

Item 1 Cover Page**Pemberton Capital Advisors LLP**

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Form ADV Part 2A: Firm Brochure**26 December 2017**

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. We have the following material changes from the date of our last Brochure, which was 29 September 2017.

We are the non-discretionary sub-adviser, for certain funds and umbrella fund compartments of certain funds, to Pemberton Asset Management S.A., a Luxembourg domiciled CSSF authorised Alternative Investment Fund Manager (“IM”). The IM is an Exempt Reporting Adviser (“ERA”). We are also the provider of cash management and hedging services to certain feeder funds to those funds or compartments.

- Philip Ashdown joined as a partner.
- Daniele Iacovone, a partner, has left.
- The Pemberton Strategic Credit Fund Delaware I LP (“SCOF Feeder Fund”) invested in the Pemberton European Strategic Credit Opportunities Fund (“SCOF”), which is Compartment 4 of the Pemberton Debt Fund SCS, SICAV FIS on 28 November 2017 with four underlying US investors. A Form D filing was made with the SEC on 13 December 2017.

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

Unless otherwise stated, information in this Brochure is current as of the date on the cover page.

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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 authorised and regulated by the UK Financial Conduct Authority. We are one of several Pemberton companies that are focused on advising private pooled investment vehicles or compartments of same that make commercial loans to European mid-market corporates seeking to grow and expand their businesses.

We employ 40 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”). The owners of Holdings are identified in our Form ADV Part 1 Schedule B. PCAF and Pemberton Asset Management GmbH (“PAMG”) are both related persons and participating affiliates of us.

Activities

Pemberton Asset Management S.A., a Luxembourg CSSF authorised Alternative Investment Fund Manager (“IM”), is the investment manager to each fund or compartment discussed below. Pemberton Capital Advisors (Jersey) Limited (“IA”), is the investment adviser to each fund or compartment. The IA is incorporated in Jersey and authorised by the JFSC.

We are the non-discretionary sub-adviser to the following funds and compartments, through the IM. We also provide advice for residual cash management and FX hedging (FX forwards) for compartments or a fund, which activity does not involve investment advice concerning securities or loans.

Pemberton European Mid-Market Debt Fund I SCS, a Luxembourg SICAV-FIS (“Fund”).

The general partner is Pemberton Capital S.à.r.l. (“Fund GP”). The Fund 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 IM is the investment manager. 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 Fund GP’s option. The Fund invests 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. Certain investors invested in the Fund through a Jersey-based feeder fund, Pemberton European Debt Investments Jersey I LP (“Jersey Feeder”). The general partner of this feeder fund is Pemberton GP 1 (Jersey) Ltd. The Fund is closed and is not accepting new investors.

Pemberton Debt Fund SCS, SICAV-FIS (“Debt Fund”).

The Debt Fund is a Luxembourg investment company with variable capital, 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 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 has or will have its own assets and its own processes, objectives and restrictions. Each compartment will have its own Supplement to the Debt Fund’s Information Memorandum.

- A U.S. investor invested into the Debt Fund via a feeder fund, Pemberton Debt Fund Delaware I L.P., (“Delaware Feeder Fund”), a Delaware limited partnership. The Debt Feeder Fund assets were invested directly into Pemberton Debt Fund - Compartment 1 (“Compartment 1”). Pemberton GP I (Cayman) Limited, a Cayman limited company, is the general partner of the Delaware Feeder Fund. This compartment is closed. The investment objective of Compartment 1 is to invest 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. This compartment’s investment restrictions are set forth in the Compartment Supplement to the Debt Fund Information Memorandum. Compartment 1 uses leverage as explained in Item 8, below. Compartment 1 is a sub-fund that is broadly parallel to the Fund and, amongst other things, will hold the same investments as the Fund, subject to certain relevant considerations (as set forth in the relevant offering materials) that include, among other criteria, tax, regulatory and eligibility constraints imposed by the leverage lender, Citibank N.A. London Branch, with the result that there will be different proportions of and/or different investments held by Compartment 1 and the Fund.
- Compartment 2 to the Debt Fund has not been launched and was closed on 1 December 2017.
- Pemberton UK Mid-Market Direct Lending Fund (“Compartment 3”), is actively making loans. Compartment 3 will not be marketed to U.S. investors or have U.S. investors.
- The investment objective of Pemberton Debt Fund – Compartment 4, Pemberton European Strategic Credit Opportunities Fund (“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. The compartment’s investment restrictions are set forth in the Compartment Supplement to the Debt Fund Information Memorandum. This compartment will not use leverage. U.S. investors invest in Compartment 4 through a new Delaware feeder fund, Pemberton Strategic Credit Fund Delaware I LP (“SCOF Feeder Fund”). Pemberton Strategic Credit GP I (Cayman) Ltd (“SCOF GP”) is the general partner for SCOF Feeder Fund. Four U.S. investors invested into the SCOF via a feeder on 28 November 2017.

The investment objective of Pemberton Debt Fund – Compartment 5, Pemberton Mid-Market Debt Fund II (A) (“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. This compartment’s investment restrictions are set forth in the Compartment Supplement to the Debt Fund Information Memorandum. This compartment will not use leverage. U.S. investors would invest in Compartment 5 through a new Delaware feeder fund, Pemberton Debt Fund Delaware II LP (Fund II

Feeder Fund"). Pemberton Debt GP II (Cayman) Ltd ("Fund II GP") is the general partner of Fund II Feeder Fund.

Pemberton Payables & Receivables Opportunity Fund S.A. SICAV-FIAR ("PROF").

PROF is an investment company with variable capital – reserved AIF (société d'investissement en capital variable – fonds d'investissement alternatif réservé) under the form of a public limited company (société anonyme) structured as an umbrella fund under the 2016 Act. The Company qualifies as an AIF under the 2013 Act. PROF's first Compartment, Global Trade Solutions 1 ("GTS 1"), will 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.

The securities of the funds and their compartments, and feeder funds if any, 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 only the Delaware feeder funds to the Debt Fund or, in time, a compartment of PROF. We do not manage U.S. client assets directly or indirectly in separately managed accounts.

As at 30 November 2017, our assets under management were US\$76,109,601. Our regulatory assets under management are disclosed 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 Compartment 4 will focus on:

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

Pemberton believes that this approach offers a number of advantages:

- an “on the ground” presence in the UK, Germany, France, Italy and Spain is expected to facilitate closer relationships with the 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 Pemberton’s 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.

PCA 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 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, which are Germany, the UK, France, Italy and Spain, and which comprise more than 70% of the annual EU-28 GDP. We also consider select 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, distil 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 follows. 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.

- *During the “Investment Period” (when loans are being made to new portfolio companies):*

Quarterly in advance, save as disclosed below, each fund or compartment for which we act as the non-discretionary sub-adviser pays a management fee to its general partner that is a percentage of either: (a) Limited Partner commitments (i.e. the amount investors have agreed to pay to the fund or compartment, whether it has been drawn down or not) to that fund or compartment; or (b) the acquisition cost of investments of that fund or compartment. Those fees are then paid by the relevant general partner to the IM. The IM retains an amount to cover its expenses plus its fee (calculated quarterly). The balance is paid by the IM to the IA who, in turn, retains an amount to cover its expenses plus its fee (calculated quarterly). The IA then pays the balance to us.

- *After the Investment Period (the period of time before fund or compartment closure):*

Fees from the fund or a compartment will be calculated on the basis of the acquisition cost of investments that have not been sold or written off. 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 relevant general partner, the IM and the IA.

SCOF and Fund II fees will be paid on the making of loans, calculated as above, although no loans have been made.

We do not receive a fee from the feeder funds for cash management 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.

Under the terms of the Debt Fund Limited Partnership Agreement, we are entitled to receive a fee for organising co-investment opportunities.

Under the terms of the fund documents governing each of SCOF and Fund II, the relevant general partner is entitled to be paid a co-investment fee equal to the amount that (a) the net amount paid for an investment that is sold to a co-investor, is greater than (b) the net amount of consideration received from the co-investor for the investment sold. The fee is reduced on a time basis, so if the co-invest amount is sold before the investment is funded, the general partner is entitled to keep all of the fee, if it is sold after the investment is funded and before the date three months after that funding date, the

general partner is entitled to keep 80% of the fee, if it is sold before the date six months after the funding date, the general partner is entitled to keep 60%, and so on, so that if the co-invest is sold twelve months after the funding date, the general partner is not entitled to any fee.

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.

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 Committees. To address these conflict of interests, Markit is used as an independent benchmark to validate valuation calculations and the annual audits of the funds or compartments include an independent review of the valuation 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 independent advisors in Italy and Spain. 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 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 will evaluate 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. Here, after further research, the Portfolio Management and Origination Teams jointly 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:
 - 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 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 (material non-public 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.

The IM, acting through its Investment Committee, 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 IM. 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 - limited to Compartment 1

Compartment 1 will utilise 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.

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 attend a meeting 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 a meeting 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 Government served the Article 50 notice on Wednesday, 29 March 2017 and negotiations commenced on 20 June 2017. In accordance with the terms of Article 50, the UK will cease to be subject to EU treaties on the earlier of any fully agreed withdrawal agreement and 29 March 2019 unless the Member States (acting through the European Council) unanimously agree to extend this period.

The short- and long-term implications of this are not known or are capable of being anticipated. Our business has arisen as a result of a reduction in bank cross-border and domestic lending to mid-market corporates in the wake of the global financial crisis that started in 2008, 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 2017 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.

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. Each prospective Investor is urged to consult its advisors prior to making an investment in the securities of a 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 UK Treasury and the UK 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 a fund has entered into agreements, including, but not limited to, any interest rate swaps or participations with an affected bank, the rights of a fund under any transferred property may be compromised. Further, if any property held on trust 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 a fund will seek to invest, additional structuring steps may need to be taken to enable entities, such as a fund, that is 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 to execute an investment strategy and/or may lead to additional costs being incurred, which may reduce the returns to investors.

Enforcement of judgments

It may be difficult to gain or enforce judgments in legal disputes relating to loans. The GPs consider that the legal systems of the markets in which they make loans are well developed.

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 any such 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 on provisions of no-action letters issued by the SEC Staff. The individuals that perform services for us under the PAA, Geoffroi de Saint Chamas, Guillaume Farges, Juergen Breuer, Ralph Hora, Nils Weber, Peter Schlesinger, 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.

We, each general partner, the IA and the IM have boards of directors. Chris Higgins, Head of Strategy, sits on the IM board. Keith Jones, Chairman, Symon Drake-Brockman, Managing Partner and Matteo Colombo, a non-executive director, sit on the IA board and on our Executive Management Committee.

Mr Drake-Brockman, Mr Jones, Mr Higgins, Nicole Gates, our Chief Credit Officer, and Thomas Lack, our Chief Operating Officer, are members of our Executive Management Committee. Mr Higgins is a director of the IM. Mr Drake-Brockman, Mr Higgins, Mr Lack, Ms Gates and Helen Richards, our Chief Compliance 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, Ms Gate, Mr Lack, Mr Higgins and Ms Richards. Mark Hickey, a portfolio manager of ours, is a member of the IM's Investment Committee.

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 IM Investment Committee is comprised of Coen Teppema and Jean de Courreges (both directors of the IM), Simon Hauxwell (an independent Luxembourg consultant), Mr Hickey (portfolio manager), Juergen Breuer, Head of PAMG and Geoffroi de Saint Chamas, Head of PCAF

To address the conflicts of interest arising out of these multiple roles, we supervise the persons involved, prepare records of meetings and decisions taken, identify and address conflicts for board of director's meetings and Investment Committee 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.

Legal & General Capital Investments Ltd ("L&G Cap"), the majority shareholder of Holdings and also 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 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 may give rise to potential conflicts. For example, one of these companies may sponsor, advise, undertake, manage or invest in investment vehicles and accounts that pursue investment strategies similar to those of a fund or a 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 any 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 may invest in or alongside a fund or a compartment of the Debt Fund. Certain Partners and staff members may be 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 of return of 4% per annum compounding annually for Compartment 1, and 8% per annum compounded annually for Compartment 4 – SCOF and 5% per annum compounded annually for Fund II.

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.

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.

Partners and members of our staff have confidential client information arising from the execution of their duties. Certain employees of PCAF and GmbH also have confidential client information. To address this conflict of interest, we require all such persons to comply fully with our Code of Ethics (Item 11). We engage in monitoring and testing to help ensure compliance with our Code of Ethics.

Our staff may receive gifts and entertainments from counterparties including suppliers and service providers, or give these to them. The giving or acceptance of such 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 or the Fund, or both. 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

allocation requirements applicable to a fund or a compartment. The final allocation is made by the IM Investment 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.