

**ITEM 1: COVER PAGE**



700 Newport Center Drive, 3<sup>rd</sup> floor  
Newport Beach, CA 92660  
+1 (949) 219-3233

**Brochure**  
Part 2A of Form ADV

**Updated: December 13, 2023**

This Brochure provides information about the qualifications and business practices of Pacific Life Fund Advisors LLC ("PLFA"). If you have any questions about the contents of this Brochure, please contact PLFA at (949) 219-3233. 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.

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

Additional information about PLFA is also available on the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ITEM 2: MATERIAL CHANGES**

Material changes are described in this section.

### *Important Note about this Brochure*

This Brochure is not:

- ***An offer or agreement to provide advisory services to any person;***
- ***An offer to sell interests (or a solicitation of an offer to purchase interests) in any U.S. open-ended mutual funds registered under the Investment Company Act of 1940 or private investment fund (each a “Pooled Fund” or “Fund”);***
- ***A complete discussion of the features, risks or conflicts associated with any Pooled Fund or advisory service.***

*As required by the Investment Advisers Act of 1940, as amended (“Advisers Act”), PLFA provides this Brochure to current and prospective clients and may also, in its discretion, provide this Brochure to current or prospective investors in the Private Fund, together with other relevant documents applicable thereto including but not limited to a Fund’s organizational and offering documents (“Governing Documents”), prior to, or in connection with, such persons’ investment in the related Fund. Additionally, this Brochure is available through the SEC’s Investment Adviser Public Disclosure website.*

*Although this publicly available Brochure describes investment advisory services and products of PLFA, persons who receive this Brochure (whether or not from PLFA) should be aware that it is designed solely to provide information about PLFA as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure differs from information provided in a Fund’s Governing Documents. More complete information about each Fund is included in the Governing Documents, certain of which are provided to current and eligible prospective investors only by PLFA or by persons authorized to communicate with current or potential eligible investors by or on behalf of PLFA. No offer or solicitation for an investment in a Fund advised by PLFA will be made before the delivery of the relevant Governing Documents to potential investors who should read them carefully and consult with their tax, legal and financial advisors before making any investment decision. To the extent that there is any conflict between discussions herein and similar or related discussions in any such Governing Documents, such Governing Documents shall govern and control.*

*This Brochure is intended for delivery only to Private Fund clients for which PLFA provides investment advisory services (and, as applicable, Investors of such Private Funds, as such term is defined in Item 7). This Brochure is not intended for Mutual Fund advisory clients.*

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#### **ITEM 4: ADVISORY BUSINESS**

PLFA is a Delaware limited liability company that began operations on May 1, 2007. PLFA is a SEC registered investment adviser and also is registered with the Commodity Futures Trading Commission as a commodity pool operator and is a member of the National Futures Association. PLFA is a direct subsidiary of Pacific Life Insurance Company (“Pacific Life”) and an indirect, wholly owned subsidiary of Pacific Mutual Holding Company, the ultimate parent company of the Pacific Life group of companies. PLFA provides discretionary investment advisory services to various products and/or investment vehicles as described below.

***Assets Under Management.*** As of October 31, 2023, PLFA had \$36,112,608,627 in assets under management. All assets were managed on a discretionary basis.

***Types of Advisory Services:***

PLFA’s advisory services are offered to the following types of products and/or investment vehicles:

- U.S. open-ended mutual funds (“Mutual Funds”) registered under the Investment Company Act of 1940 (the “Investment Company Act”); and
- A private investment fund that is being offered pursuant to Regulation D of the Securities Act of 1933 and excluded from the investment company definition under Sections 3(c)(5) and/or 3(c)(7) of the Investment Company Act (the “Private Fund”) (Mutual Funds and the Private Fund may be referred to collectively herein as “Pooled Funds”).

PLFA is engaged in the business of managing or advising certain affiliated and non-affiliated Pooled Funds. In certain circumstances, PLFA provides both investment advisory services and administrative services to Pooled Funds. Investment advisory services typically include the selection of securities, the placement of orders for the purchase and sale of securities, and/or the engagement and monitoring of one or more affiliated or unaffiliated sub-adviser(s). Complete information concerning each Pooled Fund that PLFA advises, including fees, risks and conflicts, is disclosed in the offering materials for the applicable Pooled Fund.

In its role as investment adviser, PLFA generally has discretionary authority to determine which investments are bought and sold and the amounts of such investments that are appropriate for each client. PLFA, subject to the review and/or approval of a Mutual Fund’s Board of Trustees (“Board”) or the Private Fund’s General Partner, could either (1) directly manage an affiliated Pooled Fund itself; (2) delegate investment discretion of all or a part of an affiliated Pooled Fund to other investment management firms as sub-advisers (“Sub-Advisers”) and will oversee the investment management of a Pooled Fund by a Sub-Adviser (a “manager of managers” structure); or (3) manage assets of a Pooled Fund as a Sub-Adviser to unaffiliated third-party institutions.

In its role as a manager of managers to affiliated Pooled Funds, PLFA, subject to the review of the Board or General Partner, monitors the performance of these Sub-Advisers and recommends their hiring, termination and/or replacement. PLFA conducts due diligence on Sub-Advisers to evaluate their investment processes, adherence to investment styles, strategies and techniques, and other factors that may be relevant to the services provided to the Pooled Funds. PLFA also provides services related to, among others, the valuation of Pooled Fund securities, compliance, risk management and oversight of trade execution.

In its role of oversight of the investment program of the Pooled Funds, PLFA furnishes to the Board or General Partner (which has overall responsibility for the business and affairs of a Mutual Fund or the Private Fund, respectively) periodic reports on the investment performance of each Pooled Fund.

The Private Fund that PLFA advises generally employs a manager of managers structure such that PLFA

typically does not directly transact in or offer advice on specific investments to the Private Fund.

PLFA may develop new advisory services in the future that could differ materially from those described in this Brochure, in which case PLFA will amend this Brochure to provide the applicable information and disclosures.

## **ITEM 5: FEES AND COMPENSATION**

The current advisory fees charged by PLFA for its advisory services to the Private Fund are described below. Fees can be negotiated based on various parameters, including the type of account to be managed, the investment strategy and other factors on a per-client basis. PLFA reserves the right to reduce or waive its advisory or management fee for any of its investment strategies or on any account. Fees are generally calculated monthly as an annualized percentage of the total asset value of the Private Fund and are typically billed monthly in arrears. However, other arrangements could be negotiated at PLFA's discretion. In the event of account termination, fees paid in advance to PLFA, if any, will be *pro-rated* to the date of termination specified in the notice of termination or otherwise stated in the advisory agreement, and any unearned portion thereof will be refunded to the client.

### **I. Advisory Fees.**

The Private Fund advised by PLFA compensates PLFA for its services pursuant to a written investment advisory agreement that was negotiated with and approved by the Private Fund's General Partner. Management fees are calculated separately for the Private Fund. Any compensation for services of Sub-Advisers engaged by PLFA are paid directly by PLFA out of the advisory fee PLFA receives from the Private Fund.

### **II. Other Fees and Expenses.**

In addition to PLFA's advisory fees, the Private Fund generally also pay (usually on a *pro rata* basis), and their Investors (as defined in Item 7, below) bear, certain other expenses relating to its business and affairs, including, without limitation: (i) investment-related expenses whether relating to investments that are consummated or unconsummated; clearing and settlement charges; interest expenses; other brokerage related expenses (e.g., brokerage commissions), including expenses related to the purchase, monitoring, sale, and settlement of Private Fund assets; and taxes (whether imposed through withholding or otherwise) and related interest, penalties and other charges. Any such taxes and related interest, penalties and other charges that are attributable to a limited partner will be specially allocated to that limited partner. The Private Fund will also bear expenses for extraordinary matters such as litigation expenses, indemnification expenses, liquidation expenses, reorganization expenses, and other expenses not incurred in the ordinary course of the Fund's business, if any as provided in the Private Fund's Governing Documents. Some of these additional fees and expenses could be payable to PLFA or entities affiliated with PLFA as compensation for services rendered. The expenses to which the Private Fund will be subject could be substantial and could decrease returns realized by its limited partners or investors. Further, limited partners and prospective investors should note that the Advisory Fees payable to PLFA are based in part upon unrealized gains (as well as unrealized losses), and that such unrealized gains and losses may never be realized by the Private Fund. Please refer to the Private Fund's offering documents for a more detailed description of all applicable fees and expenses.

Most fixed income instruments trade at a bid/ask spread and without an explicit brokerage charge. Accordingly, while there is not a formal trading expense, clients will bear the implicit trading costs reflected in those spreads. Please see Item 12 for further discussion of brokerage practices.

## **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

PLFA does not receive performance-based fees for advisory services provided to any of its clients.

## **ITEM 7: TYPES OF CLIENTS**

As described in Item 4 above, PLFA's clients are currently limited to the Mutual Funds and the Private Fund.

For the Private Fund, among other eligibility considerations, each current or prospective investor will generally be limited to U.S. persons who are (i) "accredited investors" as that term is defined under Rule 501(a) of Regulation D of the Securities Act of 1933, (ii) "qualified purchasers" as that is defined in Section 2(a)(51)(A) of the Investment Company Act of 1940, (iii) a "knowledgeable employee" as defined in Rule 3c-5 under the Investment Company Act of 1940; or (iv) otherwise meets the investor eligibility requirements as set forth in the Private Fund's Governing Documents. PLFA anticipates that the investors of the Private Fund will be comprised of a broad range of U.S. institutional investors, including, among others, governmental and corporate pension and profit sharing plans (including investors regulated under ERISA), endowments and foundations, insurance companies, financial institutions, sovereign wealth funds, private wealth and other third-party distribution platforms, and certain high net worth individuals (including trusts, estates, 401(k) plans and IRAs of such individuals or their family members) and family offices.

Currently PLFA does not require Private Fund clients to have a minimum account size or impose maintenance requirements to provide its investment advisory services. However, the Private Fund will often require that a shareholder, member or limited partner (each an "Investor") meet minimum investment requirements and ongoing maintenance requirements to invest in the Private Fund. Any such minimum investment requirements are disclosed in the Private Fund offering documents.

## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

The following is a summary of the investment strategies and methods of analysis employed by PLFA in advising the Private Fund and certain related risks. It is not possible in the context of this Brochure to describe all investment strategies and risks; as a result, this summary should not in any way be viewed as limiting PLFA's investment activities. Specific descriptions of the Private Fund's strategies and methods are included in the relevant Governing Documents. All investments carry a risk of loss that the Private Fund and its Investors clients should be prepared to bear. There can be no assurance that the investment objectives of the Private Fund will be achieved.

The Private Fund's investment mandates can serve to limit the Private Fund to pursuing only certain types of investments, and in most cases the Private Fund will not be broadly diversified and are generally not intended to provide a complete investment program for any Investor. Participation in the Private Fund is appropriate only for investors who have knowledge and expertise in financial and business matters and are capable of evaluating the merits and risks of an investment. The Private Fund is often highly speculative and involves the risk of total loss of an Investor's investment. As a result, PLFA expects that no Investor will invest all of its assets in a Pooled Fund. Investors are responsible for appropriately diversifying their assets to guard against the risk of loss.

### ***Manager of Managers***

As a manager of managers, PLFA does not directly offer advice on specific investments to the Private Fund. Instead, PLFA contracts with, monitors and oversees the Sub-Adviser(s) who, in turn provide day-to-day discretionary investment management services to the Private Fund. In providing such services, a Sub-Adviser determines the method and timing of the acquisition and disposition of securities for the Private Fund, performs a security analysis and determines the methods of analysis. The Sub-Adviser uses investment strategies it determines to be appropriate, subject to supervision by PLFA and the General Partner, if applicable, to achieve the investment objectives set forth in the investment guidelines of the Private Fund private placement memorandum ("PPM").

## ***I. Sub-Adviser Initial Selection and On-going Oversight Process***

PLFA, as adviser to the Private Fund, is responsible for (1) recommending to the General Partner the initial hiring of Sub-Advisers, (2) the on-going oversight of Sub-Advisers, and (3) recommending a change or termination of Sub-Advisers if and when appropriate. As adviser to the Private Fund, PLFA has a fiduciary duty to act in the best interests of the Private Fund and their respective shareholders and limited partners.

### ***Initial Hiring of Sub-Advisers***

When engaging in the initial selection of a Sub-Adviser (whether or not the Sub-Adviser is affiliated or unaffiliated with PLFA) to the Private Fund, PLFA's recommendation to the General Partner to hire a Sub-Adviser will generally be based on PLFA's assessment of such Sub-Adviser's expertise and experience in managing the specific strategy sought by the Private Fund (for which there can often be a limited universe of potential sub-advisory firm candidates). PLFA can also consider in its decision-making process, the past experiences and relationships of the Sub-Adviser working with PLFA or one of its affiliates. PLFA could also seek input from its compliance team and/or its Chief Compliance Officer ("CCO") regarding appropriateness of a Sub-Adviser's compliance program and operational processes. The initial selection of a Sub-Adviser to the Private Fund will not always involve a formal search process with review and consideration of multiple sub-advisory candidates. Instead, the Private Fund could be formed based upon a particular firm's investment strategy as sought by the General Partner, thereby eliminating the need to conduct a wide and extensive search for a Sub-Adviser to the Private Fund. Regardless of the selection process, PLFA will conduct a formal review and evaluation of the Sub-Adviser, including an examination of its personnel and investment strategy to ensure that the hiring of the Sub-Adviser is in the best interest of the Private Fund and that the Sub-Adviser has the capacity to manage the Private Fund in accordance with the Fund's stated investment objectives.

### ***On-Going Oversight of a Sub-Adviser***

PLFA's oversight of a Sub-Adviser, includes a review of the following factors:

1. Performance – an analysis of the Sub-Adviser's short-term and longer-term performance relative to its peers, if any, and/or to the applicable benchmark of the Private Fund's strategy;
2. Investment and Risk Management Processes – evaluation of the investment process and process consistency of the Private Fund, attribution analysis of the Private Fund, the Sub-Adviser's risk management policies and procedures, and the Sub-Adviser's use of derivatives and other complex strategies, if applicable;
3. Investment Professionals/Expertise/Depth – evaluation of key management and staff organization, which may include on-site due diligence visits with the Sub-Adviser and its management team.
4. Other – PLFA can also consider other qualitative and quantitative measures of a Sub-Adviser as PLFA deems relevant and appropriate.

### ***Recommendation to Change or Terminate a Sub-Adviser***

PLFA expects to recommend a change in or termination of a Sub-Adviser where, based on its analysis, a change or termination of a Sub-Adviser would be in the best interest of the Private Fund and its Investors. PLFA also considers the length of time the Sub-Adviser has underperformed (if applicable), changes in management personnel, the Sub-Adviser's investment style and steps taken (or to be taken) by the Sub-Adviser to improve performance and such other factors as it deems relevant and appropriate. In making a decision to recommend terminating or changing a Sub-Adviser, PLFA also considers the transition



management costs (commissions or other costs associated with repositioning the Private Fund's holdings for a new Sub-Adviser) and the impact such costs will have on the shareholders or limited partners. Recommendations to change or terminate a Sub-Adviser must be approved by the General Partner.

## ***II. Investment Strategies.***

PLFA's Private Fund investment strategies are currently focused on investment grade trade receivables ("Investment Grade Trade Receivables Strategy"). In the future, PLFA could add strategies, undertake custom strategies, remove strategies or modify any of the strategies it employs. There can be no assurances that the objectives associated with any strategy will be met.

The Investment Grade Trade Receivables Strategy seeks to generate steady returns through selective investment in trade finance securities, specifically non-financial buyer-confirmed trade receivables, as well as other non-financial corporate obligations such as commercial paper and bonds. The strategy generally will invest at least 55% of a client account's net assets in buyer-confirmed trade receivables. "Buyer-Confirmed Trade Receivables" are non-financial corporate receivables that have been purchased from suppliers to an obligor that have waived rights of set off to their suppliers' trade receivables, as well as acknowledging the sale of its payables in various ways. The Private Fund's Investment Grade Trade Receivables Strategy will generally require that at least 55% of the fund's assets consist of investments that are consistent with SEC Staff guidance under Section 3(c)(5) of the 1940 Act, which can have the effect of constraining the Private Fund's freedom of action to buy or sell investments at a time where doing so might be advantageous.

### ***Investment Strategy and Client Account Risks.***

The investment strategy and client account specific risk factors discussed below provide a description of the nature of various risks to which a client may be exposed as a result of pursuing the Investment Grade Trade Receivables Strategy managed by PLFA. Investors are likely to be exposed to additional risks not described herein. The following list of risks factors do not purport to be a complete enumeration or explanation of the risks involved in an investment in any or all of the strategies of PLFA. Current and prospective clients or Investors are advised to review the most current offering documents or PPM for a complete and in-depth description of the applicable investment strategies, objectives and risks.

### **Risk of Loss of Investment**

Risk of Loss – Investing in the Private Fund involves risk of loss that clients should be prepared to bear. Many factors affect performance, and past performance does not guarantee futures results. Share prices of the Private Fund are expected to fluctuate and investors could lose money by investing in such funds. Like portfolio managers of all investment funds, there is no assurance that any of the Sub-Advisers will achieve the Fund's investment objective, and a Fund's investment strategy will not necessarily produce the intended results.

### **Structure and Liquidity Risks**

General Liquidity Risks - Liquidity is important to the Private Fund's business. Under certain market conditions, such as during volatile markets or when trading in a security or market is otherwise impaired, the liquidity of the Private Fund's portfolio positions is likely to be reduced. In addition, the Private Fund can from time to time hold large positions with respect to a specific type of financial instrument, which will often further reduce the Private Fund's liquidity. During times, of limited liquidity, the Private Fund could be unable to dispose of certain financial instruments, including longer-term financial instruments, which would adversely affect its ability to rebalance its portfolio holdings or to meet withdrawal requests or need to dispose of more liquid investments to meet its liquidity needs, even if it would be disadvantageous to the Private Fund to do so at that particular time. In either case, such circumstances could force the Private Fund

to dispose of financial instruments at reduced prices, thereby adversely affecting its performance. If there are other market participants seeking to dispose of similar financial instruments at the same time, the Private Fund might be unable to sell such financial instruments or prevent losses relating to such financial instruments. Furthermore, if the Private Fund incurs substantial trading losses, the need for liquidity could rise sharply while its access to liquidity could be impaired. In addition, in conjunction with a market downturn, the Private Fund's counterparties and intermediaries could incur losses of their own, thereby weakening their financial condition and increasing the Fund's credit risk to them.

## **Operational Risks**

Cybersecurity Risk - Cybersecurity breaches could occur allowing an unauthorized party to gain access to assets of the Private Fund, Investor data, or proprietary information, or that cause the Private Fund, PLFA, the Sub-Adviser(s), or other service providers to suffer data corruption or lose operational functionality. Intentional cybersecurity breaches which include unauthorized access to systems, networks, or devices (such as through "hacking" activity); infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. In addition, unintentional incidents can occur, such as the inadvertent release of confidential information (possibly resulting in the violation of applicable privacy laws). A cybersecurity breach could result in the loss or theft of Investor 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 the Private Fund, PLFA, the Sub-Adviser(s), or other service providers to incur regulatory penalties, reputational damage, additional compliance costs, or financial loss. Consequently, Investors could lose some or all of their invested capital. In addition, such incidents could affect issuers in which the Private Fund invests, and thereby cause the Private Fund's investments to lose value, as a result of which investors, including the Private Fund and its Investors, could potentially lose all or a portion of their investment with that issuer.

Dependence on Sub-Adviser - The success of the Private Fund is significantly dependent upon the ability of the Sub-Adviser(s) to develop and effectively implement the Private Fund's investment objective. Where PLFA has contracted with and oversees the management of Sub-Advisers that provide investment management services to the Private Fund, the Private Fund relies entirely on the Sub-Advisers to make appropriate investments and investment decisions for the Private Fund on an ongoing basis. The Sub-Advisers are dependent upon the expertise of certain key personnel. If the Private Fund were to lose the services of a Sub-Adviser, or the Sub-Adviser was to lose certain key personnel, the Private Fund could be adversely affected.

## **General Risks Relating to the Investment Strategy**

Necessity for Counterparty and Intermediary Trading Relationships; Counterparty Risk - In utilizing the Trade Receivables Strategy, the Private Fund expects to establish relationships to obtain transactional intermediation that permit the Private Fund to trade in certain instruments, markets or asset classes over time; however, there can be no assurance that the Private Fund will be able to establish or maintain such relationships. An inability to establish or maintain such relationships would potentially limit the Private Fund's trading activities and could create losses, preclude the Private Fund from engaging in certain transactions and prevent the Private Fund from trading at optimal rates and terms.

Some of the markets in which the Private Fund effect transactions are not "exchange-based", including "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to the credit evaluation and regulatory oversight to which members of "exchange-based" markets are subject. The lack of evaluation and oversight of over-the-counter markets exposes the Private Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Private

Fund to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events could intervene to prevent settlement, or where the Private Fund has concentrated its transactions with a single or small group of counterparties. Generally, the Private Fund will not be restricted from dealing with any particular counterparties. It is possible that the Sub-Adviser’s evaluation of the creditworthiness of their counterparties will not prove sufficient. The lack of a complete and “foolproof” evaluation of the financial capabilities of the Private Fund’s counterparties and the absence of a regulated market to facilitate settlement could increase the potential for losses by the Private Fund.

The issuer of instruments in which the Private Fund invests could be unable to meet interest and/or principal payments, thereby causing its instruments to decrease in value and lowering the issuer’s credit rating. Over-the-counter derivatives are subject to counterparty risk, which is the risk that the counterparty or futures commission merchant will not fulfill its contractual obligation to complete the transaction with the Fund. To reduce credit risk and counterparty risk, the Sub-Adviser seeks to place the trades through an established exchange market whenever possible. In situations where the Private Fund enters into derivative transaction over-the-counter, the Sub-Adviser only enters into such transactions with approved counterparties that have been evaluated by the Sub-Adviser, but there can be no assurance that even a well-capitalized counterparty will not default on its obligations. In the event counterparties are unable to perform their obligations, substantial assets of the Private Fund could be at risk.

Use of Systems Risks Relating to the Investment Strategy – PLFA and the Sub-Advisers rely extensively on the use of computer systems, hardware, software, and telecommunications equipment. PLFA and the Sub-Adviser(s) each make use of their own proprietary systems as well as systems which are publicly available or provided by third parties. Accordingly, the Private Fund is exposed to the risk that computer hardware, software, electronic equipment and other services used by PLFA and the Sub-Adviser(s) may cease to be available, for example due to the insolvency of the provider or the discontinuation of services or software updates. In such circumstances, PLFA or the Sub-Adviser(s) would seek to obtain equivalent hardware, software and services from an alternative supplier.

System Failure Risks Relating to the Investment Strategy - As PLFA and the Sub-Adviser(s) make extensive use of computer hardware, systems and software, the Private Fund is exposed to risks caused by failures of IT infrastructure and data. In addition, outright failure of the underlying hardware, operating system, software or network, could leave the Private Fund unable to trade either generally or in certain of its strategies, and this could expose it to risk should the outage coincide with turbulent market conditions. To ameliorate this risk, backup and failover plans have been put in place by PLFA and the Sub-Advisers. Nevertheless, in the worst case, PLFA and/or the Sub-Adviser(s) could be required to liquidate the Private Fund’s entire portfolio in viewing such liquidation as the only safe way to proceed should a crippling system outage occur.

Execution of Orders Risks Relating to the Investment Strategy – The Private Fund’s trading strategy depends on its ability to establish and maintain an overall market position in a combination of financial instruments selected by PLFA or the Sub-Advisers. The Private Fund’s trading orders will not necessarily be executed in a timely and efficient manner due to various circumstances, including, without limitation, systems failures or human error attributable to the Private Fund, its brokers, agents or other service providers. In such event, the Private Fund might only be able to acquire some, but not all, of the components of such position, or if the overall position were to need adjustment, the Private Fund might not be able to make such adjustment. As a result, the Private Fund would not be able to achieve the market position selected by PLFA or the Sub-Adviser(s) and might incur a loss in liquidating its position.

Economic and Market Conditions Risks Relating to the Investment Strategy - The success of the Private Fund’s activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Private Fund’s investments), trade barriers, currency exchange controls, sovereign economic activity and financial regulation, and national and global events (including wars, pandemics, natural disasters, terrorist acts or security operations). These factors can affect the level and volatility of financial

instruments' prices and the liquidity of the Private Fund's investments. Volatility or illiquidity could impair the Fund's profitability or result in losses. The Private Fund could maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets — the larger the positions, the greater the potential for loss. The economies of foreign countries including the European Union and Japan could differ favorably or unfavorably from the U.S. economy in such respects as growth of gross domestic product, rate of inflation, currency depreciation, asset reinvestment, resource self-sufficiency and balance of payments position. Further, certain foreign economies are heavily dependent upon international trade and, accordingly, have been and could continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. The economies of certain foreign countries could be based, predominantly, on only a few industries and could be vulnerable to changes in trade conditions and thereby have higher levels of debt or inflation. The Private Fund could also be negatively affected if the operations and effectiveness of PLFA and its affiliates, the Sub-Adviser, obligors, and counterparties, or their service providers, are compromised or if necessary or beneficial systems and processes are disrupted.

Illiquid Positions Risks Relating to the Investment Strategy – The Private Fund utilizing the Investment Grade Trade Receivables Strategy can take positions in restricted, as well as thinly-traded, instruments and securities. There may be no trading market for these securities, and the Private Fund might only be able to liquidate these positions, if at all, at disadvantageous prices. As a result, the Private Fund may be required to hold such securities despite adverse price movements.

Investing in Financial Instruments Risks Relating to the Investment Strategy - Any investment in financial instruments carries certain market risks. An investment in the Private Fund is highly speculative and involves a high degree of risk due to the nature of the Private Fund's investments and the investment and trading strategies to be employed. An investment in the Private Fund should not in itself be considered a balanced investment program. Investors should be able to withstand the loss of their entire investment. All investments in financial instruments risk the loss of capital. No guarantee or representation is made that the Private Fund's investment program will be successful. The investment program will involve, without limitation, risks associated with possible limited diversification, economic leverage, volatility, credit deterioration or default risks, systems risks and other risks inherent in the Private Fund's activities. Certain investment techniques of the Private Fund can, in certain circumstances, magnify the impact of adverse market moves to which the Private Fund could be subject. In addition, the Private Fund's investment in financial instruments can be materially affected by conditions in the financial markets and overall economic conditions occurring globally and in particular countries or markets where the Fund can invest its assets.

Private Fund's method of minimizing such risks may not accurately predict future risk exposures - Risk management techniques are based in part on the observation of historical market behavior, which will not necessarily predict market divergences that are larger than historical indicators. Also, information used to manage risks will not necessarily be accurate, complete or current, and such information can be misinterpreted.

### **Asset Class Summary and Risks**

An Investor should be aware that it may lose all or part of its investment in the Private Fund - All investments involve the risk of loss of capital. PLFA and/or the Sub-Adviser(s) believe that the Private Fund's investment program and research techniques moderate this risk through a careful selection of securities, the use of hedging transactions, where appropriate, and other risk mitigation techniques. However, no guarantee or representation is made that the Private Fund's investment program will be successful. The Private Fund's investment program may utilize such investment techniques as option transactions, margin transactions, short sales, limited diversification, leverage and forward contracts. To the extent that such transactions are employed, they have, in certain circumstances, the potential to magnify the adverse impact to which the Private Fund's portfolio could be subject. Investors should not rely on or expect the General Partner, PLFA, Sub-Adviser(s) or any of their respective affiliates or members to purchase distressed assets from the Private

Fund, make capital infusions into the Private Fund, or enter into capital support agreements with the Private Fund.

**Trade Receivables Risk** - The success of each investment relies upon the obligor to pay in full and on time. To the extent that a payment is not made, or is made earlier or later than expected, the performance of the Private Fund could suffer. The reasons for a payment not being made by the obligor include error, omission, lack of diligence, fraud by the officers of the obligor, default or insolvency of the obligor, disruption, insurrection, Act of God, etc. Trade receivable securities are also subject to pre-payment risk, discussed in greater detail under the “Debt Securities Risk” sub-section below. Trade receivable securities generally are not listed on any national securities exchange or automated quotation system and no active trading market exists. As a result, these investments could be less liquid, meaning the Private Fund will not necessarily be able to sell them quickly at a fair price. The market could be disrupted in the event of an economic downturn or a substantial increase or decrease in interest rates or corporate events or scandals affecting the obligor. Extraordinary events could disrupt the market for the securities. The securities will not necessarily be held by large numbers of investors which may further limit their liquidity.

**Debt Securities Risk** - Debt securities, such as bonds, involve interest rate risk, credit risk, extension risk, and prepayment risk, among other things:

*Interest Rate Risk.* The market value of bonds and other debt securities changes in response to interest rate changes and other factors. Interest rate risk is the risk that prices of bonds and other debt securities will increase as interest rates fall and decrease as interest rates rise. The Private Fund could be subject to a greater risk of rising interest rates due to the current period of historically low rates. Due to recent events in the debt markets, including the potential impact of the Federal Reserve Board tapering its quantitative easing program, the Private Fund could be subject to heightened interest rate risk as a result of a rise in interest rates. The magnitude of these fluctuations in the market price of bonds and other debt securities is generally greater for those securities with longer maturities. Fluctuations in the market price of the Private Fund’s investments will not affect interest income derived from instruments already owned by the Private Fund but will be reflected in the Private Fund’s net asset value. The Private Fund could lose money if short-term or long-term interest rates rise sharply in a manner not anticipated by Private Fund management. To the extent the Private Fund invests in debt securities that may be prepaid at the option of the obligor (such as mortgage- backed securities), the sensitivity of such securities to changes in interest rates may increase (to the detriment of the Private Fund) when interest rates rise. Moreover, because rates on certain floating rate debt securities typically reset only periodically, changes in prevailing interest rates (and particularly sudden and significant changes) can be expected to cause some fluctuations in the net asset value of the Private Fund to the extent that it invests in floating rate debt securities. These basic principles of bond prices also apply to U.S. Government securities. A security backed by the “full faith and credit” of the U.S. Government is guaranteed only as to its stated interest rate and face value at maturity, not its current market price. Just like other debt securities, government-guaranteed securities will fluctuate in value when interest rates change.

*Credit Risk.* Credit risk refers to the possibility that the issuer of a debt security (*i.e.*, the borrower) will not be able to make principal and interest payments when due. Changes in an issuer’s credit rating or the market’s perception of an issuer’s creditworthiness can also affect the value of the Fund’s investment in that issuer. The degree of credit risk depends on the issuer’s financial condition and on the terms of the securities.

*Extension Risk.* Extension risk exists when the issuer may exercise its right to pay principal on an obligation later than scheduled which would cause cash flows to be returned later than expected. This typically results when interest rates have increased, and the Private Fund will suffer from the inability to invest in higher yielding securities.

*Prepayment Risk.* Prepayment risk exists when the issuer may exercise its right to pay principal on an

obligation earlier than scheduled which would cause cash flows to be returned earlier than expected. This typically results when interest rates have declined, and the Private Fund will suffer from having to reinvest in lower yielding securities.

*Valuation Risk.* Valuation risk is the risk that the debt securities held by the Private Fund are priced differently than the value realized upon such security's sale. The Private Fund's portfolio securities will generally be valued using amortized cost accounting, and PLFA and the Sub-Advisers will be under no obligation to price any of the Private Fund's portfolio securities using their market value, including in the case of a material divergence between the valuation using amortized cost and the valuation using market value. If a divergence arises between the value of the Private Fund's portfolio securities using amortized cost and their value using market value, the Private Fund could be subject to increased withdrawal activity, which could adversely affect the Private Fund's NAV and liquidity profile to the substantial detriment of the Investors that remain in the Private Fund. In times of market instability, valuation risk will be heightened.

*Liquidity Risk.* Liquidity risk is the risk debt securities may be difficult or impossible to sell at the time that the Sub-Adviser would like or at the price the portfolio managers believes the security is currently worth. Current market conditions or future government actions (e.g., increase interest rates) could subject the Private Fund to higher liquidity risk.

*Inflation Risk.* Inflation risk results from the variation of the purchasing power of cash flows. For example, if the Private Fund holds a fixed income security that realizes a coupon rate of 5% but inflation is 6% then the purchasing powers of the cash flow from that bond has decreased. Additionally, inflation risk will decrease the value of an asset in real terms as well as impacting the income from assets.

**Non-Diversification Risk.** The Private Fund may invest a significant percentage of its assets in a single issuer, sector or strategy. This increases the volatility of the Fund's performance because the poor performance of a single investment or a fewer number of investments will have a greater impact on the Fund than a fund that has investments in more issuers, sectors or strategies.

**Derivatives Risk.** Derivative instruments, or "derivatives," include futures, options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are "leveraged," and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment but may also expose the Private Fund to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there will not necessarily be a liquid market within which to close or dispose of outstanding derivatives contracts, and to counterparty risk. The counterparty risk lies with each party with whom the Private Fund contracts for the purpose of making derivative investments (the "Counterparty"). In the event of the Counterparty's default, the Private Fund will only rank as an unsecured creditor and risks the loss of all or a portion of the amounts it is contractually entitled to receive.

**Hedging Risk.** The Private Fund may, from time to time, employ various hedging techniques as described herein. There remains a substantial risk, however, that hedging techniques will not necessarily be effective in limiting losses. If the Private Fund analyzes market conditions incorrectly or employs a strategy that does not correlate well with its investments, the Private Fund's hedging techniques could result in a loss, regardless of whether the intent was to reduce risk or increase return. These hedging techniques can also increase the volatility of the Private Fund's results, involve a small investment of cash relative to the magnitude of risk

assumed, or result in a loss if the other party to the transaction does not perform as promised.

**Exchange-Traded Funds Risk.** The Private Fund can invest in exchange-traded funds (“ETFs”), which are shares of publicly traded unit investment trusts, open-end funds, or depository receipts that seek to track the performance and dividend yield of specific indexes or companies in related industries. These indexes can be either broad-based, sector, or international. However, ETF shareholders are generally subject to the same risk as holders of the underlying securities they are designed to track. ETFs are also subject to certain additional risks, including, without limitation, the risk that their prices may not correlate perfectly with changes in the prices of the underlying securities they are designed to track, and the risk of trading in an ETF halting due to market conditions or other reasons, based on the policies of the exchange upon which the ETF trades. Furthermore, ETFs will be managed by a third party not affiliated with the General Partner or its affiliates. In addition, the Fund may bear, along with other shareholders of an ETF, its pro rata portion of the ETF’s expenses, including management fees. Accordingly, in addition to bearing their proportionate share of the Fund’s expenses (*e.g.*, Management Fees and other expenses), Investors may also indirectly bear similar expenses of an ETF, which can have a material adverse effect on the return on capital of the Private Fund. The Private Fund may not purchase shares of an ETF or other registered investment company (other than money market funds in compliance with Rule 2a-7 under the Investment Company Act) if, after the purchase, the Fund would own more than 3% of the acquired company’s voting stock. Any purchase by the Private Fund of an ETF or other registered investment company must be in compliance with Section 12(d)(1)(A)(i) of the Investment Company Act.

**Payment-In-Kind Instrument Risk.** The Private Fund can invest in payment-in-kind instruments which allow the issuer, at its option, to make current interest payments on the instruments in additional debt instrument rather than in cash. Payment-in-kind instruments thus allow an issuer to avoid the need to generate cash to meet current interest payments. Accordingly, such instruments could involve greater credit risks, and their value is subject to greater fluctuation in response to changes in market interest rates, than bonds that pay current interest in cash.

**Commercial Paper Risk.** The Private Fund can invest in money market instruments, which includes commercial paper. Commercial paper is a short-term obligation with a maturity generally ranging from one to 270 days and is issued by U.S. or foreign companies or other entities in order to finance their current operations. Such investments are unsecured and usually discounted from their value at maturity. The value of commercial paper can be affected by changes in the credit rating or financial condition of the issuing entities and will tend to fall when interest rates rise and rise when interest rates fall. Asset-backed commercial paper can be issued by structured investment vehicles or other conduits that are organized to issue the commercial paper and to purchase trade receivables or other financial assets. The repayment of asset-backed commercial paper depends primarily on the cash collections received from such an issuer’s underlying asset portfolio and the issuer’s ability to issue new asset-backed commercial paper.

**Foreign Investment Risk.** The Private Fund can invest in U.S. dollar-denominated bank loans issued by foreign corporations, including emerging markets. The prices of foreign securities could be more volatile than the prices of securities of U.S. issuers because of economic and social conditions abroad, political developments, and changes in the regulatory environments of foreign countries. Foreign companies are generally subject to different legal and accounting standards than U.S. companies, and foreign financial intermediaries could be subject to less supervision and regulation than U.S. financial firms.

**Contingent Liabilities Risk.** From time to time the Private Fund could incur contingent liabilities in connection with an investment. For example, the Private Fund could enter into agreements pursuant to which it agrees to assume responsibility for default risk presented by a third-party, and could, on the other hand, enter into agreements through which third-parties offer default protection.

**Discretion of Sub-Adviser; New Strategies and Techniques.** PLFA and the Sub-Advisers have considerable discretion in the types of securities which the Private Fund trades and has the right to modify the

trading strategies of the Private Fund without the consent of the Investors. Any of these new trading techniques will not necessarily be thoroughly tested in the market before being employed and could have operational or theoretical shortcomings which could result in unsuccessful trades and, ultimately, losses to the Private Fund. In addition, any new investment strategy developed by the Private Fund could be more speculative than earlier techniques and may increase the risk of an investment in the Private Fund.

#### **ITEM 9: DISCIPLINARY INFORMATION.**

PLFA and its supervised persons have not been the subject of any material legal or disciplinary proceeding required to be disclosed in response to this item..

#### **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

***PLFA's Other Financial Industry Activities or Affiliations.*** PLFA has contractual arrangements or is affiliated with the following broker-dealers, registered investment companies, registered investment advisers, insurance companies, and other financial entities, some of which may be considered material as described below:

Pacific Life and Pacific Life & Annuity Company ("PL&A") – Pacific Life is a life insurance company licensed to solicit life insurance and annuity products in all states except New York. PL&A is a life insurance company licensed in the state of New York. Each is an indirect subsidiary to Pacific Mutual Holding Company, which is a mutual insurance holding company whose members are the policyholders and contract holders of Pacific Life and PL&A.

Pacific Select Fund – Pacific Select Fund is a registered series open-end investment company which serves as an underlying investment option for certain variable annuity and variable life insurance products ("variable products") issued or administered by Pacific Life and PL&A. PLFA serves as the Investment Adviser to Pacific Select Fund and provides day-to-day investment management services to certain Pacific Select Fund portfolios.

Pacific Select Distributors, LLC ("PSD") – PSD is a limited purpose FINRA registered broker-dealer that serves as the underwriter and distributor to Pacific Select Fund and the variable products offered by Pacific Life and PL&A.

Pacific Private Fund Advisors LLC ("Pacific Private Fund Advisors") - Pacific Private Fund Advisors is an indirect wholly-owned subsidiary of Pacific Life and a SEC registered investment adviser. Pacific Private Fund Advisors is also registered with the CFTC as a commodity pool operator and is a member of the NFA. Certain officers and employees of Pacific Private Fund Advisors are registered with the CFTC/NFA as principals or associated persons of Pacific Private Fund Advisors. Pacific Private Fund Advisors currently provides investment management services to separate accounts, a hedge fund-of-funds, a private commodity pool and private equity fund-of-funds on a discretionary basis.

PLFA's advisory business as "manager of managers" includes the recommendation or selection of other investment advisers for client accounts. In its investment advisory role to the Private Fund, PLFA has, or may, enter into sub-advisory agreements with affiliated or non-affiliated Sub-Advisers including those referenced above. Sub-advisory arrangements with affiliated Sub-Advisers presents potential conflicts of interest. For each Private Fund operating in a manager of managers structure that employs a PLFA affiliate as a Sub-Adviser, PLFA and/or PLFA's parent company Pacific Life will benefit not only from the advisory fee received by PLFA from the Private Fund but also from the sub-advisory fee paid by PLFA to an affiliated Sub-Adviser. Consequently, PLFA, and ultimately Pacific Life, will benefit financially from the



appointment of or continued service of an affiliated Sub-Adviser as opposed to one which is unaffiliated.

PLFA also has conflicts of interest in the selection of unaffiliated Sub-Advisers. For example, PLFA or its affiliates could have other business relationships with an unaffiliated Sub-Adviser that provide economic or other benefits to PLFA or its affiliates, and thereby having the potential of influencing PLFA's decision to recommend the hiring of an unaffiliated Sub-Adviser to the Private Fund's General Partner. Additionally, because PLFA compensates Sub-Advisers from PLFA's advisory fee, PLFA could have an incentive to choose affiliated or unaffiliated Sub-Advisers who are relatively less expensive, over another unaffiliated Sub-Advisers with a higher sub-advisory services fee in order to maximize the amount of the fee retained by PLFA and its affiliates.

PLFA recognizes that conflicts of interest are inherent in its business and accordingly has developed policies and procedures reasonably designed to detect, manage and mitigate the effects of actual or potential conflicts of interest to ensure that any conflicts of interest did not have an undue influence on PLFA's recommendation of a hiring of a potential Sub-Adviser and/or material service provider to the Private Fund's General Partner. As an investment adviser, PLFA must make investment decisions which are in the best interest of its clients to manage and mitigate any actual or potential conflicts of interest, to act in the benefit and interest of each client, and to put the interests of each client ahead of PLFA's own interest. PLFA's policies and procedures related to managing and mitigating actual or potential conflicts of interest include reviews of reports relating to potential conflicts of interest, such as personal or business relationships, that are submitted by personnel involved in the process for recommendation of a Sub-Adviser or material service provider, and obtaining a certification confirming that such personnel have not been unduly influenced in their recommendation to hire a potential Sub-Adviser, or hire or renew the contract with a material service provider. PLFA's Sub-Adviser Oversight and Selection Process is discussed in detail in **Item 8** above.

#### **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

**Code of Ethics Procedures.** PLFA has adopted a written Code of Ethics (the "Code") designed to meet the requirements of Rule 204A-1 under the Advisers Act. The Code is intended to ensure that all acts, practices and courses of business engaged in by our firm reflect high standards of integrity and comply with the requirements of applicable federal securities laws. Employees and certain employees and associated persons of PLFA's affiliates that have access to nonpublic trading or securities holding information of the client accounts managed by PLFA are deemed "**Access Persons**" subject to the requirements of the Code. Access Persons must avoid activities, interest and relationships that might interfere or appear to interfere with making decisions in the best interest of our advisory clients.

Pursuant to the Code, Access Persons may not disclose non-public information except for a valid business reasons provided appropriate confidentiality agreements have been executed, or for legal or regulatory requirements as permitted by applicable laws. While in possession of material non-public information, Access Persons are prohibited from using the information for trading for their accounts or on behalf of other accounts, or communicating this information to others, regardless of whether the Access Persons obtained the information through the scope of employment or elsewhere. Access Persons must contact PLFA's Chief Compliance Officer if they believe that are in possession of material non-public information.

In accordance with the Code, Access Persons must pre-clear certain transactions as outlined in the Code and are restricted from trading in certain other securities. In order to monitor compliance with the Code, Access Persons are required to provide quarterly transactions reports and annual securities holdings reports to the Chief Compliance Officer of PLFA. Additionally, all Access Persons must certify to the terms of the Code annually or whenever the Code is materially amended.

Violations of the Code by an Access Person can result in personal sanctions, including termination of employment.

All PLFA employees are also subject to a Code of Conduct, which includes a prohibition against insider trading.

***Applying the Code of Ethics to Conflicts of Interests.*** Nonetheless, there is the possibility of conflicts of interests for various reasons including: (i) Access Persons may invest in the same securities as PLFA advisory clients and as such may benefit from market activity resulting from transactions executed for advisory clients and (ii) Access Persons may trade for their own accounts in close proximity to trades executed for PLFA advisory clients. The Code is designed to assure that the personal securities transactions, activities and interests of the Access Persons of PLFA will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

***Requesting a Copy of the Code of Ethics.*** A copy of PLFA's Code of Ethics may be obtained by written request. Please send requests to:

Pacific Life Fund Advisors LLC  
700 Newport Center Drive  
Newport Beach, CA 92660  
Attention: Chief Compliance Officer

Email requests may be sent to: [38a1compliance@PacificLife.com](mailto:38a1compliance@PacificLife.com)

## **ITEM 12: BROKERAGE PRACTICES**

Pursuant to the sub-advisory agreements between PLFA and the Sub-Adviser(s) with respect to the Private Fund, PLFA has delegated all of its discretionary trading authority to the Sub-Adviser(s). In turn, a Sub-Adviser is responsible for placing all orders for the purchase and sale of portfolio securities and other assets for the Private Fund in accordance with their own policies and procedures related to brokerage practices such as selecting broker-dealers, soft dollars, best execution, directed brokerage and cross trades. PLFA in its role as a manager of managers to the Private Fund provides oversight of the Sub-Adviser, including reviewing their policies and procedures to determine if the Sub-Adviser is complying with their policies and procedures related to brokerage practices. The brokerage practices of a Sub-Adviser are discussed in the applicable Sub-Adviser's Form ADV and in the Private Fund's offering documents.

## **ITEM 13: REVIEW OF ACCOUNTS**

On a quarterly basis, PLFA monitors accounts and utilizes performance attribution analysis as a quantitative check on the results of decision-making processes of the Sub-Adviser(s) of the Private Fund. PLFA's internal committees oversee the review process for all Private Funds managed by PLFA. The various elements that make up a portfolio manager's daily review of the Private Fund might include comparisons against benchmark figures, performance, structure, adherence to client guidelines, prices, market conditions, portfolio holdings, transactions, and cash flows. Compliance monitors client accounts daily for consistency with client objectives, portfolio guidelines and restrictions. In addition, PLFA also conducts an annual on-site due diligence review of the Sub-Adviser(s) to the Private Fund.

For the Private Fund, certain investment professionals of PLFA are in charge of reviewing the accounts that they are assigned, subject to oversight by various PLFA internal committees and departments. Annually, PLFA provides clients with a detailed report summarizing the results of their reviews of the Sub-Adviser(s) and the Private Fund during the year.

Private Fund Investors may also receive unaudited monthly account statements from the Private Fund's

administrator and a statement of their capital account as of the fiscal year end.

#### **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

PLFA does not have any arrangements with non-clients to provide any economic benefits to PLFA or its staff in connection with advice or other advisory services.

PLFA may, from time to time, make cash or non-cash payments to third parties (each a “Referral Agent”) for testimonials, endorsements, or client referrals consistent with all applicable laws, including Rule 206(4)-1 under the Advisers Act (“Marketing Rule”). In such cases, and as part of the Marketing Rule requirements, PLFA will enter into a written agreement with the Referral Agent that describes the scope of the agreed-upon activities and the terms of compensation for those activities. An investor in the Private Fund will not be charged any additional amount or bear any additional charges as a result of a testimonial, endorsement, or referral through a Referral Agent. PLFA has adopted written policies and procedures designed to ensure that its arrangements with Referral Agents comply with the requirements of the Marketing Rule and all other applicable advertising and marketing laws.

#### **ITEM 15: CUSTODY**

PLFA does not have physical custody of any client funds or securities. Instead, client assets are held with banks, registered broker-dealers or other qualified custodians.

Because PLFA (or an affiliate) serves as investment adviser to the Private Fund, PLFA may be deemed to have “custody” over the Private Fund’s within the meaning of Rule 206(4)-2 under the Advisers Act (the “Custody Rule”). PLFA adheres to the applicable requirements of the Custody Rule with respect to the Private Fund. Securities are held with a qualified third-party custodian, with such custodian identified in the applicable Governing Documents. In addition, on an annual basis, PLFA arranges for the delivery to the investors of the Private Fund a copy of the audited financial statements of the Private Fund, which are customarily prepared in accordance with U.S. generally accepted accounting principles, and provided within the required time frames set forth in the Custody Rule. If you have invested in the Private Fund and have not received audited financial statements timely, please contact PLFA immediately.

#### **ITEM 16: INVESTMENT DISCRETION**

In managing client accounts, PLFA generally has discretionary authority to determine which investments are bought and sold and the amounts of such investments that are appropriate for each client. PLFA may, subject to the approval of the Private Fund’s General Partner, delegate its investment discretion to Sub-Advisers and will supervise the management of the Private Fund. In all cases, however, such discretion is exercised subject to the investment objectives and guidelines that are established by the Governing Document and written agreement entered into between PLFA and the client at the time the account is opened.

For the Private Fund advised by PLFA, the General Partner has established investment guidelines, policies and restrictions which PLFA and the Sub-Adviser must comply. These may include restrictions as to the type of securities to be bought and sold and the percentage limits of securities, issuers, and sectors. Such guidelines can be found in the Private Fund’s PPM or similar documentation.

#### **ITEM 17: VOTING CLIENT SECURITIES**

The Private Fund does not typically invest in securities that have voting rights, and PLFA does not anticipate that the Private Fund would hold any investments that have voting rights. In the unlikely case that a proxy is received, PLFA has delegated authority to vote proxies to the Sub-Adviser. The Sub-Adviser has the responsibility to vote all proxies received for securities held by the Private Fund in accordance with its own

proxy policy and in the best interest of the Private Fund and its Investors, subject to the oversight of PLFA. It is possible that a Sub-Adviser may not be able to vote proxies under certain circumstances, such as the logistics of voting foreign securities (including holdings in a “share blocking” country). In addition, a Sub-Adviser may refrain from voting one or more proxies if a Sub-Adviser believes that the costs of voting such proxies may outweigh the potential benefits of voting, such as recalling securities that have been loaned.

While unlikely to occur, it is possible that a conflict of interest could arise for a Sub-Adviser when voting proxies. Such conflicts can arise, for example, when the Sub-Adviser has a client or other business relationship with the issuer of the security being voted or with another party (including an affiliate of the Sub-Adviser) that has an interest in the vote. A conflict of interest can also arise when the Private Fund, PLFA or any of its affiliates have an interest in the vote. The specific conflicts procedures of a Sub-Adviser are set forth in its proxy voting procedures. Although conflict procedures will vary by Sub-Adviser, in general conflicts are addressed by one or more of the following:

- Voting pursuant to the Sub-Adviser’s proxy voting guidelines on how to vote specific ballot initiatives
- Voting pursuant to the recommendation of a third-party voting service utilized by the Sub-Adviser
- Referring the vote to the Sub-Adviser’s proxy voting committee for their determination
- Referring the vote to PLFA for voting instructions

In the unlikely event that PLFA would be required to vote a proxy (*e.g.*, if the Sub-Adviser’s proxy voting conflict voting procedures requests voting instructions from PLFA), PLFA has adopted a proxy voting policy to address proxy voting, including voting in the best interest of clients, addressing conflicts of interest, and recordkeeping.

Clients may obtain information on how proxies were voted for client accounts and a copy of the proxy voting policy and procedures for PLFA upon written request to PLFA (to the attention of the Compliance Department – Proxy Voting).

#### ***Litigation and Class Actions***

As an investment manager, PLFA may be asked to decide whether to participate in litigation, including by filing proofs of claim in class actions, on behalf of assets held in the Private Fund.

#### **ITEM 18: FINANCIAL INFORMATION**

Not Applicable