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.

Specific risks are set forth in the Fund's offering memorandum and must be reviewed by each investor in the Fund prior to investing.

Item 9 Disciplinary Information

There is nothing to report.

Item 10 Other Financial Industry Activities and Affiliations

There is overlap between the membership of the IM's Board, the IA's Board and our Management.

There is also at least one independent non-executive director on the governing body of each Pemberton Company who is not a member of another company. This ensures 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.

Our officers, partners and employees hold multiple roles in Pemberton Companies. Our partners and staff that perform multiple roles are Mr Drake-Brockman, Managing Partner, Conrad Teppema, our Chief Credit Officer, Christopher Higgins, our Chief Operating Officer, Corinna Mitchell, our General Counsel, and Helen Richards, our Chief Compliance Officer. To address such conflicts, we supervise the roles involved, prepare records of meetings and decisions taken, identify and address conflicts for board of directors meetings and Investment Committee meetings, require recusal from meetings and decisions when warranted and maintain pre-clearance requirements and account and position reporting requirements under the PCA Code of Ethics (Item 11). Our major shareholder, Legal & General Capital Investments Ltd, has a seat on the following committees: Executive Management; Audit; Ethics and Operational Risk; and Controls.

Mr Teppema, our Chief Credit Officer, and Mr Higgins, our Chief Operating Officer, are members of our Executive Management Committee and directors of the IM. Mr Higgins, Ms Mitchell and Ms Richards are Partners of PCA.

Certain Partners and staff members may invest in or alongside the Fund. Partners can currently only invest in Pemberton CIP LP ("Carry Partner") and are subject to a waterfall on the carried interest provisions that seeks to align interests and permits distributions of carried interest to partners only after all of the Fund's Limited Partners have received return of their principal investments and a hurdle rate of return of 4% per annual compounded.

The assets originated for the Fund are typically hard to value illiquid private loans, and we are able to exercise control and influence over their valuation through the setting of valuation policies and the management of the valuation process. From the end of the investment period for Fund, the fees of the IM, the IA and our fee will be based upon the value of the Fund's loans. Discretionary remuneration of our partners and staff and the value of the units of the carried interest vehicle may not be fairly determined in the event that the assets of the Fund are overstated. This conflict is addressed by having the calculations reviewed by the Fund administrator.

Members of our staff have confidential client information arising from the execution of their duties. To address this conflict of interest, we require all personal account transaction activity to comply fully with our Code of Ethics (Item 11, below). We also engage in monitoring and testing to help ensure compliance with our Code of Ethics.

Our staff may receive gifts and entertainments from our suppliers and service providers. The acceptance of such hospitality potentially influences the working relationship between our suppliers and service

providers and us. 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 from those activities or the cessation of a relationship.

The remuneration of our investment and research professionals are aligned with Fund performance. While this may incentivise these staff members to increase their risk appetite in the Fund, it creates a conflict of interest. To address this, we ensure a clear basis for all loan transactions and monitor the credit review process for compliance with our policies and procedures.

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 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 expected to discuss any perceived risks or concerns with the Chief Compliance Officer.

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

Item 12 Brokerage Practices

The Fund does not buy or sell securities.

We do not intend to engage in any activity that involves brokerage or soft commissions.

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. We review the valuations of the Fund’s loans on at least a quarterly basis. The Fund’s administrators are responsible for the final determination of the calculation of fees.

Item 14 Client Referrals and Other Compensation

We have one solicitation agreement in place under and that complies with Advisers Act Rule 206(4)-3.

Item 15 Custody

Loan documentation is held by the IM and designated loan agents. Since the Fund 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 provide research and recommendations for commercial loans as a sub-adviser to the Fund.

Item 17 Voting Client Securities

We would exercise our voting rights whenever there is a restructuring that requires different creditor groups to vote on a restructuring plan. Other than this we would 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.