



PENDULUM OPPORTUNITIES LLC

345 North Maple Drive
Suite 160
Beverly Hills, CA 90210
(424) 421-6040
www.pendulumholdings.com

Form ADV Part 2A – Firm Brochure

March 30, 2023

This brochure provides information about the qualifications and business practices of Pendulum Opportunities LLC. If you have any questions about the contents of this brochure, please contact us at 424-421-6040 or compliance@pendulumholdings.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Registration as an investment adviser with the SEC does not imply a certain level of skill or training.

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

Item 2 – Material Changes

Pendulum does not have any material changes to report since its annual amendment filing last year. We have, however, made certain updates to descriptions of fees and expenses, conflicts of interest, and other changes to reflect industry and firm practices.

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Item 4 – Advisory Business

Pendulum Opportunities LLC (“Pendulum”, “we”, “our”, or the “Firm”), a Delaware limited liability company, was founded in 2019. Pendulum currently serves as the investment adviser for and provides discretionary investment advisory services to private investment funds including, in certain instances, co-investment vehicles or other similar vehicles established to facilitate investments in particular opportunities alongside a fund (“Co-Invest Vehicles” and, together with the private investment funds, the “Funds” and each a “Fund,” as each context requires). The Funds may be structured as limited liability companies for which Pendulum acts as managing member or limited partnerships for which Pendulum acts as investment manager and an affiliated entity acts as general partner.

The Funds’ core focus is to make minority investments in companies with founders of color that are approaching their next phase of growth across, but not limited to, the lifestyle and beauty, tech-enabled services, public relations and creative, food and beverage, health and wellness and media sectors. Pendulum’s investment advisory services to the Funds consist of identifying and evaluating

investment opportunities, structuring, and negotiating the terms of investments, managing, and monitoring investments and achieving dispositions of such investments. Investments are made predominantly in nonpublic companies, although investments in public companies are permitted in certain instances.

Pendulum's investment advice and authority for each Fund is tailored to the investment objectives of that Fund. However, Pendulum does not tailor its advisory services to the individual needs of the investors in its Funds, and Fund investors are generally not permitted to impose restrictions on the Fund's investment in certain securities or types of securities. Each Fund's investment objectives are described in that Fund's limited liability company agreement, limited partnership agreement, disclosure documents, and investment advisory agreement (collectively, with the relevant Fund's subscription agreements and other governing documents, such Fund's "Governing Documents"). For more information about the Funds, please see Pendulum's Form ADV Part 1, Schedule D, Section 7.B.(1). In the future, Pendulum may serve as investment adviser to clients other than the Funds.

The principal owners of Pendulum are Elbert O. Robinson, Jr. ("Robbie") and D'Rita Robinson. They hold their interests in Pendulum indirectly through Pendulum Holdings, LLC and RFV LLC.

As of December 31, 2022, Pendulum managed \$209,363,552 on a discretionary basis. This amount reflects regulatory assets under management as calculated in Part 1 of our Form ADV.

Item 5 – Fees and Compensation

Compensation for advisory services

The following is a general description of fees and compensation earned by Pendulum and of expenses incurred by the Funds. Investors should refer to the Governing Documents of the applicable Fund for a complete understanding and detailed explanation of how Pendulum is compensated for its advisory services and the categories and types of expenses charged to the Funds; the information contained herein is intended to serve as a descriptive summary only and is superseded in its entirety by such documents.

Asset-Based Fees

Pendulum earns asset-based fees for managing the Funds. These asset-based fees, which do not generally depend on the Fund's performance, are set forth in each Fund's Governing Documents, and include periodic (e.g., quarterly) fees equal to a percentage (e.g., 1% per annum) of the investors' total or unfunded commitments to the Fund and/or fees equal to a percentage (e.g., 2% per annum) of the Fund's invested or net invested capital, depending on the Fund (and where that Fund is in its investment cycle). Such fees are commonly referred to as "commitment fees" and/or "management fees". In certain circumstances, different asset-based fees (including none) may be individually negotiated by Fund investors. Asset-based fees are generally waived for eligible Pendulum affiliated persons who invest in the Funds for the duration of their affiliation with Pendulum.

Performance Compensation; Carried Interest

Subject to Rule 205-3 of the Advisers Act of 1940, as amended (the “Advisers Act”), Pendulum (or its affiliates) may also earn performance-based compensation (generally in the form of distributions “Carried Interest”) from the Funds, as set forth in the applicable Fund’s Governing Documents. Carried Interest is generally based on a percentage (e.g., 20%) of the Fund’s profit from investments, subject in some cases to a preferred return in favor of the Fund’s investors (e.g., 5% per annum). Carried Interest may also be subject to offsets for some forms of other compensation received by Pendulum (or its affiliates), as set forth in the applicable Fund’s Governing Documents.

For some Funds (or with respect to some Fund investors), Pendulum’s Carried Interest is calculated on an “investment-by-investment” basis, which means that any Carried Interest is determined separately for each investment (and/or related investments) and not on the aggregate performance of the relevant Fund. As a result, Pendulum (or its affiliates) may be entitled to Carried Interest with respect to particular Fund investments, even if other Fund investments (or the relevant Fund as a whole) have significant realized losses.

The existence and structure of Carried Interest can create an incentive to make more risky or speculative investments in order to generate higher positive returns. In addition, due to the method of calculating the Carried Interest, the compensation of a Pendulum affiliate can be affected by the timing of dispositions and other factors within the control of Pendulum. For example, pursuant to recent changes in tax law enacted in late 2017, Pendulum could have an incentive to cause the respective Fund to hold investments for longer than it otherwise would. This is because, to the extent income allocated in respect of any Carried Interest includes realized gains, those gains will be eligible for long-term capital gains treatment by the Pendulum affiliate (and subject to tax at a lower rate) only to the extent such Fund has held the relevant investment assets for at least three years.

In certain circumstances, different Carried Interest (including none) or different methods of calculation of Carried Interest may be individually negotiated by Fund investors. Carried Interest charges are generally waived for eligible Pendulum affiliated persons who invest in the Funds for the duration of their affiliation with Pendulum.

Other Compensation

To the extent described in the Governing Documents for the relevant Fund, Pendulum or its affiliate(s) may also receive other compensation in the form of securities, stock options, warrants, carried interest or any similar interest in the profits or appreciation in the value of particular Fund portfolio companies (*i.e.*, not as consideration for any contribution of cash or other property). For certain Funds (and as further detailed in the Governing Documents for those Funds), a portion (e.g., up to 50%) of the Carried Interest that would otherwise be paid to Pendulum (or its affiliates) may be reduced (or reimbursed to the Fund’s investors) by a portion (e.g., 50%) of any such compensation.

For some Funds, their Governing Documents provide that any transaction fees, closing fees, directors' fees, break-up fees, monitoring fees and other similar fees or other compensation (net of expenses) received by Pendulum from a portfolio company when acting on behalf of such Funds will be retained by Pendulum and will reduce the applicable asset-based fee next payable by a like amount. However, no such reduction to the asset-based fee will be made in respect of any such fees or compensation received by or in respect of services provided by any member of Pendulum's Executive-in-Residence program (as described below).

Expenses

Fund Operating Expenses

Each Fund generally pays all of its operating expenses (except those reimbursed by a portfolio company) related to such Fund's (and its subsidiaries' and intermediate entities') activities, as further detailed in such Fund's Governing Documents, including (but not limited to):

- all costs, fees and expenses of a Fund related to researching, performing due diligence, negotiating and documenting the terms of prospective investment opportunities (including all fees and expenses of attorneys, accountants or other experts retained in connection therewith), whether or not such investment opportunities are consummated;
- all costs, fees and expenses related to the consummation of any investment opportunity presented to a Fund or to the acquisition, holding, valuation, monitoring, sale or other disposition of any securities or other assets of a Fund acquired in connection therewith (including all fees, expenses and commissions of broker-dealers, custodians, valuation experts, attorneys, accountants or other experts retained in connection therewith and interest on borrowed money), as well as any broken deal expenses;
- all costs, fees and expenses relating to investor communications and relations, meetings, accountings and the preparation and mailing of financial, tax and performance reports to investors;
- any taxes and duties payable in any jurisdiction in connection with a Fund's operations (including any withholding taxes) other than any such taxes or duties that are attributable to a particular investor or investor(s), as determined in the discretion of Pendulum;
- all costs, fees and expenses related to administration of the Funds (including all costs, fees and expenses of any third-party fund administrator retained by Pendulum);
- all costs, fees and expenses related to third-party software and related systems, including accounting and administrative software (e.g., customer relationship software), and technology support;

- all costs, fees and expenses for business-related travel relating to or incurred in connection with the Funds' activities, including expenses of periodic meetings of the advisory committees;
- all costs and expenses incurred in relation to obtaining waivers, consents or approvals pursuant to the relevant Governing Documents and all reasonable costs and expenses of, and/or incidental to, the preparation of amendments to such Governing Documents;
- all liabilities incurred in connection with or arising out of the Funds' activities, including extraordinary or nonrecurring expenses;
- any indemnification payments (including with respect to settling claims);
- all costs, fees and expenses of liquidating a Fund;
- reasonable out-of-pocket expenses of advisory committee members relating to the advisory committee services;
- all costs and expenses incurred in connection with the investigation, prosecution or defense of any claims by or against a Fund or any person indemnified by a Fund, including claims by or against a governmental authority, audit, and accounting fees;
- all costs, fees and expenses incurred by the partnership representative (as defined in each Fund's Governing Documents); and
- all other costs, fees and expenses incurred by Pendulum or any of its affiliates or their personnel for or on behalf of a Fund.

Except as may be contemplated under the Governing Documents for the applicable Fund, Fund expenses do not generally include any other ordinary administrative and overhead expenses of Pendulum or any of its affiliates in connection with the management of the Funds, including salaries, other compensation, and costs of providing benefits, rent and the cost of office equipment.

Fund Offering and Organizational Expenses

Each Fund bears all of its own offering and organizational expenses (as well as its share, depending on the structure of each Fund, of the offering and organizational expense of any parallel Funds), up to a cap (if any) specified in the relevant Fund's Governing Documents. Any amounts in excess of any such cap are generally borne by Pendulum through a dollar-for-dollar offset against the asset-based fees otherwise payable by the Fund. Offering and organizational expenses include, but are not limited to, legal costs and expenses, costs associated with compliance with relevant blue-sky laws and other securities laws and regulatory requirements, and out-of-pocket travel, meeting, capital raising, accounting, printing, and filing fees and expenses.

Advisory Partner Expenses

Pendulum (or its affiliates) may, from time to time, retain (or cause the Funds or Fund portfolio companies to retain, directly or indirectly) advisors to provide assistance with business development, industry insight or other services to Fund portfolio companies (collectively, “Advisory Partners”), including services that may be similar in nature to those provided by Pendulum’s investment professionals. In some cases, Advisory Partners may also include persons with whom Pendulum or its affiliates have broader business relationships, including other clients of Pendulum or its affiliates. Depending on the Governing Documents of a Fund, any retainer or other fees paid to such Advisory Partners (“Advisory Partner Fees”) will be borne by the Fund (or the relevant portfolio company) to the extent services performed relate to a portfolio company held by that Fund. While Pendulum believes such Advisory Partner Fees are reasonable in relation to the nature and quality of the services provided, Pendulum is not obligated to seek independent market benchmarks for the rates or other terms on which Advisory Partner Fees or other expenses are charged, and many factors (including exclusivity arrangements) may result in such Advisory Partner Fees and other expenses being higher than the fees and expenses that other third parties might charge for similar services (and, in cases where the Advisory Partner is a person with whom Pendulum or its affiliates have broader business relationships, Pendulum may face conflicts of interest in negotiating Advisory Partner Fees at “arms’ length”). In addition to Advisory Partner Fees, a Fund will also generally bear its share of any travel costs or other out of pocket expenses incurred by such Advisory Partners in connection with the provision of their services. If such Advisory Partner services benefit more than one Fund, Pendulum will generally use the allocation methods described below to allocate Advisory Partner Fees and expenses among the relevant Funds.

Executive-in-Residence Expenses

Pendulum has established an Executive-in-Residence program through which Pendulum engages individuals with significant industry, transactional, investment, operating, or other experience (the “Executives-in-Residence”) to provide a variety of strategic services. In particular, Executives-in-Residence may assist Pendulum on various matters related to the Funds or Fund portfolio companies, including sourcing investments, conducting due diligence, acting as officers and/or directors and overseeing portfolio companies. Although engaged by Pendulum (or its affiliates), Executives-in-Residence may receive direct or indirect compensation from the Funds and/or Fund portfolio companies for their services, including consulting fees, retainers, equity incentives and board fees. Pendulum may also cause the Funds and/or Fund portfolio companies to reimburse Pendulum for amounts previously paid to (or on behalf of) Executives-in-Residence in connection with their services, if and to the extent that Pendulum determines that those services were principally for the benefit of the Funds and/or Fund portfolio companies. Any such compensation or reimbursements will not offset any asset-based fees earned by Pendulum and will thus generally be borne by the Funds, either directly or through an interest in the applicable portfolio companies.

Allocation of Expenses

Pendulum from time to time incurs fees, costs, and expenses, including in connection with transactions not consummated, on behalf of the Funds. To the extent such fees, costs, and expenses are incurred for the benefit of multiple Funds, each Fund will typically bear an allocable portion of any such fees, costs, and expenses on a pro-rata allocation based on the commitments of each such Fund, unless another method of allocation appears more appropriate in Pendulum's best judgement, or as may be otherwise required by the terms of the Governing Documents applicable to such Funds. Although Pendulum endeavors to allocate such fees, costs, and expenses on a fair and equitable basis, there can be no assurance that such fees, costs, and expenses will in all cases be allocated appropriately. Notwithstanding the foregoing, Pendulum may, as it deems appropriate in the future, develop policies and procedures to address the allocation of expenses that differ from its current practice.

A conflict of interest could arise in Pendulum's determination whether certain costs or expenses that are incurred in connection with the operation of the Funds meet the definition of Fund operational expenses for which the Funds are responsible, whether such expenses should be borne by Pendulum or the manner in which Pendulum allocates expenses among the Funds. This conflict is generally heightened by the fact that the expenses borne by Co-Invest Vehicles are often not the same as those of the Funds. The Funds will be reliant on the determinations of Pendulum in this regard.

Pendulum has in the past and may, from time to time in the future, cause one or more Funds to purchase, and/or bear premiums, fees, costs, and expenses (including any expenses or fees of insurance brokers) for insurance to insure the applicable Funds, Pendulum and/or their respective directors, officers, employees, agents, representatives, advisory committee members, and other persons (collectively, the "Insured Parties"), against liability in connection with the activities of the Funds. This may include a portion of any premiums, fees, costs, and expenses for one or more "umbrella" or other insurance policies maintained by Pendulum that cover one or more Insured Parties. Pendulum will make judgments about the allocation of premiums, fees, costs and expenses for such "umbrella" or other insurance policies among one or more Funds on a fair and reasonable basis. There can be no assurance that a different allocation would not result in a Fund bearing less (or more) premiums, fees, costs, and expenses for insurance policies.

For information on Pendulum's brokerage practices, please see Item 12, below.

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

As noted above, Pendulum (or its affiliates) may be entitled to performance-based compensation from the Funds. Because the actual performance compensation that Pendulum may be entitled to receive from any particular Fund with respect to any particular investment (or investments) may vary from Fund to Fund (or from investment to investment), Pendulum may have economic incentives to allocate investments among the Funds in ways that favor some Funds over others. Pendulum will seek to manage any conflicts of interest relating to the allocation of investment opportunities in good faith, subject to the Governing Documents of each Fund, and guided by its duties to its Funds and other

clients and without consideration of (i) Pendulum's (or its affiliates' or employees') pecuniary interest; (ii) the relative fee structure or amount of fees paid by any Fund or (iii) the profitability of any Fund.

See Item 11 "Other Conflicts of Interest – Allocation of Investment Opportunities and Co-investment Opportunities" with respect to conflicts of interests associated with the allocation of investment opportunities.

Item 7 – Types of Clients

As previously mentioned, Pendulum currently provides investment advice to private investment funds that are not registered or required to be registered under the Investment Company Act of 1940, as amended ("Investment Company Act"), are not made available to the general public, and the interests of which are not registered or required to be registered under the Securities Act of 1933, as amended ("Securities Act"). As such, the Funds generally limit their investors to: (i) "accredited" investors as defined in the Securities Act and (ii) "qualified purchasers" or "knowledgeable employees", each as defined under the Investment Company Act. Pendulum does not have a minimum size for establishing and managing the Funds; however, the Funds typically require a minimum capital commitment from each investor, although Pendulum is authorized, in its sole discretion, to accept amounts below the minimum amounts set forth in the Governing Documents of each Fund.

The types of investors that have committed capital to the Funds include individuals, family offices, trusts, estates or charitable organizations, corporations, limited partnerships, limited liability companies or other business entities, and also include employees of Pendulum and its affiliates and members of their families.

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

Methods of Analysis and Investment Strategies

As mentioned under Item 4 above, the Funds' core focus is to make minority investments in companies with founders of color that are approaching their next phase of growth across, but not limited to, the lifestyle and beauty, tech-enabled services, public relations and creative, food and beverage, health and wellness and media sectors. Pendulum's investment advisory services to the Funds consist of identifying and evaluating investment opportunities, structuring and negotiating the terms of investments, managing and monitoring investments, and achieving dispositions of such investments. Investments are made predominantly in nonpublic companies, although investments in public companies are permitted in certain instances.

At Pendulum, having diverse and varied perspectives on and collaborative discourse regarding investment opportunities is an integral part of the investment screening and due diligence process. This process involves thoughtful review and thorough due diligence and generally includes analysis of the company and its current ownership structure, the industry in which the company participates and the competitive landscape, an assessment of the founder and senior management team, as well as, to

the extent appropriate, financial, accounting, legal and insurance reviews performed by third-party service providers. The investment review and diligence process is overseen by Pendulum's investment committee. The investment committee also actively discusses pipeline opportunities, monitors current portfolio companies, and generates ideas for strategic avenues to build growth for portfolio companies.

Risks

Possibility of Losses

An investment in the Funds involves a high degree of risk, including the risk of a partial or total loss of capital, and investors must be prepared to bear capital losses which might result from investments. In addition, an investment in the Funds is speculative, illiquid, and long-term in nature, and is suitable only for those investors who have the financial sophistication and expertise to evaluate the merits and risks of an investment. For a more complete list of the specific risk factors relevant to a decision to invest in a Fund, investors should refer to the Governing Documents for the specific Fund.

In addition to the risks of an investment in a Fund, there are material risks related to the investment strategy employed by Pendulum, the types of securities purchased, and methods of analysis conducted as described above. Different or new risks not addressed below will likely arise in the future and, therefore, the following list is not intended to be exhaustive.

Past Performance

No guarantee or representation is made that the Funds' investments will be successful, and investment results may vary substantially over time. The past results of Pendulum's principals and of the Funds are not necessarily indicative of their future performance.

General Economic and Market Conditions

The private equity and venture capital industries generally and the success of the Funds' investment activities specifically will be affected by general economic and market conditions, as well as by changes in laws, currency exchange controls, and national and international political and socioeconomic circumstances. Such factors are unpredictable and cannot be controlled by Pendulum. General fluctuations in the market prices of securities and economic conditions generally can be expected to reduce the availability of attractive investment opportunities for a Fund and may ultimately affect a Fund's ability to make investments. Instability in the securities markets and economic conditions generally (including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) can also increase the risks inherent in a Fund's investments and could have a negative impact on the performance and/or valuation of the portfolio companies. A Fund's performance can be affected by deterioration in the capital markets and by market events, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and investors' risk-free rate of return. Movements in foreign exchange rates have the

potential to adversely affect the value of investments in portfolio companies and a Fund's performance. Volatility and illiquidity in the financial sector can have an adverse effect on the ability of a Fund to sell and/or partially dispose of its portfolio company investments. Such adverse effects include the requirement of a Fund to pay break-up, termination or other fees and expenses in the event a Fund is not able to close a transaction and/or the inability of a Fund to dispose of investments at prices that Pendulum believes reflect the fair value of such investments. The impact of market and other economic events can also affect a Fund's ability to obtain funding to support its investment objectives. Any of the foregoing events could result in substantial or total losses to a Fund in respect of certain portfolio companies, which losses will likely be exacerbated by the presence of leverage in a portfolio company's capital structure.

Market Disruptions; Governmental Intervention

The global financial markets have in the recent past gone through pervasive and fundamental disruptions that have led to extensive and unprecedented governmental intervention. Such intervention has in certain cases been implemented on an "emergency" basis, suddenly and substantially eliminating market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition - as one would expect given the complexities of the financial markets and the limited time frame within which governments have felt compelled to take action - these interventions have typically been unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of the markets as well as previously successful investment strategies. A Fund could incur major losses in the event of disrupted markets and other extraordinary events which result in the exit strategies of the underlying investments being adversely affected. There is no history on which to base how investments and other assets in which the Funds propose to invest will react to changes in the broader market.

Risks Inherent in Private Capital Investments

The Funds will invest a substantial amount of their available capital in private operating companies. These types of investments involve substantial risks, including, without limitation: (a) adverse or ineffective, as well as inconsistent, alignment of interests among management (including as a result of personal/family rather than business issues); (b) technological obsolescence; (c) financial planning misjudgment; (d) employee or management misconduct; (e) lack of reliable financial information; and (f) any number of general economic conditions that are beyond the control of both portfolio company management and the Firm, including, without limitation: (i) changing market sentiment, (ii) changes in economic conditions, competition and technology, (iii) changes in interest and inflation rates, (iv) changing political conditions or events, and (v) changes in tax laws and governmental regulation. A loss of an investor's entire investment is possible. The timing of profit realization is highly uncertain. Losses are likely to occur early in a Fund's term, while successes often require a long maturation.

Growth Companies

The Funds will invest in high-growth companies. High-growth companies have the potential to be more volatile due to their limited product lines, markets or financial resources, or their susceptibility to major setbacks or downturns. As a result, such companies are expected to be more vulnerable to general economic trends and to specific changes in markets and technology. In addition, future growth can be dependent on additional financing, and there can be no guarantee that such financing will be available on acceptable terms when required.

High-growth companies can face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and service capabilities, and a larger number of qualified managerial and technical personnel. Less established companies tend to have lower capitalizations and fewer resources, and therefore, are often more vulnerable to financial failure. In some cases, such companies have shorter operating histories on which to judge future performance and in many cases, if operating, will have negative cash flow. In addition, less mature companies could be deemed to be more susceptible to irregular accounting or other fraudulent practices. In the event of fraud at any portfolio company in which a Fund invests, it is possible that the investment will suffer a partial or total loss of capital invested therein.

Bridge Financing

The Funds will, under certain conditions, provide bridge financing in connection with investments. The Funds will bear the risk of any changes in capital markets which can adversely affect the ability of the underlying company to refinance any bridge investments. If the underlying company were unable to complete a refinancing, such Fund could have a long-term investment in a junior security or that junior security might be converted to equity.

Minority Investments

The Funds' investments will typically include minority stakes in privately held companies. In addition, during the process of exiting investments, the Funds are likely to hold minority equity stakes if portfolio holdings are taken public. As is the case with minority holdings in general, such minority stakes that any Fund holds will have neither the control characteristics of majority stakes nor the valuation premiums accorded to majority or controlling stakes. A Fund could, in some cases, also invest in companies for which such Fund has no right to appoint a director or otherwise exert significant influence. In such cases, the relevant Fund will be reliant on the existing management and board of directors (or equivalent body) of such companies, which could include representatives of other financial investors with whom such Fund is not affiliated and whose interests have the potential to conflict with the interests of such Fund.

Lack of Portfolio Liquidity

A Fund's investments are generally expected to have either no trading market or be very thinly traded, and, in addition, will often be restricted as to their transferability under U.S. federal or state or non-U.S. securities laws.

Although certain investments will generate current income, the return of capital and the realization of gains, if any, from an investment generally will occur only upon its partial or complete disposition. While an investment can be sold at any time, this will occur typically a number of years after the investment is made. In some cases, the Funds will also be prohibited by contract from selling securities of portfolio companies or other assets for a period of time or otherwise be restricted from disposing of such securities or other assets. In other cases, investments will require a substantial length of time to liquidate. Consequently, there is a significant risk the Funds will be unable to realize their investment objective by sale or other disposition of their securities or other assets at attractive prices or will otherwise be unable to complete any exit strategy with respect to their portfolio companies. These risks can be further increased by changes in the financial condition or business prospects of the underlying portfolio companies, changes in national or international economic conditions, and changes in laws, regulations, fiscal policies, or political conditions of countries in which underlying portfolio companies are located or in which they conduct their businesses.

A relatively slow market for "initial public offerings" could complicate the efforts of disposing of investments pursuant to "IPO exit" strategies and will diminish the value of those investments. The state of the "IPO market" during the period in which a Fund disposes of its investments cannot be predicted. Further, it cannot be predicted whether the future state of the "IPO market" will have a material effect on the value of those investments.

In addition, the Funds are permitted to make "in-kind" distributions to investors of the securities or other assets representing such Funds' investments, which in certain cases will be illiquid. There can be no assurance that the investors would be able to dispose of these investments or that the value of these investments, as determined by the relevant Fund for purposes of the determination of the distributions and the calculation of the Carried Interest, will ultimately be realized.

Investment in Publicly Traded Securities

It is possible that certain investments will be in securities that are or become publicly traded (but there can be no assurances that such securities will ever be listed on a securities exchange). Such investments generally involve economic, political, interest rate, and other risks, any of which could result in an adverse change in the market price. For example, in some cases a Fund and Pendulum will obtain less information and disclosure about a company whose securities are publicly traded than from a privately held company. In addition, in some cases, it is possible that a Fund will be prohibited by contract or other limitations from selling such securities for a period of time so that such Fund is unable to take advantage of favorable market prices. Further, the market for publicly traded securities is extremely volatile due to economic conditions, political events, and for many other reasons. Such volatility can

adversely affect the ability of a Fund to dispose of investments or affect the value of investment securities on the date of sale by such Fund. Furthermore, notwithstanding the existence of a public market for the securities of a particular portfolio company of a Fund, it is possible that publicly traded securities held by the Funds will be thinly traded or will cease to be traded after a Fund invests in them. Any thinly traded securities that a Fund holds could be subject to wider price fluctuations than other companies whose securities are more actively traded, and the spreads between the bid and ask prices of thinly traded securities of these companies will be larger than the spreads for more actively traded securities. There can be no assurance that a Fund's investments in publicly traded securities will be profitable, and there is a material risk that such Fund could incur losses from its investments in publicly traded securities.

Valuation

Generally, there will be no readily available market for a substantial number of the Funds' investments and hence, most of the Funds' investments will be difficult to value. Despite the efforts of Pendulum to acquire sufficient information to monitor certain of the Funds' investments and make well-informed valuation and pricing determinations, Pendulum will, at certain times, only be able to obtain limited information. It is possible that Pendulum will not be aware on a timely basis of material adverse changes that have occurred with respect to certain of the Funds' investments. Pendulum will, on occasion, have to make valuation determinations without the benefit of an adequate amount of relevant information. Prospective investors should be aware that, as a result of these difficulties, as well as other uncertainties, there can be no guarantee that any valuation made by Pendulum will represent the fair market value of the securities held by the respective Fund.

Availability of Investment Opportunities

Pendulum expects to be highly selective in identifying investments, and there can be no assurance that it will locate investment opportunities that satisfy each Fund's objectives and investment criteria. The activity of identifying, structuring, completing, and realizing attractive transactions is highly competitive and involves a high degree of uncertainty. The Funds compete with other funds, investors, and corporate buyers for investments in desirable companies. As a result, it is possible there will be fewer attractively priced investment opportunities than would otherwise be available, which could have an adverse impact on the terms upon which investments can be made. Accordingly, there can be no assurance that Pendulum will be able to locate, consummate, and exit investments that satisfy the relevant Fund's objectives or that it will be able to invest fully investors' commitments. To the extent that a Fund encounters competition for investments, returns to investors are expected to decrease. Regardless of whether a Fund identifies and invests in any investments, investors will still be obligated to pay the commitment fee.

Concentration of Investments

While some diversification of investment risk is expected to result from the investment approach of the Funds, no assurance can be given that such diversification will occur, or if it does, that it will

increase, rather than reduce, potential net profits. Since it is possible that Pendulum will only identify a limited number of investments and since many of the investments involve a high degree of risk, poor performance by a single investment could substantially and adversely affect the total returns to the investors. Moreover, the Funds' Governing Documents generally do not include any specific parameters or restrictions in respect of the Funds' investment strategy and investment policy, including limits on investments in any single industry, sector, issuer or geographic area or the life cycle stage of the investments. As a consequence, the investment opportunities identified by Pendulum, and the resulting investments will not necessarily be diversified with respect to industry, sector, issuer, geography and other risks.

Furthermore, each investment opportunity will present specific risks relevant to the industry, structure, management, and environment in which the underlying company competes. These risks cannot be fully assessed at this time and could be significant. The concentration of investments could cause a proportionately greater loss than if a larger number of investments were made.

Expedited Transactions

Investment analyses and decisions by Pendulum will in certain situations be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to Pendulum at the time of an investment decision could be limited, and Pendulum will not necessarily have access to detailed information regarding the investment opportunity. Therefore, no assurance can be given that the Firm will have knowledge of all relevant circumstances that have the potential to adversely affect an investment.

Liability Upon Disposition

In connection with the disposition of an investment, a Fund will generally be required to make representations and warranties about the business and financial affairs of the underlying portfolio company typical of those made in connection with the sale of any business. It is possible that such Fund will also be required to indemnify the purchasers of such investment to the extent that any such representations and warranties turn out to be inaccurate or misleading. Such arrangements can result in liabilities for a Fund, which have the potential to cause such Fund to recall distributions made to the investors. Under the relevant Fund Governing Documents, Pendulum is permitted to recall distributions previously made to investors, subject to certain limits specified therein.

Leverage

The companies in which the Funds invest are generally authorized to employ leverage. While investments in leveraged companies offer the opportunity for greater capital appreciation, such investments also involve a higher degree of risk, including the risk of recessions, operating variances and other general business and economic risks, as well as the other risks described within this section. In using leverage, these companies can become subject to terms and conditions that include restrictive financial and operating covenants, which would impair their ability to finance or otherwise pursue

their future operations or otherwise satisfy additional capital needs. Moreover, rising interest rates typically increase interest expense, potentially significantly, owed by such companies, which can cause losses and/or the inability to service debt levels. If a company cannot generate adequate cash flow to meet debt obligations, the relevant Fund would be expected to suffer a partial or total loss of capital invested in it.

Non-U.S. Investments

It is possible that the Funds will identify investments that are organized or have substantial sales or operations outside of the United States, its territories, and possessions. Such investments will be subject to certain additional risks due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations, the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes and possible non-U.S. tax return filing requirements applicable to such investments. Additional risks include risks of economic dislocations in the host country, less publicly available information, less well-developed regulatory institutions, and greater difficulty of enforcing legal rights in a non-U.S. jurisdiction. Moreover, there can be no guarantee that such non-U.S. companies will be subject to uniform accounting, auditing and financial reporting standards, practices, and requirements comparable to those that apply to U.S. companies. Depending on the country in which a Fund invests, or a portfolio company is located, such Fund generally incurs the risk of adverse political developments, including nationalization, confiscation without fair compensation, or war. No assurance can be made that a given political or economic climate or that particular legal or regulatory risks will not adversely affect an investment by a Fund outside of the United States.

Management of Portfolio Companies

Each Fund expects that it (or another Pendulum affiliate) will obtain rights to influence the conduct of the management of certain companies in which it invests. In such cases, a Fund can generally designate directors to serve on the boards of directors (or equivalent body) of portfolio companies. The designation of representatives and other measures contemplated could expose the assets of the relevant Fund to claims by a portfolio company, its security holders, and its creditors, including claims that such Fund is a controlling person and thus is liable for securities laws violations of a portfolio company. These measures also could result in certain liabilities in the event of the bankruptcy or reorganization of a portfolio company, could result in claims against a Fund if the designated directors violate their fiduciary or other duties to a portfolio company or fail to exercise appropriate levels of care under applicable corporate or securities laws or other legal principles and could expose such Fund to claims that it has interfered in management to the detriment of a portfolio company. While Pendulum intends to operate the Funds in a way that will minimize the exposure to these risks, the possibility of successful claims cannot be precluded.

Risks Relating to Conduct at Portfolio Companies

There can be no assurance that the Firm will be able to detect or prevent irregular accounting, employee misconduct or other fraudulent practices during the due diligence phase or during its efforts to monitor any investment on an ongoing basis. In the event of fraud by the principals, managers or affiliates of a portfolio company, the related investment can suffer a partial or total loss of capital invested in it. An additional concern is the possibility of material misrepresentation or omission on the part of the principals, managers, or affiliates of a portfolio company. Such inaccuracy or incompleteness can adversely affect the value of such investment. The Firm will rely upon the accuracy and completeness of representations made by the Funds' portfolio companies in the due diligence process to the extent reasonable, but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to a Fund by a portfolio company can be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

Third Party Co-Investments

The Funds are authorized to co-invest with third parties. This entails additional risks, such as the possibility that: (i) one or more of the Funds' co-investors might not have the financial capacity to fulfill its obligations, become bankrupt or will at any time have economic or business interests or goals that are inconsistent with those of the relevant Fund or (ii) the co-investors will be in a position to take action contrary to the Funds' objectives or best interest. In addition, Pendulum will have a conflict of interest to the extent that the interests of the Funds and the other co-investors in a co-investment cease being aligned.

Uncertainty of Financial Projections

The Funds will often rely on financial projections for investments. Projected operating results will normally be based primarily on management judgments. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained, and it is possible that actual results will vary significantly from the projections. General economic, political and market conditions, which are not predictable, can have a material adverse impact on the reliability of such projections.

Requirement for Additional Capital

Certain portfolio companies are expected to require additional capital to satisfy their working capital requirements or growth or acquisition strategies. The amount of such additional capital needed will depend upon the maturity and objectives of the particular issuer. In some cases, a portfolio company will have to raise additional capital at a price unfavorable to the existing investors, including the applicable Fund. In addition, a Fund will, in some cases, make additional investments or exercise warrants, options or convertible securities that were acquired in the initial investment in such portfolio company in order to preserve such Fund's proportionate ownership when a subsequent financing is

planned, or to protect the investment when such portfolio company's performance does not meet expectations. The availability of capital is generally a function of capital market conditions that are beyond the control of the Firm. There can be no assurance that Pendulum will be able to predict accurately the future capital requirements necessary for the success of an issuer or that additional funds will be available from the investors or any other source.

Material, Non-Public Information

There can be no guarantee that certain employees of Pendulum will not acquire confidential or material non-public information that could restrict Pendulum from initiating transactions in the securities of certain issuers. Due to these restrictions, the Funds will not necessarily be able to initiate a transaction that they otherwise might have initiated and there can be no guarantee that the Funds will be able to sell an investment that they otherwise might have sold.

Long-Term Investment

The Funds require periodic contributions of capital from their investors at any time prior to the completion of the winding up of the relevant Fund, subject only to the limitations described in the Governing Documents of such Fund. As such, an investment in a Fund requires a long-term commitment, without any certainty of a return of capital and irrespective of materially adverse changes to Pendulum or the respective Fund, general economic conditions and/or an investor's own financial situation. During this period, the business, economic, political, regulatory, consumer, and technology environment within which a Fund operates will potentially undergo substantial changes, some of which can be adverse to such Fund and/or particular investments. In particular, changes in consumer trends can occur rapidly and with little notice, and there can be no guarantee that Pendulum will be able to respond effectively to such changes over the remainder of a Fund's term. Even if the investment strategy of a Fund proves successful, it is unlikely to produce a realized return to the investors for a number of years.

Dependence on Pendulum Personnel

The Funds will depend to a significant extent upon the experience of the Firm's personnel and there can be no assurance that key personnel currently associated with Pendulum will continue to be associated with or will remain in the same roles at Pendulum generally, or in the future. In addition, there is ever-increasing competition among alternative asset firms, financial institutions, private equity firms, investment managers and other industry participants for hiring and retaining qualified investment advisory professionals. There can be no assurance that key personnel of the Firm will not be solicited by or join competitors or other firms and/or that the Firm will be able to hire and retain any new personnel that it seeks to maintain or add to its roster of professionals. The loss of the services of one or more of these individuals could have a material adverse effect on the performance of the Funds because such Funds would have a reduced capacity to develop and implement desirable investment strategies, obtain investment opportunities, capitalize upon the relationships of such individuals, structure and execute its potential investments, and manage and realize its investments.

Cybersecurity Risk

Pendulum and its affiliates, and their service providers, counterparties, and other market participants on whom they rely, as well as Fund portfolio companies, increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Funds and/or their investors, despite efforts to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity, and availability of information belonging to the Funds and/or their investors. For example, it is possible that unauthorized third parties will attempt to improperly access, modify, disrupt the operations of or prevent access to these systems (or the data they contain). Third parties can also attempt to fraudulently induce employees, customers, third-party service providers or other users of systems to disclose sensitive information in order to gain access to the applicable entities' data (including data of Fund investors). The successful penetration or circumvention of any of these systems could have material adverse effects on Pendulum, the Funds and their investors, including loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system, or costs associated with system repairs. Such incidents could cause regulatory penalties, reputational damage, additional compliance costs and financial loss.

Anti-Corruption Laws and Regulations

Economic sanction laws in the United States and other jurisdictions prohibit a Fund from transacting in certain countries and/or with certain individuals and companies. In the United States, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") administers and enforces laws, Executive Orders and regulations establishing U.S. economic and trade sanctions. Such sanctions prohibit, among other things, transactions with, and the provision of services to, certain foreign countries, territories, entities, and individuals. These entities and individuals include specially designated nationals, specially designated narcotics traffickers, and other parties subject to OFAC sanctions and embargo programs. The lists of OFAC prohibited countries, territories, persons, and entities, including the List of Specially Designated Nationals and Blocked Persons, as such list are amended from time to time, can be found on the OFAC website at www.treas.gov/ofac. In addition, certain programs administered by OFAC prohibit dealing with individuals or entities in certain countries regardless of whether such individuals or entities appear on the lists maintained by OFAC. These types of sanctions have the potential to restrict Pendulum's identification of potential investments.

In recent years, the U.S. Department of Justice, the SEC and other regulators have devoted greater resources to enforcement of the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act and similar regulations adopted by various other countries. Portfolio companies in which the Funds invest, particularly in cases where a Fund does not control such company, may engage in activities that could result in violations of applicable anticorruption or anti-bribery laws. Any determination that

Pendulum, the Funds or a portfolio company has violated the applicable anti-corruption or anti-bribery laws could subject Pendulum to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct, securities litigation and a general loss of investor confidence, any one of which could adversely affect a Fund's business prospects and/or financial position, as well as its ability to achieve investment objectives and/or conduct its operations.

Item 9 – Disciplinary Information

Like other registered investment advisers, Pendulum is required to disclose all material facts regarding any legal or disciplinary events that would materially impact an investor's evaluation of Pendulum or the integrity of Pendulum's management. Pendulum and its management persons have not been subject to any material legal or disciplinary events applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Pendulum Securities, LLC ("Pendulum Securities"), an affiliate of Pendulum, is a broker-dealer registered with the SEC and a member of the Financial Industry Regulatory Authority and permitted to conduct certain broker-dealer activities. In addition, certain employees of Pendulum are registered principals or representatives of Pendulum Securities. For a description of material conflicts of interest created by Pendulum's relationship with Pendulum Securities and how such conflicts of interest are managed, see Item 11 below.

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

Code of Ethics and Personal Trading

Pursuant to Rule 204A-1 of the Advisers Act, Pendulum has adopted a written code of ethics ("Code of Ethics") that sets forth standards of conduct expected of supervised persons and addresses personal trading and reporting of personal securities transactions, gifts and entertainment, outside business activities, and insider trading among other topics. The Code of Ethics requires all supervised persons to place Fund interests ahead of the Firm's interests and to maintain full compliance with the federal securities laws. Supervised persons for purposes of the Code of Ethics includes all employees of Pendulum, other persons occupying a similar status or performing similar functions, and other persons who provide investment advice on behalf of the Firm and are subject to the supervision and control of the Firm.

Pendulum's personal trading policies are designed to ensure that no Fund is disadvantaged by the transactions executed by a supervised person and that supervised persons do not misappropriate any benefit properly belonging to a Fund. The Code of Ethics contains several restrictions and procedures designed to mitigate the conflict of interest surrounding personal investment transactions, including pre-clearance and holding period requirements and reporting obligations. In addition, Pendulum's supervised persons are prohibited from trading, either personally or on behalf of others, in securities

while in possession of material nonpublic information regarding the issuer of the securities or communicating material nonpublic information about such issuers to others. Pendulum maintains a restricted list of issuers about which it has or may have material nonpublic information. Supervised persons are required to file certain reports and submit their brokerage account statements to the Chief Compliance Officer for review.

In addition, supervised persons are required to certify their compliance with the Code of Ethics upon hire and on an annual basis. Supervised persons who violate the Code of Ethics will be subject to remedial actions, including, but not limited to, censure, suspension, or dismissal. Supervised persons are also required to promptly report any violations of the Code of Ethics of which they become aware.

Pendulum will provide a copy of its Code of Ethics to any existing or prospective investor upon request to Kristin Scott, Pendulum's Chief Compliance Officer, at 345 North Maple Drive, Suite 160, Beverly Hills, CA 90210.

Participation or Interest in Client Transactions

Pendulum or an affiliate has sold and, if appropriate in the future, may sell all or a portion of an investment held by it or its affiliate(s) to a Fund, which is considered a principal transaction under the Advisers Act. In each such instance, Pendulum ensures that it complies with the requirements of Section 206(3) of the Advisers Act, as described in the "Other Conflicts of Interest" section below.

In addition, Pendulum or an affiliated entity may purchase securities of a company that, at the time of such purchase, does not meet the target investment size or other characteristics of an investment opportunity for a Fund, but which may at a later date become an investment opportunity for a Fund.

The employees of Pendulum will occasionally undertake investment activities for their own account and for immediate family members and, in connection therewith, can potentially give advice and recommend securities in a manner that differs from advice given to, or securities recommended or bought for, the Funds. In addition, employees are permitted to buy securities in companies offered to, but rejected by, the Funds or that are outside of the investment mandate of the Funds and not expected to become investment opportunities for the Funds. Such transactions in securities are subject to the policies and procedures outlined in Pendulum's Code of Ethics and described above.

Pendulum, its affiliates, and certain Pendulum employees and their family members have and may in the future invest in the Funds, either through the general partners of the Funds or as direct investors in the Funds. As mentioned in Item 5 above, a Fund or its general partner or Pendulum generally waives the commitment and management fees and Carried Interest related to investments in the Funds by such Pendulum affiliated persons.

Other Conflicts of Interest

The Governing Documents of each Fund include a description of what Pendulum believes to be the most significant conflicts of interest associated with an investment in that Fund. The following is a summary of such conflicts; it is not intended to be an exhaustive list of all conflicts or their potential consequences. Identifying potential conflicts of interest is complex and fact intensive and it is not possible to foresee every conflict of interest that will arise during a Fund's life. Investors should be aware that Pendulum, its personnel, and its affiliates will likely in the future engage in further activities that can result in additional conflicts of interest not addressed below. If any matter arises that Pendulum determines in its good faith constitutes an actual conflict of interest, Pendulum will take such actions as necessary or appropriate, within the context of such Fund's Governing Documents, to mitigate the conflict. There can be no assurance that Pendulum will identify or resolve all conflicts of interest and, if resolved, that such conflicts will be resolved in a manner that is favorable to the Funds. Certain conflicts of interest are also disclosed throughout this Brochure.

Other Business Activities

Pendulum's affiliates conduct other business activities and provide services (other than investment advisory services) to their own clients, and the business interests of such affiliates and/or their clients may at times conflict with the interests of Pendulum and the Funds. For example, Pendulum personnel will perform services, including operational activities, for Pendulum's affiliates and/or their clients, and while it is expected that they will devote an adequate amount of their professional time to the management of the Funds, conflicts of interest will arise with respect to allocating their time between Pendulum and the Funds, on the one hand, and the business activities of Pendulum's affiliate and/or their clients, on the other.

Other examples of conflicts include the following:

In pursuing potential investment opportunities for the Funds, Pendulum may develop relationships with companies (or their executives or other related persons) that lead to those companies (or persons) becoming clients of Pendulum's affiliates. The Funds will generally bear due diligence or other expenses (including broken deal expenses) in connection with potential investments in these companies (even if the Funds do not ultimately invest), which may be viewed as benefitting Pendulum's affiliates also. In addition, Pendulum may incur costs associated with researching specific companies, industries, and sectors as part of its due diligence on potential investment opportunities for the Funds, which may also benefit Pendulum's affiliates and their clients in the future. Although in these circumstances, Pendulum will use its judgment to determine how best to categorize any due diligence and other expenses borne by the Funds, these determinations may be difficult in practice and will in any event present conflicts of interest.

Pendulum Securities makes recommendations to potential investors to invest in the Funds. Whenever Pendulum Securities makes any such recommendation to potential investors, it discloses its relationship to Pendulum and the Funds, including the fact that it has an incentive to recommend

investments in a Fund because its affiliates (including Pendulum) will earn asset-based fees and may be entitled to performance-based compensation from those investments.

Pendulum's affiliates, including Pendulum Securities provide strategic consulting other financial services to other clients, and these services could give rise to conflicts of interest. In particular, if a Fund makes an investment in a client of a Pendulum affiliate (or any of the client's related companies), the interests of the Fund (and its investors) and those of the Pendulum affiliate (and its client) may not be aligned, giving rise to conflicts of interest. For example, Pendulum may cause a Fund to invest in a client (or a related company of a client) of Pendulum Securities for which Pendulum Securities (or an affiliate) receives compensation, including transaction-based fees (or other benefits, including through existing profits interests in the client or its related company). Furthermore, a Pendulum affiliate's relationship with its clients (and its interest in furthering and promoting those relationships for its own business goals) could influence Pendulum's decision-making as it identifies, structures, and negotiates the terms of particular investments, resulting in investment terms that could be less favorable to the Funds. Similarly, after causing its Funds to make an investment in a client of a Pendulum affiliate (or any of the client's related companies), Pendulum has incentives to avoid disposing of the investment, or pursuing remedies against the client (or its related companies), out of concern that doing so can damage its relationship with the client, which could adversely affect the Funds.

Allocation of Investment Opportunities

In connection with its investment activities, Pendulum may encounter situations in which it must determine how to allocate investment opportunities among various Funds or other persons (including, for example, individuals and entities that wish to make direct investments (*i.e.*, not through an investment vehicle) side-by-side with one or more Funds in particular transactions and/or individuals or entities acting as "co-sponsors" with Pendulum with respect to a particular transaction). Pendulum generally seeks to allocate investment opportunities among Funds in a manner that it determines is fair and equitable and consistent with its duties to the Funds under their respective Governing Documents. To determine whether and to what extent the Funds will participate in an investment opportunity, Pendulum will generally assess whether an investment opportunity is appropriate for each relevant Fund and also consider certain factors, including, but not limited to, the amount of available capital commitments of the applicable Fund(s), anticipated future capital requirements of an investment opportunity, expected time to obtain liquidity, limitations in the Governing Documents of the applicable Funds, investment guidelines, diversification guidelines, investment strategies and objectives, legal, tax and regulatory considerations, and any other factors deemed relevant by Pendulum.

Pendulum's allocation of investment opportunities among the Funds is not always, and often will not, be proportional. Therefore, such allocations have the potential to be more advantageous to one Fund relative to another Fund. While Pendulum generally seeks to allocate investment opportunities in a way that it believes in good faith is fair and equitable to each Fund, there can be no assurance that a

Fund's actual allocation of an investment opportunity, if any, or terms on which the allocation is made, will be as favorable as they would be if the potential conflicts of interest did not exist. It is Pendulum's general policy to allocate follow-on investments to the Fund that owns the applicable portfolio company to the extent it is still in its commitment or investment period and has capital available for such follow-on investment. If a follow-on investment is to be made in a portfolio company owned by more than one Fund, such follow-on investment is typically made in the same proportions as the original investment, unless Pendulum determines another proportion is appropriate, including that one Fund may not invest in the follow-on opportunity. As a result of the foregoing policies, one Fund can invest in opportunities that another Fund has declined or can decline to invest in opportunities in which another Fund has invested. Where necessary, Pendulum will consult with the investment advisory committee or equivalent committee of the applicable Funds as required by the Governing Documents of each Fund included in any such allocation.

Allocation determinations are inherently subjective and give rise to conflicts of interest due to the inherent biases in the process. For example, in allocating an investment opportunity among Funds with differing fee, expense and compensation structures, the Adviser has an incentive to allocate investment opportunities to the Funds from which the Adviser or its related persons derive, directly or indirectly, higher fees, compensation or other benefits. Pendulum will, however, be guided by its duties to its Funds and other clients and will allocate investment opportunities without consideration of (i) Pendulum's (or its affiliates' or employees') pecuniary interest; (ii) the relative fee structure or amount of fees paid by any Fund or (iii) the profitability of any Fund.

Investments in Different Parts of the Capital Structure

While Pendulum generally endeavors to select and manage investments for each Fund based on what Pendulum believes is in the best interest of that Fund, the interests of the Funds may not always be aligned, and this has the potential to create conflicts of interest. For example, where it believes that doing so is in the best interest of each of its Funds individually, Pendulum may (to the extent permitted under the Governing Documents of the relevant Funds) cause Funds to invest in different parts of the capital structure of the same issuer (for example, one Fund may invest in the senior debt or equity of an issuer in which another Fund holds junior debt securities or equity). When it structures and negotiates (or simply accepts) the terms of investments by the Funds in common issuers, Pendulum must necessarily allocate limited opportunities (including any financial "upside" associated with the issuer) among its Funds. Furthermore, in the event of an actual or threatened event involving default or reorganization, or another major event affecting an issuer in which the Funds have differing economic exposure, Pendulum may exercise creditor rights or remedies (like foreclosure), or decline to exercise those rights or remedies, or take (or omit to take) other actions (like re-financings or follow-on investments) that could benefit certain Funds over others. Although Pendulum seeks to resolve these types of conflicts in a manner that, over time and under the circumstances, is generally fair and equitable to all of the Funds, there can be no assurance that the resolution of any particular conflict will not result in adverse consequences to any particular Fund in any particular instance.

Co-investment Opportunities

Subject to the Governing Documents of the Funds, as applicable, or other specific agreements with investors, in general, (i) no investor in a Fund has a right to participate in any co-investment opportunity and investing in a Fund does not give an investor any rights, entitlements or priority to co-investment opportunities, (ii) decisions regarding whether and to whom to offer co-investment opportunities, as well as the applicable terms on which a co-investment is made, are made in the sole discretion of Pendulum, and (iii) certain persons other than investors in the Funds (including other persons with whom Pendulum maintains a relationship and other third parties, including persons Pendulum believes will provide a benefit to Pendulum, a Fund and/or one or more portfolio companies) rather than one or more investors in a Fund, may be offered co-investment opportunities, in the sole discretion of Pendulum. Pendulum may be incentivized to offer a co-investment opportunity to certain persons over others based on its economic arrangement with such persons.

Each co-investment opportunity is likely to be different and allocation of each such opportunity will be dependent upon facts and circumstances specific to that unique situation (e.g., timing, industry, size, geography, asset class, projected holding period, exit strategy and counterparty).

Pendulum may establish Co-Invest Vehicles for specific investors in order to facilitate investments by the relevant investors as co-investment parties alongside the Funds. Any such vehicle will be established at Pendulum's sole discretion and Pendulum has no obligation to offer a similar opportunity to any other investor.

Fees, Expenses and Carried Interest

In addition to investors' capital contributions up to the amount of their respective commitments, investors will be obligated to pay certain fees (e.g., the management fee and the commitment fee) and will pay certain expenses of the applicable Fund. They will also bear the Carried Interest paid to a Pendulum affiliate in connection with the respective Fund's investments.

The Governing Documents of each Fund have not been negotiated at arm's length. Because Pendulum receives fees and certain of its affiliates expect to receive Carried Interest from the Funds, Pendulum has a conflict of interest between its responsibility to manage the Funds for the benefit of the applicable Fund investors and Pendulum's interest in maximizing the fees and profits it or its affiliates will receive. The conflicts associated with such fees and Carried Interest are described further in Item 5.

Side Letters

Pendulum enters into letter agreements or other similar arrangements with one or more investors that have the effect of establishing rights under, or altering or supplementing the terms of, the relevant Fund Governing Documents or any subscription agreement. As a result of such side letters, certain investors will receive additional or different benefits that other investors will not receive. Pendulum

is not required to notify any or all of the other investors of any such side letters or any of the rights or terms or provisions thereof, nor is Pendulum required to offer such additional or different rights or terms to any or all of the other investors. Pendulum enters into side letters with any party it determines in its sole discretion. The other investors will have no recourse against a Fund, Pendulum, or any of their affiliates in the event that certain investors receive additional or different rights or terms as a result of such side letters.

Related Party Transactions, Cross Transactions and Principal Transactions

Section 206(3) of the Advisers Act provides that it is unlawful for any investment adviser, directly or indirectly “acting as principal for [its] own account, knowingly to sell any security to or purchase any security from a client, or acting as broker for a person other than such client, knowingly to effect any sale or purchase of any security for the account of such client, without disclosing to such client in writing before the completion of such transaction the capacity in which [it] is acting and obtaining the consent of the client to such transaction.” Transactions subject to the foregoing requirements are sometimes referred to as “principal trades.”

The Funds are authorized, under certain conditions to enter into transactions in which Pendulum and/or an affiliate participates or has a significant economic interest. Such related party transactions will be principal trades or any other transactions involving conflicts of interest between a Fund, on the one hand, and Pendulum or any of its affiliates on the other.

Pendulum is also authorized, to the extent permitted under applicable law, to effect client cross-transactions where Pendulum causes a transaction to be effected between clients.

Existing Relationships

Pendulum and its affiliates have long-term relationships with a significant number of individuals and companies and their respective senior management. They also have relationships with numerous potential investors and third parties. The existence and development of these relationships can influence whether or not Pendulum identifies a particular investment and, if so, the form and nature of such investment. Similarly, Pendulum and its affiliates will often take the existence and development of such relationships into consideration in providing its services to the relevant Fund. Without limiting the generality of the foregoing, there can, for example, be certain strategies involving management or realization of a Fund’s investments that Pendulum will not employ in light of these relationships.

Co-Investment, Partnership and other Joint Venture Opportunities

The Funds may enter into co-investment opportunities with third parties through partnerships, joint ventures or other similar entities or arrangements. This entails additional risks, such as the possibility that: (i) one or more of the Funds’ co-investors might not have the financial capacity to fulfill its obligations, become bankrupt or will at any time have economic or business interests or goals that are

inconsistent with those of the relevant Fund or (ii) the co-investors will be in a position to take action contrary to the Funds' objectives or best interest. In addition, Pendulum will have a conflict of interest to the extent that the interests of the Funds and the other co-investors in a co-investment, partnership or other joint venture opportunity cease being aligned.

Services provided to Portfolio Companies

Pendulum may have an incentive to recommend the products or services of clients of its affiliates, certain investors or prospective investors in the Funds, portfolio companies, or certain third parties to other portfolio companies for use or purchase, even though the products or services recommended may not necessarily be the best available to the portfolio companies.

Conflicts with Portfolio Companies

If employees of the Firm serve as directors of certain portfolio companies, in that capacity, they will be required to make decisions that they consider to be in the best interests of such portfolio companies. In certain circumstances, for example in situations involving bankruptcy or near insolvency of a portfolio company, actions that will be in the best interest of such portfolio company will not necessarily be in the best interests of the relevant Fund, and vice versa. Accordingly, in these situations, there can be a conflict of interest between such individual's duties to the Funds and such individual's duties as a director of the portfolio company.

Fund Advisory Committees

Although the advisory committee of a Fund will include representatives of investors, there is no assurance that the views of the advisory committee will be representative of the views of the investors as a whole. In addition, Pendulum as managing member, or an affiliate of Pendulum as general partner, of each Fund is authorized to alter the composition of the advisory committee by removing and filling vacancies in its sole discretion. There is no assurance that a member of the advisory committee of a Fund will, when considering matters submitted to the advisory committee, act with the interests of the investors as a whole rather than the interests of such investor. Even if the advisory committee of a Fund were to act in a manner that it believes to be in the best interests of the investors as a whole, there is no assurance that such action will be in the best interests of any particular investor under the circumstances.

Executives-in-Residence

As described in Item 5 "Fees and Expenses", Pendulum has established an Executive-in-Residence program through which Pendulum engages Executives-in-Residence to provide a variety of strategic services. Although Executives-in-Residence will generally be engaged by Pendulum (or an affiliate) and have access to Pendulum's resources, they may receive direct or indirect compensation from the Funds and/or particular portfolio companies for their services. The terms of any such compensation will not be the result of "arm's-length" negotiations, and there can be no assurance that the Funds

and/or the portfolio companies could not obtain less expensive, or superior, services from unrelated parties. Pendulum may also cause the Funds and/or particular portfolio companies to reimburse Pendulum (or an affiliate) for amounts previously paid to (or on behalf of) Executives-in-Residence in connection with their services. Any such compensation or reimbursements will not offset asset-based fees earned by Pendulum and will thus generally be borne by the Funds, either directly or through its interest in the applicable portfolio companies. Although Pendulum will only seek reimbursement if and to the extent that it determines that those services were principally for the benefit of the Funds and/or those portfolio companies, Pendulum will face a conflict of interest in making that determination.

Intangible Benefits

Pendulum and its employees receive certain intangible and/or other benefits or perquisites arising or resulting from their activities on behalf of a Fund, including benefits and other discounts provided from service providers. For example, airline travel or hotel stays incurred as Fund expenses often result in “miles” or “points” or credit in loyalty/status programs to Pendulum and/or its employees, and such rewards or amounts will exclusively benefit Pendulum and/or such employees and will not be subject to the offset arrangements or otherwise shared with such Fund, its investors, or the portfolio companies.

Products or Services Received by Pendulum from prospective and current Portfolio Companies

From time to time, certain target investment opportunities and current portfolio companies of the Funds provide Pendulum and its employees with products or services that such portfolio companies regularly produce or provide as part of their business operations at reduced rates or without charge. The receipt of such items is covered in Pendulum’s Code of Ethics.

Item 12 - Brokerage Practices

Generally, Pendulum focuses on purchases and sales of the securities of private companies through privately negotiated transactions with the prospective seller or prospective purchaser. Such transactions generally do not involve the services of a traditional broker or dealer as is customary in the transaction of registered securities. However, Pendulum may, on occasion, engage the services of a broker-dealer or investment banker in connection with the sale of publicly-traded securities or the securities of a particular portfolio company in a privately negotiated transaction.

To the extent Pendulum selects a broker-dealer or investment banker for a private or public securities transaction, it will seek to achieve the best overall execution terms available to effect the transaction expeditiously and on terms most favorable to the applicable Fund. In determining best execution, Pendulum will consider a variety of factors, which will not be limited solely to ultimate deal price. Such factors will include: Pendulum’s prior experience in working with the broker-dealer or investment banker; the broker-dealer’s or investment banker’s execution capability, financial responsibility, reputation and expertise within the industry; the broker-dealer’s or investment banker’s

responsiveness to the Firm; the broker-dealer's or investment banker's expertise in dealing with investments that are restrictive or illiquid in nature; the type and size of the transaction involved; the value of any research services provided; and the commission rates, among other factors.

Although Pendulum generally seeks competitive commission rates, it will not necessarily pay the lowest commission or commission equivalent, especially in private securities transactions that rely heavily on the specialty services or experience of a broker-dealer or investment banker that operate outside of a competitive bidding environment. Transactions that involve such specialized services on the part of the broker-dealer or investment banker can thereby entail higher commissions, or their equivalents, than would be the case with other transactions requiring more routine services.

Pendulum does not receive research or other soft dollar benefits in connection with securities transactions for the Funds, does not receive investor referrals in connection with selecting or recommending broker-dealers for the Funds and does not engage in directed brokerage.

If two or more Funds own the same public securities, Pendulum may aggregate transactions in such securities if it determines that aggregation would be beneficial to achieve more efficient execution or to provide for equitable treatment among Funds. It is expected that Funds participating in aggregated trades would be allocated their share based on the average price achieved for such trades and that aggregated trades generally would be allocated among the Funds pro rata based on their relative commitments, subject to the Fund's applicable investment objectives, strategies, and other guidelines.

See Other Conflicts of Interest in Item 11 for discussion regarding conflicts of interest surrounding allocation of investment opportunities, investments in different parts of the capital structure, and allocation of co-investment opportunities.

Item 13 - Review of Accounts

Oversight and Monitoring

The investment portfolios of each Fund are generally private, illiquid, and long-term in nature and, accordingly, Pendulum's review of them is not directed toward a short-term decision to dispose of securities. Decisions as to when to purchase or sell a portfolio company are made by the Firm's investment committee. Pendulum closely monitors the portfolio companies of its Funds and it is not uncommon for the relevant investment professionals to be in regular contact with the portfolio company's senior management team. A Fund's portfolio (including individual portfolio company performance) is reviewed on an on-going basis by a team of investment professionals which includes senior members of Pendulum's management team. Such reviews occur through regular meetings, held no less frequently than quarterly, and may also be triggered by, among other factors, changing market conditions or news concerning specific portfolio companies.

Reporting

Pendulum does not provide reports to the Funds. Instead, it provides to the investors in its Funds the following reports as generally required by each Fund's Governing Documents: (i) unaudited quarterly financial statements for each fiscal year; (ii) audited annual financial statements, prepared in accordance with United States generally accepted accounting principles ("GAAP") accompanied by a report of its independent certified public accountants, within 120 days of calendar year-end; (iii) quarterly capital account statements for each investor and (iv) annual tax filing and reporting (K-1s). Additionally, the Firm provides an informal quarterly report with respect to a Fund's investments and its returns. The Firm also has contact with investors (e.g., personal visits, video conference, telephone, and email) throughout the year as requested and as conditions warrant.

Item 14 - Client Referrals and Other Compensation

Pendulum has entered into and may in the future enter into arrangements pursuant to which Pendulum compensates other persons or entities for referring clients or investors to Pendulum, including arrangements for placement agent services with other persons or entities (including Pendulum Securities) for the offering of interests in a Fund. To the extent required by applicable law or Pendulum's internal procedures, Pendulum will only enter into such an arrangement if the client/investor is aware of the arrangement, and the arrangement is in compliance with applicable rules and regulations.

Item 15 - Custody

Pendulum is deemed to have custody of the Funds' assets under Rule 206(4)-2 promulgated under the Advisers Act (the "Custody Rule"). In order to comply with the requirements of the Custody Rule, the Funds undergo an annual GAAP financial statement audit by an independent public accountant registered with and subject to examination by the Public Company Accounting Oversight Board, copies of which are, or will be, delivered to the Funds and their respective investors within 120 days of fiscal year end. In addition, upon the final liquidation of a Fund, Pendulum will obtain a final audit and distribute such audited financial statements prepared in accordance with GAAP to all underlying investors promptly upon completion of the audit. Investors are encouraged to carefully review such financial statements.

Item 16 – Investment Discretion

Pendulum exercises complete discretionary authority to manage investments on behalf of the Funds as per the Governing Documents of each Fund. Investment advice is provided directly to the Funds and not to investors in the Funds individually. To become an investor in a Fund, an investor must execute, among other Governing Documents, a subscription agreement and a limited partnership agreement (or similar agreement) with such Fund. Such Governing Documents generally contain a power of attorney that grants Pendulum certain powers related to the orderly administration of the affairs of the Funds. Once an investor executes these Governing Documents, with limited exceptions

as discussed elsewhere in this Brochure, Pendulum is not required to obtain the consent of such investor prior to transacting business in a Fund.

An investor can seek to impose limitations on Pendulum's authority through a side letter agreement, and the Firm can choose to accept reasonable limitations or restrictions at its discretion.

Item 17 - Voting Client Securities

By virtue of the applicable Governing Documents, Pendulum has the authority to vote proxy statements on behalf of the Funds. The majority of "proxies" received by Pendulum, however, are written shareholder consents or similar instruments for private companies owned by the Funds. As such, Pendulum has adopted proxy voting policies and procedures pursuant to Rule 206(4)-6 promulgated under the Advisers Act. Pendulum's proxy voting policy seeks to ensure that it votes proxies in the best interest of the Funds, including where there are material conflicts of interest in voting proxies. Pendulum generally believe its interests are aligned with those of the Funds' investors through Pendulum's employees' beneficial ownership interests in the Funds. However, in the event there is a conflict of interest in voting proxies, Pendulum's proxy voting policy provides that the Firm can address the conflict using several alternatives, including by seeking the approval or concurrence of the investment advisory committee of the respective Fund on the proposed proxy vote, or through other alternatives as set forth in Pendulum's proxy voting policy. Investors in the Funds cannot direct how Pendulum votes proxies or shareholder consents, nor is Pendulum required to seek investor approval or direction from investors when voting proxies or when giving consent on any matter requiring the consent of shareholders.

Firm employees will in some cases sit on the boards of portfolio companies and, as such, have a vote with respect to various issues faced by the portfolio companies. Pendulum does not consider service on portfolio company boards by the aforementioned persons to create a material conflict of interest in voting proxies with respect to such companies.

Pendulum will provide a copy of its proxy voting policy to investors upon request to Kristin Scott, Chief Compliance Officer, at 345 North Maple Drive, Suite 160, Beverly Hills, CA 90210. Investors can also obtain information from the Firm, free of charge, about how Pendulum voted previous proxies, if any.

Item 18 - Financial Information

Pendulum does not require or solicit prepayment of more than \$1,200 in fees per Fund, six months or more in advance; has no financial condition that is reasonably likely to impair its ability to meet contractual commitments to Funds or investors; and has not been the subject of a bankruptcy proceeding.