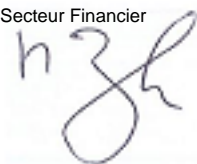


**VISA 2020/158894-8063-0-PC**

L'apposition du visa ne peut en aucun cas servir  
d'argument de publicité

Luxembourg, le 2020-01-24

Commission de Surveillance du Secteur Financier



## **Tiera Capital S.C.A., SICAV-SIF**

**Société en commandite par actions qualifying as a société d'investissement à capital  
variable – fonds d'investissement spécialisé**

**Registered pursuant to the Luxembourg law of 13 February 2007 relating to specialised  
investment funds, as amended or supplemented from time to time**

**Confidential Private Placement Memorandum**

**(the “Placement Memorandum”)**

**January 2020**

## TIERA CAPITAL S.C.A., SICAV-SIF

All terms used with capital letters in this Placement Memorandum shall have the meanings ascribed to them in the Definition section incorporated at the end of Part I of this Placement Memorandum and/or in the core text of this Placement Memorandum.

Tiera Capital S.C.A., SICAV-SIF (the “**Company**”) is a *société en commandite par actions* incorporated under the laws of the Grand Duchy of Luxembourg as a *société d’investissement à capital variable – fonds d’investissement spécialisé*. The Company is subject to the law of 13 February 2007 relating to specialised investment funds, as amended or supplemented from time to time (the “**2007 Law**”). The name of the Company, initially incorporated under the name of Crédit Agricole Private Capital S.C.A. SICAV-SIF, has been changed to Tiera Capital S.C.A., SICAV-SIF further to the extraordinary general meeting of Shareholders held on 12 May 2015.

The Company qualifies as an alternative investment fund (the “**AIF**”) within the meaning of the Directive 2011/61/EU on alternative investment fund managers (the “**AIFMD**”) as implemented in Luxembourg by the law of 12 July 2013 on alternative investment fund managers (the “**2013 Law**”).

The Company is managed by CA Indosuez Wealth (Private Equity) (formerly Crédit Agricole Investment Management S.à r.l.) (the “**General Partner**”) in its capacity as statutory manager of the Company and CA Indosuez Wealth (Asset Management) (formerly Crédit Agricole Private Banking Management Company) acting in its capacity as external alternative investment fund manager within the meaning of article 4(1) a) of the 2013 Law (the “**AIFM**”), which has been entrusted with the portfolio management and risk management, administration and valuation services, as well as marketing services. The General Partner is offering investors shares (the “**Investors Shares**”) of one or several separate sub-funds (individually a “**Sub-Fund**” and collectively the “**Sub-Funds**”) on the basis of the information contained in this Placement Memorandum, inclusive of its appendices (individually an “**Appendix**” and collectively the “**Appendices**”), and in the documents referred to under section XVII “Other Matters”, sub-section “Documents available for inspection” herein which are deemed to be an integral part of this Placement Memorandum. The specific details of each Sub-Fund are set forth in the relevant Appendix. Any reference to an Appendix pertains to the relevant Sub-Fund.

Shares of the Company may be issued in one or several separate Sub-Funds that may be established for a limited duration. For each Sub-Fund, a separate portfolio of investments and assets will be maintained and invested in accordance with the investment objective and policy applicable to each Sub-Fund, as described in the relevant Appendix. As a result, the Company is an “umbrella fund”, reserved to Well-Informed Investors, enabling investors to choose between one or more investment objectives by investing in one or more Sub-Funds.

The Company is a single legal entity that has been established for an unlimited duration. However with regard to third parties and in particular the Company's creditors, each Sub-Fund shall be exclusively responsible for all liabilities attributable to it. The Company shall maintain for each Sub-Fund a separate portfolio of assets. As between Shareholders, each portfolio of assets shall be invested for the exclusive benefit of the relevant Sub-Fund.

Furthermore, in accordance with the articles of incorporation of the Company (the “**Articles**”), the General Partner may issue Participating Shares and different classes of Investors Shares (individually a “**Class**” and collectively the “**Classes**”) in each Sub-Fund, subject to the terms and conditions of the Sub-Fund as set forth in the relevant Appendix.

The General Partner may, at any time, create additional Classes of Shares whose features may differ from the existing Classes and additional Sub-Funds whose investment objectives or other features may differ from those of the Sub-Funds then existing. Upon creation of new Sub-Funds or Classes, this Placement Memorandum and its Appendices will be updated or supplemented accordingly.

## **IMPORTANT INFORMATION**

Statements made in this Placement Memorandum, except where otherwise stated, are based on the laws and practices currently in force in Luxembourg and are subject to changes therein.

An investment in the Company involves significant risks. Investors should read this Placement Memorandum in its entirety and should consider the risks described in this Placement Memorandum under Chapter “General Risk Considerations” below and the specific risks of the relevant Sub-Funds before investing in the Company. Investors must rely on their own examination of the Company and the terms of offering contemplated hereby, including the risks and merits involved. Investors should also inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences, foreign exchange restrictions, investment requirements or exchange control requirements which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to the subscription, purchase, holding or disposal of the Shares. All disputes in relation to the Company and any Sub-Fund, the General Partner, their respective managers or officers and the Shareholders are subject to Luxembourg law and the jurisdiction of the Courts of Luxembourg, Grand Duchy of Luxembourg.

The Company is established for an unlimited duration. However, the General Partner may establish Sub-Funds for a limited duration, which shall be specified in the relevant Appendix. Investors may be required to hold the investment for an indefinite period of time, as further specified in the Appendixes of the relevant Sub-Funds. The attention of prospective investors is drawn to the fact that the Company is likely to be committing its funds to investments of a long term and illiquid nature in companies whose shares are not quoted or dealt in on any stock exchange. Such investments may be difficult to value and are likely to involve an above average level of risk. Similarly, there is no available public market for the Shares and no such market is expected to develop in the future.

The value of the Shares may fall as well as rise and Investors may not get back the amounts initially invested. Income from the Shares will fluctuate in money terms and changes in rates of exchange will, among other things, cause the value of Shares to go up or down. The levels and bases of, and relief from, taxation may change.

No person is authorized to give any information or to make any representations concerning the Company other than as contained in this Placement Memorandum, inclusive of the Appendices, and in the documents referred to under section XVII “Other Matters”, sub-section “Documents available for inspection” herein, and any purchase made by any person on the basis of statements or representations not contained in or inconsistent with the information and representations contained in this Placement Memorandum shall be solely at the risk of the Investors. Any information or statement not contained in this Placement Memorandum or in the financial statements of the Company and the documents referred to herein, which may be consulted by the public, is to be considered as unauthorized. Neither the delivery of this Placement Memorandum nor the offer, the issue and the sale of Shares constitute a statement that the information contained in this Placement Memorandum is at any time accurate following the date of the Placement Memorandum. In order to take into account important changes, this Placement Memorandum shall be updated from time to time. Consequently it is recommended that prospective investors inquire at the offices of the Company whether the Company has published a subsequent Placement Memorandum.

**THIS PLACEMENT MEMORANDUM IS BEING PROVIDED TO YOU ON A CONFIDENTIAL BASIS SO THAT YOU MAY CONSIDER AN INVESTMENT IN THE COMPANY AND ITS**

**SUB-FUNDS AS DESCRIBED HEREIN. THIS PLACEMENT MEMORANDUM MAY NOT BE REPRODUCED, AND THE INFORMATION CONTAINED HEREIN MAY NOT BE PROVIDED TO OTHERS WHO ARE NOT DIRECTLY CONCERNED WITH AN INVESTOR'S DECISION REGARDING THIS INVESTMENT, WITHOUT THE PRIOR WRITTEN PERMISSION OF THE GENERAL PARTNER. BY ACCEPTING DELIVERY OF THIS PLACEMENT MEMORANDUM, EACH PROSPECTIVE INVESTOR AGREES TO THE FOREGOING AND UNDERTAKES TO DESTROY THIS PLACEMENT MEMORANDUM AND ANY PERMITTED COPIES HEREOF IF SUCH PROSPECTIVE INVESTOR DOES NOT PURCHASE ANY SHARES.**

The Company has obtained the authorization of the Luxembourg Supervisory Commission of the Financial Sector (the “**CSSF**”). This authorization should in no way be interpreted as approval by the CSSF of either the content of this Placement Memorandum or the features of the Shares, or of the quality of the investments held by the Company or any Sub-Fund. Any statement to the contrary is unauthorised and unlawful.

All references in this Placement Memorandum to “**Euro(s)**” or “**EUR**” are to the legal currency respectively of the Grand Duchy of Luxembourg and to the legal currency of the countries participating in the Economic and Monetary Union. All references in this Placement Memorandum to “**US Dollar**” or “**USD**” are to the legal currency of the United States of America.

## **WELL-INFORMED INVESTORS**

The issue, sale and ownership of Shares is restricted to investors, which qualify as Well-Informed Investors.

Furthermore, the General Partner will not give its approval to any transfer of Shares that would result in a non-qualifying investor becoming a Shareholder. The General Partner, at its full discretion, will refuse the issue or transfer of Shares, if there is not sufficient evidence that the person to whom the Shares are issued, sold or transferred to is a Well-Informed Investor.

Considering the qualification of a subscriber or a transferee as a Well-Informed Investor, the General Partner will have due regard to the applicable laws and regulations or recommendations (if any) of the CSSF. A Well-Informed Investor subscribing in its own name, but on behalf of a third party, must certify that such subscription is made on behalf of a Well-Informed Investor and the General Partner may require at its sole discretion, evidence that the beneficial owner of the Shares is a Well-Informed Investor.

The distribution of this Placement Memorandum is not authorized unless it is accompanied by the most recent financial statements (if any) of the Company. Such financial statements are deemed to be an integral part of this Placement Memorandum.

## **RESTRICTIONS IN RESPECT OF THE SHARES**

The Company reserves the right to refuse on a discretionary basis all or part of a subscription application for Shares.

Distribution of this Placement Memorandum and the offering of the Shares may be restricted in certain jurisdictions. This Placement Memorandum does not constitute an offer or solicitation in a jurisdiction where to do so is unlawful or where the person making the offer or solicitation is not qualified to do so or where a person receiving the offer or solicitation may not lawfully do so.

It is the responsibility of any person in possession of this Placement Memorandum and of any person wishing to apply for Shares to inform themselves of and to observe all applicable laws and regulations of relevant jurisdictions.

The Articles give powers to the General Partner to impose such restrictions as it may think necessary for the purpose of ensuring that no Shares are acquired or held by any person in breach of the law or the requirements of any country or governmental authority or by any person in circumstances which in the sole opinion of the General Partner might result in the Company incurring any liability or taxation or suffering any other disadvantage which the Company may not otherwise have incurred or suffered. The General Partner may prohibit the acquisition by, the transfer to, or compulsorily redeem all Shares held by any such persons.

## **SELLING RESTRICTIONS**

### **European Economic Area**

The Shares are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is (a) a retail client as defined in article 4 (1), point (11), of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments ("**MiFID 2**"); or (b) a customer within the meaning of Directive 2002/92/EC (the "**IMD**"), where that customer would not qualify as a professional client as defined in article 4 (1), point (10), of MiFID 2; or (c) not a qualified investor as defined in Regulation (EU) No. 2017/1129, as amended or replaced (in all cases referred to herein as a "Retail Investor").

Consequently, no key information document required by Regulation (EU) No. 1286/2014 (the "**PRIPs Regulation**") for the offering or selling of the Shares (or any beneficial interests therein) or otherwise making them available to Retail Investors in the EEA has been prepared and, therefore, offering or selling the Shares (or beneficial interests therein) or otherwise making them available to any Retail Investor in the EEA may be unlawful under the PRIPs Regulation.

Notwithstanding the above, within a management mandate, a credit institution or another professional of the financial sector established in Luxembourg or in a foreign country may subscribe Shares on behalf of third parties who qualify as Retail Investors. In doing so, the credit institution or other professional of the financial sector may qualify as an institutional investor and it is not necessary that the third parties on whose behalf the credit institution or the professional of the financial sector are acting qualify themselves as professional investors. Such subscription for Shares by the credit institution or professional of the financial sector is authorized provided that the following conditions are met:

- the third parties on whose behalf the investment is made must be in a discretionary management relationship with the credit institution or the professional of the financial sector;
- the subscription under a discretionary management agreement shall not qualify as an offer of Shares to Retail Investors under the applicable laws; and
- the third parties on whose behalf the credit institution or professional of the financial sector is acting have no right of claim against the Company, but solely against such credit institution or professional of the financial sector.

Subject to any local law restrictions and subject to such additional local law requirements as they may be imposed on a case by case basis, the General Partner, after having complied with the said specific requirements, may place Shares of the Company with certain Investors who do not qualify as professional investors as defined in the 2013 Law and as foreseen by the marketing passport.

## **Belgium**

“Neither the Company nor the General Partner are regulated by the Belgian Financial Services and Markets Authority (“FSMA”). The Company is not a public alternative undertaking for collective investment within the meaning of article 3, 4 of the Belgian law of 19 April 2014 on alternative undertakings for collective investment and their managers (*Loi relative aux organismes de placement collectif alternatifs et à leurs gestionnaires / Wet betreffende de alternatieve instellingen voor collectieve belegging en hun beheerders*) (hereafter the ‘AIFM Law’).

This Placement Memorandum has not been and will not be submitted for approval to the FSMA.

The Placement Memorandum and any information circular, brochure or similar document, may not be circulated in Belgium as part of initial distribution or at any time thereafter and the Shares described herein may not, directly or indirectly, be publicly offered, sold, acquired or delivered in Belgium, except by way of a private placement. The Company and the General Partner will not make a private placement in Belgium other than in compliance with the criteria listed in article 5, §1 of the AIFM Law. According to the AIFM Law, some types of offers are not considered public offers, including, if the offer of Shares requires a total consideration of at least two hundred and fifty thousand Euro (EUR 250,000.-) per investor and per category of units”

## **France**

Pursuant to applicable French regulations, the attention of prospective investors is drawn to the fact that the subscription or the acquisition, the sale or the transfer of Shares in the Company, either directly or through an interposed person, is reserved for professional investors in the sense of the European directive on markets in financial instruments 2014/65/EU, acting for own account or acting at their discretion on behalf of third parties.

## **Monaco**

The Shares in the Company may not be offered, sold or distributed to the public in the Principality of Monaco. The Shares in the Company may only be offered, sold or distributed in the Principality of Monaco by an intermediary duly authorized under Monaco Financial Activities Laws.

## **Singapore**

The Sub-Funds are restricted schemes and are not authorised or recognised by the Monetary Authority of Singapore (“MAS”). The Sub-Funds are not allowed to be made to the retail public. This Placement Memorandum is not a prospectus as defined in the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”). Accordingly statutory liability under the SFA in relation to the content of prospectuses would not apply. You should consider carefully whether the investment is suitable for you.

This Placement Memorandum has not been registered as a prospectus with the MAS. Accordingly, this Placement Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of units in the Sub-Funds may not be circulated or distributed, nor may units in the Sub-Funds be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 304 of the SFA, (ii) to a relevant person, or any person pursuant to Section 305(5), and in accordance with the conditions, specified in Section 305 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

## **Spain**

No public offering of the Shares will be carried out in the Spanish territory, pursuant to the definition of public offer contained in article 30 bis of the Securities Market Law 24/1988, of July, 28. This Placement Memorandum has not been and will not be verified or registered with the Spanish Securities Market Commission (*Comision Nacional del Mercado de Valores*, "CNMV").

## **Italy**

In Italy, in addition to professional investors, the Shares of the Company may be offered to non-professional investors who may subscribe units/shares of reserved alternative investment funds pursuant to the regulation referred to in Article 39 of the Legislative Decree No. 58 of 24 February 1998 (the "Italian Consolidated Law on Finance") in compliance with the following modalities of participation:

- the minimum amount of subscription is not lower than five hundred thousand Euro (EUR 500,000.-);
- the non-professional investor declares in writing, in a document separated from the contract for the subscription of the units or shares, that it/he/she is aware of the risks of the envisaged investment."

## **Switzerland**

The Company has not been registered with the Swiss Financial Market Supervisory Authority (FINMA) as a foreign collective investment scheme pursuant to Article 120 of the Collective Investment Schemes Act of 23 June 2006, as amended ("CISA"). Accordingly, the Shares are not authorized for distribution in or from Switzerland within the meaning of the CISA, its implementing ordinance and the related FINMA Circular, and neither this Placement Memorandum, nor any other offering materials relating to the Shares may be distributed in or from Switzerland.

## **United States of America**

The Shares of the Company are not registered under the United States Securities Act of 1933 (the 1933 Act) or the Investment Company Act of 1940 (the 1940 Act) or any other applicable federal or state legislation in the United States. Unless otherwise determined by the General Partner, Shares of the Company may not be offered, sold, resold, transferred or delivered directly or indirectly, in the United States or to, or for the account of, or benefit of, any US Person (as defined in Regulation S promulgated under the 1933 Act). In addition, the Company may refuse to accept any subscriptions for its Shares from entities or natural persons that are US Persons, to permit any transfer to any US Person of any Shares of the Company or to otherwise permit any US Person to hold Shares of the Company. Moreover, the General Partner may at any time compulsorily redeem any Shares held by a US Person. Each holder of Shares



of the Company is required to notify the Board if at any time such holder becomes a US Person. Prospective investors are advised to consult their legal counsel prior to investing in Shares of the Company in order to confirm that they are not US Persons.

<b>MANAGEMENT AND ADMINISTRATION</b>
--------------------------------------

**General Partner**

CA Indosuez Wealth (Private Equity)  
31-33, avenue Pasteur  
L-2311 Luxembourg  
Grand-Duchy of Luxembourg

Board of the General Partner  
Olivier CARCY – manager, chairman  
Sébastien ALUSSE – manager  
Nicolas RENAULD – manager  
Stéphane HERPE – manager  
Mathieu PERFETTI - manager

**Alternative Investment Fund Manager**

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L-2311 Luxembourg  
Grand-Duchy of Luxembourg

**Investment Advisor**

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Switzerland

**Depository**

CACEIS Bank, Luxembourg Branch  
5, allée Scheffer  
L-2520 Luxembourg  
Grand-Duchy of Luxembourg

**Administrative Agent**

CACEIS Bank, Luxembourg Branch  
5, allée Scheffer  
L-2520 Luxembourg  
Grand-Duchy of Luxembourg

**Registrar and Transfer Agent**

CACEIS Bank, Luxembourg Branch  
5, allée Scheffer  
L-2520 Luxembourg  
Grand-Duchy of Luxembourg

**Legal Counsel**

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Grand-Duchy of Luxembourg  
www.arendt.com

**Auditors (as of 15 December 2017)**

Ernst & Young S.A.  
35E, avenue John F. Kennedy  
L-1855 Luxembourg  
Grand-Duchy of Luxembourg

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## **I. GENERAL INFORMATION**

### **A. The Company**

The Company is an investment company (*société d'investissement à capital variable*) organised as an “umbrella” specialised investment fund (*fonds d'investissement spécialisé*) in the form of a corporate partnership limited by shares (*société en commandite par actions*) in accordance with the provisions of the 2007 Law and the Luxembourg law dated 10 August 1915 on commercial companies, as amended or supplemented from time to time (the “**1915 Law**”). The subscription, issue, sale and holding of Shares is restricted to Well-Informed Investors subscribing on their own behalf or to Well-Informed Investors subscribing on behalf of other Well-Informed Investors.

The Company has been incorporated in Luxembourg on 21 November 2013 for an unlimited duration; however each Sub-Fund may be created for a limited duration as specified in the relevant Appendices.

The Articles were initially published in the *Mémorial C, Recueil des Sociétés et Associations*, the official journal of Luxembourg (the “**Mémorial**”), on 17 December 2013. The latest amendments to the Articles were published in the *Mémorial* on 27 May 2015. The Company is registered with the *Registre de Commerce et des Sociétés*, Luxembourg under number B-182188. The name of the Company has been changed to Tiera Capital S.C.A., SICAV-SIF further to the extraordinary general meeting of Shareholders held on 12 May 2015.

As a *société en commandite par actions*, the Company has two (2) different types of Shareholders:

- the *actionnaire gérant commandité* or unlimited Shareholder who is jointly and severally liable for all liabilities which cannot be paid out of the assets of the Company. The Company will have one unlimited Shareholder, namely the General Partner, which will hold the one (1) General Partner Share;
- the *actionnaires commanditaires* or limited Shareholders whose liability is limited to the amount of their respective investments in the Company. The Company may have an unlimited number of limited Shareholders. The interests of the limited Shareholders will be represented by Investors Shares.

The share capital of the Company shall at all times be equal to the total Net Asset Value (“**NAV**”) of the Company and is represented by the General Partner Share, by the Investors Shares and, as the case may be, by the Participating Shares, of each Sub-Fund.

Each Share (General Partner Share, Investor Share and, as the case may be, Participating Share) grants the right to one (1) vote at every general meeting of Shareholders of the Company. No measure affecting the interests of the Company *vis-à-vis* third parties may validly be taken without the affirmative vote of the holder of the General Partner Share. Within each Sub-Fund, Shares may, as the General Partner shall determine, be of one or more different series differentiated by their respective issue date.

The Company was incorporated with a subscribed share capital of thirty one thousand Euros (EUR 31,000.-) divided into one (1) General Partner Share of no nominal value with an initial par value of one thousand Euros (EUR 1,000.-) and three hundred (300) ordinary shares of no nominal value with an initial par value of one hundred Euros (EUR 100.-) each. Upon incorporation, the General Partner Share and each Investors Shares were fully paid-up.

The minimum subscribed share capital of the Company, as prescribed by law, is one million two hundred fifty thousand Euros (EUR 1,250,000.-). This minimum must be reached within a period of twelve (12) months following the authorization of the Company as a SICAV-SIF under the 2007 Law.

### **B. The Sub-Funds**

The Company is an umbrella fund and as such provides investors with the choice of investment in a range of several separate Sub-Funds, each of which relates to a separate portfolio of assets permitted by law with specific investment objectives and other specific features (including, but not limited to, specific fee structures, permitted investments, investment restrictions and distribution policies), as described in the relevant Appendices.

Each Sub-Fund has its own investment, subscription and profit allocation policies. The assets and liabilities of each Sub-Fund shall be segregated from the assets and liabilities of the other Sub-Funds, with creditors having recourse only to the assets of the Sub-Fund concerned. As between the Shareholders, each Sub-Fund will be deemed to be a separate entity. There is no cross liability between Sub-Funds and each Sub-Fund shall be exclusively responsible for all liabilities attributable to it.

Upon creation of new Sub-Funds or Class(es) of Shares, this Placement Memorandum shall be updated or supplemented accordingly.

The Company offers Investors Shares in those Sub-Funds and all Sub-Funds may offer more than one Class of Investors Shares. Each Class of Investors Shares within a Sub-Fund may have different features or rights to comply with various country legislations and will participate solely in the assets of that Sub-Fund. Details in relation to the different Classes of Shares as well as the rights in relation thereto and issue conditions are set out for each Sub-Fund in the relevant Appendix.

### **C. Minimum Investment and Holding**

The minimum initial and subsequent investments as well as the minimum holding requirements, if any, are set out for each Sub-Fund in the relevant Appendix.

## **II. INVESTMENT OBJECTIVES, STRATEGY AND RESTRICTIONS**

### **A. Investment Objectives and Strategy**

The objective of the Company is to provide Investors with a risk-adjusted return offering a choice of investments strategies/types of investments through several investment programs structured as several separate Sub-Funds.



The General Partner, together with the Investment Advisor, that may be appointed from time to time with respect to the management of the assets of any Sub-Fund, will implement an investment approach and process which, when combined with their sourcing capabilities, is expected to allow the General Partner and such Investment Advisor to achieve long term capital growth and value creation for the relevant Sub-Fund.

**There can be no assurance that the Sub-Funds' investment objectives will be achieved. Investment results may substantially vary overtime.**

### B. Borrowing policy

The Company, with respect to each Sub-Fund, may incur indebtedness whether secured or unsecured, as further described in the relevant Appendix.

Unless otherwise stated in the relevant Appendix, borrowings may be utilised for investment purposes as well as bridge financing and to fund expense disbursements when liquid funds are not readily available.

### C. Investment Restrictions

In compliance with the 2007 Law, the investment strategy of each Sub-Fund will be based on the principle of risk diversification.

As a rule, and unless otherwise stated in the relevant Appendix, each Sub-Fund shall comply with the following investment limits and restrictions:

1. A Sub-Fund may not invest more than thirty percent (30%) of its assets (or commit to subscribe to securities) or, as applicable its Aggregate Commitments, in the same type of securities issued by the same issuer. This restriction does not apply to:
  - investments in securities issued, or guaranteed by an OECD Member State, or its regional, or local authorities, or by the European Union, regional, or global supranational institutions and bodies;
  - investments in target undertakings for collective investment that are subject to risk-spreading requirements at least comparable to those applicable to specialised investment funds. For the purpose of the application of this restriction, every sub-fund of a target umbrella undertaking for collective investment is to be considered as a separate issuer, provided that the principle of segregation of liabilities among the various sub-funds *vis-à-vis* third parties is ensured.

Moreover, this thirty per cent (30%) risk diversification rule is to be assessed in the light of specificities of each Sub-Fund contained in the relevant Appendix, as regards amongst other elements, the basis applicable to such risk diversification rule (*i.e.* assets vs Aggregate Commitments) and/or the portfolio build-up rules foreseen at the level of the relevant Sub-Fund.

2. Short sales may not in principle result in a Sub-Fund holding a short position in securities of the same type, and issued by the same issuer and representing more than thirty percent (30%) of the Sub-Fund's assets or, as applicable, its Aggregate Commitments.
3. When using financial derivative instruments, a Sub-Fund must ensure, via appropriate diversification of the underlying assets, a similar level of risk-spreading. Similarly, the counterparty risk in an over-the-counter transaction must, where applicable, be limited having regard to the quality and qualification of the counterparty.

**Each Sub-Fund's specific investment objectives, strategy, borrowing policy as well as its specific investment restrictions and risk diversification requirements will be further specified in the relevant Appendices.**

#### D. Hedging

Unless otherwise provided for in the relevant Appendix, any Sub-Fund may invest in, or enter into, currency-related derivative contracts or instruments if such currency-related contracts or instruments are *bona fide* hedging transactions in connection with the acquisition, holding or disposition of investments. Any amounts paid by a Sub-Fund for or resulting from any such currency-related contracts or instruments shall be treated as a Sub-Fund expense relating to the investment(s) hedged thereby, and, if two or more investments are hedged thereby, such amounts shall be allocated among such investments as reasonably determined by the General Partner. Any distributions resulting from any such currency-related contracts or instruments shall be treated as attributable to the investment(s) hedged thereby, and, if two or more investments are hedged thereby, such distributions shall be allocated among such investments as reasonably determined by the General Partner.

#### E. Securities Financing Transactions

As of the date of this Placement Memorandum, none of the Sub-Funds is using SFTs or total return swaps. Should it be the case in the future, the Placement Memorandum will be updated accordingly.

#### F. Temporary Investments

Pending investment or reinvestment, the cash assets of each Sub-Fund may be held in time deposits, liquid money market instruments or highly rated government bonds, and units or shares of money market funds or fixed income funds consistent with the temporary investments' strategy adopted by the General Partner. The temporary investments are to be made on a temporary basis, pending further use or redeployment of the capital from the results of the management of each Sub-Fund's assets. The General Partner may further establish restrictions or credit ratings with regards to the money market instruments and the highly rated government bonds to be chosen.

#### G. Liquidity Management

Unless otherwise provided for in the relevant Appendix, the commitments made by each Sub-Fund in its underlying investments may be higher than the Commitments made by the Investors

in the Sub-Fund. In that particular case, the General Partner will use from time to time all or part of the distributions received from the Sub-Fund's investments to fund all or part of the capital calls made by the Sub-Fund's investments in order to ensure that the Sub-Fund will meet its obligations with regards to uncalled Commitments (Recycling of distribution) as specified in the relevant Appendix.

#### H. Investment Process

The investment process occurs at different levels. A brief description is made below:

- At the level of the investment committee of the Investment Advisor:

The investment team of the Investment Advisor selects, in accordance with the investment strategy of the Company, unlisted and illiquid investment undertakings providing direct or indirect access to private equity, private equity real estate and private debt investments from both primary and secondary markets. Origination is primarily carried out by the Investment Advisor thanks to a constant monitoring of targeted private markets, the development of relationships with specialist intermediaries, pro-active contacts and regular meetings with funds managers based on a proprietary database of funds managers.

Throughout the origination and due diligence processes, investment opportunities are validated step by step to control and optimize their evaluation. Memorandums corresponding to three (3) different phases of review are prepared: such memorandum detail the investment, its strategic positioning, timing and main points of interests (phase 1), include the due diligence conclusions (phase 2) and contain a final recommendation including tax and legal matters (phase 3). Due diligence and structuring steps are completed, whenever required, by the use of external advisors for the legal and tax issues. Each memorandum is analysed and discussed during the various investment committees of the Investment Advisor and the investment opportunity is finally validated by the Investment Advisor upon presentation of the phase 3 memorandum.

- At the level of the private markets investment committee of the AIFM:

The investment opportunity duly validated by the Investment Advisor is presented to the private markets investment committee of the AIFM. On the basis of the phase 3 memorandum prepared by the Investment Advisor, such committee discusses (and may suggest amendments) and then approves, or disapproves the investment recommendation on a majority basis.

- At the level of the Board of the General Partner:

Once the investment opportunity is approved by the AIFM private markets investment committee, it is submitted to the Board of the General Partner for final approval and execution of the subscription documentation.

### **III. GENERAL RISK CONSIDERATIONS**

An investment in a Sub-Fund involves certain risks relating to the particular Sub-Fund's structure and investment objectives which investors should evaluate before making a decision to invest in such Sub-Fund.

The investments within each Sub-Fund are subject to market fluctuations and to the risks inherent in all investments; accordingly, no assurance can be given that the investment objectives of the relevant Sub-Fund will be achieved or that Investors will receive any return or the return of their invested capital. Investors should make their own independent evaluation of the financial, market, legal, regulatory, credit, tax and accounting risks and consequences involved in investment in a Sub-Fund and its suitability for their own purposes. In evaluating the merits and suitability of an investment in a Sub-Fund, careful consideration should be given to all of the risks attached to investing in a Sub-Fund.

The following is a brief description of certain factors which should be considered along with other matters discussed elsewhere in this Placement Memorandum. The following however, does not purport to be a comprehensive summary of all the risks associated with investments in any Sub-Fund.

**An investment in Shares carries substantial risk and is suitable only for Investors who accept the risks, can assume the degree of illiquidity, the risk of losing their entire investment and who understand that there is no recourse other than to the assets of the relevant Sub-Fund.**

**Newly formed Company:** The Company has no operating history and an indeterminate amount of time may be required to achieve operating efficiency and profitable operations. No assurance can be given that the Company will achieve its investment objectives and thus investment in the Company entails a certain degree of risk.

**Lack of diversity:** The Company is not subject to specific legal or regulatory risk diversification requirements, other than those specified in this Placement Memorandum and the Articles. Therefore, the Company is in principle authorised to make a limited number of investments and, as a consequence, the aggregate returns realised by the Shareholders may be substantially adversely affected by the unfavourable performance of even one investment. In addition, the Company's assets may be concentrated in certain industries and segments of activity. A lack of diversification in the Company's portfolio may result in the Company's performance being vulnerable to business or economic conditions and other factors affecting particular companies or particular industries, which may adversely affect the return to Shareholders.

**Currency risk:** The General Partner may invest in assets denominated in a wide range of currencies. The NAV expressed in its respective unit currency will fluctuate in accordance with the changes in foreign exchange rate between the Reference Currency of the relevant Sub-Fund or Classes of Shares and the currencies in which the relevant Sub-Fund's investments are denominated. In the event that any Sub-Fund utilises derivatives to hedge against currency fluctuations, there can be no assurance that such hedging transactions will be effective or beneficial.

**Lack of liquidity of underlying investments:** The investments to be made by some Sub-Funds may be highly illiquid. The eventual liquidity of all investments will depend on the success of the realisation strategy proposed for each investment. There is a risk that the Company may

be unable to realise its investment objectives by sale or other disposition at attractive prices or at the appropriate times or in response to changing market conditions, or will otherwise be unable to complete a favourable exit strategy. Losses may be realised before gains on dispositions. The return of capital and the realisation of gains, if any, will generally occur only upon the partial or complete disposition of an investment. Prospective investors should therefore be aware that they may be required to bear the financial risk of their investment for an undetermined period of time.

**Restrictions on transfer of Shares:** Investors will not have the right to transfer their Shares to other Well-Informed Investors, except as set out in this Placement Memorandum, inclusive of the Appendices, and there is not expected to be a liquid, secondary trading market for the Shares. For these reasons, Investors will be required to bear the financial risks of their investment for the entire term of the Sub-Fund.

**Default by Investors:** In the event that an Investor fails to fulfil its financial obligations towards the Company or any of its Sub-Funds, including but not limited to failure to comply with a drawdown notice, it may be difficult for the Company and its non-defaulting Investors to make up the shortfall from other sources. The inability of the Company to enforce certain potential Investors' obligations to contribute capital to the Company could impair the Company's ability to take advantage of investment opportunities. In case an Investor fails to make a required capital contribution, the Company may not be in the position to honour its own present or future payment obligations. Specific remedies will be foreseen on a Sub-Fund by Sub-Fund basis in order to shield a Sub-Fund from the potential consequences of a default.

**Tax considerations:** Tax charges and withholding taxes in various jurisdictions in which the Company will invest will affect the level of distributions made to it and accordingly to Shareholders. No assurance can be given as to the level of taxation suffered by the Company or its investments. Investors should consult their own tax advisors on the tax implications for them of investing, holding and disposing of the Shares and receiving distributions in respect of the Shares.

**Changes in applicable law:** The General Partner must comply with various regulatory and legal requirements, including securities laws and tax laws as imposed by the jurisdictions under which it operates. Should any of those laws change over the life of the Company, the regulatory and legal requirements to which the Company and its Shareholders may be subject could differ materially from current requirements.

**Valuation:** Prospective investors should acknowledge that the portfolio of the Sub-Funds will be composed of assets of different natures in terms of inter alia sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. As a result, the valuation of the relevant portfolio and the production of the NAV calculation will be a complex process which might in certain circumstances require the General Partner to make certain assumptions in order to make the necessary calculations. The lack of an active public market for securities and debt instruments will make it more difficult and subjective to value investments of the Sub-Funds for the purposes of determining the NAV. **Attention should be drawn to the fact that the NAV per Share can go down as well as up. An Investor may not get back the amount he has invested. Changes in foreign exchange rates may also cause the NAV per Share in the investor's base currency to go up or down. No guarantee as to future performance or future return from the Company or any Sub-Fund can be given.**

**Reliance on management and on the Investment Advisor:** The Company depends significantly on the efforts and abilities of the Board or the Investment Advisor. The Company's success may depend largely on the services of the Investment Advisor, their officers, employees and agents, and, in part, on the continuing ability of the Investment Advisor to hire and retain knowledgeable personnel. There can be no assurance that the General Partner or the Investment Advisor will be able to implement successfully the strategies that the Sub-Funds intend to pursue.

**Indebtedness:** When a Sub-Fund is subject to the risks associated with debt financing, it is subject to the risks that available funds will be insufficient to meet required payments and the risk that existing indebtedness will not be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing indebtedness.

**Security over uncalled Commitments:** When appropriate, the Company may incur, with respect to any Sub-Fund, indebtedness by borrowing against the uncalled Commitments. Shareholders may, as a result, be required, as a condition of their subscription, to consent to the granting of a security interest up to the total amount of the unpaid portion of their respective Commitment.

**Depository risk:** Where securities are held with a correspondent / sub-custodian of the Depository or by a securities system, such securities may be held by such entities in client omnibus accounts and in the event of a default by any such entity, where there is an irreconcilable shortfall of such securities, the Company may have to share that shortfall on a *pro-rata* basis. There may be circumstances where the Depository is relieved from liability for the acts or defaults of its appointed sub-custodians provided that the Depository has discharged its responsibility in compliance with articles 19(13) and 19(14) of the 2013 Law.

**In addition to the above mentioned general risks which are inherent in all investments, the investment in the Company entails risks specific to the investment objectives and strategy of each Sub-Fund. The specific risks related to the particular investments are described in the relevant Appendix.**

#### **IV. MANAGEMENT, GOVERNANCE AND ADMINISTRATION**

##### **A. The General Partner**

The General Partner is CA Indosuez Wealth (Private Equity) (formerly Crédit Agricole Investment Management S.à r.l.), a company incorporated under the laws of Luxembourg on 22 June 2011 with a share capital of twelve thousand five hundred Euro (EUR 12,500.-). The General Partner is registered with the *Registre de Commerce et des Sociétés*, Luxembourg under number B-162067. The articles of incorporation of the General Partner were published in the *Mémorial* on 25 July 2011 and have been further amended on 21 November 2013 and have been published in the *Mémorial* on 17 December 2013. The General Partner and the Company were formed at the initiative of CA Indosuez (Switzerland) S.A. (formerly Crédit Agricole (Suisse) S.A.).

Pursuant to the Articles, as holder of the General Partner Share, the General Partner has responsibility for the management, the administration and the investment objectives of the Company in accordance with this Placement Memorandum and the Articles, Luxembourg laws and other relevant legal requirements.

The General Partner is responsible for implementing the investment policy of the Company and its Sub-Funds, subject to the risk diversification rules and investment restrictions set out in this Placement Memorandum.

The General Partner is also responsible for selecting the Depositary, the Administrative Agent, the Registrar and Transfer Agent and other such agents as are appropriate.

### ***The Board of the General Partner***

The Board as at the date of this Placement Memorandum is composed as follows:

Mr. Olivier CARCY – Manager, chairman;

Mr. Sébastien ALUSSE – Manager;

Mr Nicolas RENAULD – Manager;

Mr. Stéphane HERPE – Manager;

Mr. Mathieu PERFETTI – Manager.

*Mr Olivier CARCY* joined Crédit Agricole group in 1997 after banking experiences with Paribas in Paris and in Hong Kong and with LCF Rothschild Paris. He started with the structured and asset based finance departments of Crédit Agricole Indosuez in Jakarta and Singapore and he then joined the private equity team of Crédit Agricole Indosuez in Geneva in 2000. He is now heading the Private Equity Department of CA Indosuez (Switzerland) S.A. as well as the private equity activity within Crédit Agricole Private Banking. He graduated from Rouen Business School and Hong Kong University.

*Mr Sébastien ALUSSE* is the Général Manager of CA Indosuez (Asset Management), the Management Company of CA Indosuez Wealth (Group). With more than 15 years in the banking industry, including 10 years at Crédit Agricole Luxembourg, Sébastien is now responsible for managing and coordinating the business development of Indosuez Asset Management. From 2008 to 2013, Sébastien served as Conducting Officer of Lux International Strategy, (responsible oversight and governance role under the EU UCITS legislation reporting to the board of the fund). Prior to joining Crédit Agricole Luxembourg, Sébastien worked within the depositary bank and the Compliance division of Crédit Lyonnais Luxembourg. Sébastien has a Licence degree in marketing techniques and a specialisation in Bank Sale and Insurance Products.

*Mr Nicolas RENAULD* joined CA Indosuez (Switzerland) S.A. in January 2008 where he is now member of the senior management, leading the investment selection within the Private Equity Department. Before that, Nicolas was with AXA Private Equity from 2006 to 2007, following a four year assignment as Senior Auditor with PricewaterhouseCoopers Luxembourg from 2002 to 2006 in the Investment Management Department. He graduated from ESC Marseille and ICN Business School.

*Mr Stéphane HERPE* is Director of Marketing, Markets and Development and Member of the Executive Committee of CFM Indosuez Wealth. Stéphane started his professional career as a Risk Analyst at Credit Lyonnais USA (New York). From 1994 to 2003, Stéphane worked in Sales IR Derivatives Products and Sales French to Investors at Credit Lyonnais (Paris). Prior to

joining CFM Indosuez Wealth, Stéphane served as Head of the Banks & Asset Manager Structured Sales Team at Calyon (Paris). He graduated from Ecole Centrale de Lille and has a Masters Degree in Business Administration from IAE Paris.

*Mr Mathieu PERFETTI* joined CA Indosuez (Switzerland) S.A. in 2009 as Investment Manager. From 2012 to 2018 Mathieu was Head of Private Equity for the Asia region at Indosuez Wealth Management, based in Singapore. He is now Head of Private Equity at CA Indosuez Wealth (Asset Management) as responsible for the asset management, marketing and distribution of Tiera Capital Funds, the Private Equity investment platform of CA Indosuez Wealth (Group). Prior to joining the group, Mathieu notably worked with the fund of fund team at Ardian (formerly known as AXA Private Equity) and the VC fund manager Alto Invest in France. He holds a post-graduate Master's Degree in Corporate Finance from EMLYON Business School and a Master's Degree in Finance from Paris Nanterre University.

The Board is vested with the broadest powers to perform all acts of administration and disposition of the Company's, respectively each Sub-Fund's assets.

**The attention of the Shareholders is drawn to the fact that the General Partner may only be removed in accordance with the provisions of the 1915 Law and with the provisions of the Articles. The General Partner may only be removed by an amendment of the Articles approved at an extraordinary general meeting of Shareholders.**

#### *B. Alternative Investment Fund Manager - AIFM*

The General Partner has appointed CA Indosuez Wealth (Asset Management) (formerly Crédit Agricole Private Banking Management Company), which qualifies as an alternative investment fund manager, as external alternative investment fund manager of the Company (the "**AIFM**"), to perform portfolio management, risk management, administration and valuation services, as well as marketing services, in accordance with an alternative investment fund management agreement ("*Convention de Gestion des Investissements des Fonds d'Investissement Alternatifs*") effective as of 12 May 2015 (the "**Alternative Investment Fund Management Agreement**").

CA Indosuez Wealth (Asset Management) is a public limited company (*société anonyme*) incorporated under the Luxembourg laws, having its registered office at 31/33, avenue Pasteur, L-2311 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg Trade and Companies Register under number B 183481 and authorised by the CSSF as an alternative investment fund manager within the meaning of the 2013 Law. The purpose of the AIFM is to perform collective portfolio management including the management of alternative investment funds ("**AIF**") under the 2013 Law.

In fulfilling its responsibilities set forth by the 2013 Law and the Alternative Investment Fund Management Agreement, the AIFM is permitted to delegate its functions and duties to third parties in compliance with article 18 of the 2013 Law. The appointment of third parties is subject to the approval of the CSSF. The AIFM's liability towards the Company and its investors shall not be affected by the fact that it has delegated its functions and duties to third parties.

The AIFM has delegated the execution of the performance of some of its duties relating to the administration function with respect to the Company to CACEIS Bank, Luxembourg Branch, as further described under section VI. "Administrative Agent – Registrar and Transfer Agent" of this Placement Memorandum.



The AIFM has also delegated the execution of the performance of its duties relating to the distribution function with respect to the Company, as further described under this section IV. “Management, Governance and Administration”, sub-section D. “Marketing”.

The AIFM’s own funds are appropriate to cover potential liability risks arising from professional negligence in its capacity as alternative investment fund manager of the Company.

As per the provisions of the 2013 Law, the AIFM must at all times:

- act honestly, with due skill, care and diligence and fairly in conducting its activities;
- act in the best interest of the Company and the Investors in the Company and the integrity of the market;
- have and employ effectively the resources and procedures that are necessary for the proper performance of its business activities;
- take all reasonable steps to avoid conflicts of interest and, when they cannot be avoided, to identify, manage and monitor and, where applicable, disclose those conflicts of interest in order to prevent them from adversely affecting the interests of the Company and its Investors and to ensure that the AIF(s) they manage are fairly treated;
- comply with all regulatory requirements applicable to the conduct of its business activities so as to promote the best interests of the Company or the Investors in the Company and the integrity of the market; and
- treat all Investors fairly.

The AIFM shall ensure that its decision-making procedures and its organisational structure ensure fair treatment of Investors in the Company.

In the framework of its risk management function, the AIFM implements appropriate risk management systems in order to detect, measure, manage and follow in an adequate manner all risks related to the investment strategy of the Company and its different Sub-Funds and their effect on the risk profile of the Company and its different Sub-Funds. As such, the AIFM shall ensure that the risk profile of the Company and its different Sub-Funds is relevant in light of the size, portfolio’s structure, strategies and investment objective of the Company and its different Sub-Funds.

### C. The Investment Advisor

The AIFM appointed CA Indosuez (Switzerland) S.A. (formerly Crédit Agricole (Suisse) S.A.) (the “**Investment Advisor**”) to provide investment advisory services in relation to the investment portfolios of the Company and its Sub-Funds.

Established in Switzerland for more than hundred and thirty (130) years, the Investment Advisor is among the leading foreign banks in Switzerland specialized in managing its clients’ wealth. The Investment Advisor, with almost forty-five billion Swiss Francs (CHF 45 billion) assets under management, is a wholly owned subsidiary of Crédit Agricole Private Banking which is the

holding company that spearheads the international network of direct Private Banking activities of the Crédit Agricole group. The Investment Advisor, whose head office is in Geneva, has focused on creating value, developing open architecture products services platforms and controlled international expansion, strengthening its presence in the Middle East and emerging markets such as Asia, Latin America, Eastern and Central Europe.

Through its private equity department, the Investment Advisor offers its qualified private clients a ten-year experience in private equity with a solid track record and expertise. By selecting the best performing managers and exclusive co-investment opportunities, the Investment Advisor is able to provide them with an exclusive private equity investment platform.

Notwithstanding any limitations contained herein, the Investment Advisor may continue to make or arrange investments in or on behalf of the investment funds/collective investment schemes presently under its management or established in the future.

The Investment Advisor shall provide investment advisory services to the AIFM, the Company and its Sub-Funds in a manner consistent with the investment policy of the relevant Sub-Fund as detailed in the applicable Appendix and under the overall supervision and control of the AIFM. The Investment Advisor shall advise the AIFM on investments/divestments to be made on behalf of the Company and support the AIFM in its day-to-day management of the affairs of the Sub-Funds. The Investment Advisor shall respect the global investment strategy previously determined by the AIFM, such as reflected, for each Sub-Fund in the relevant Appendix.

In consideration of the services rendered by the Investment Advisor for the benefit of the Company, the Investment Advisor is entitled to receive a remuneration of such amount as agreed from time to time between the AIFM and the Investment Advisor. Such remuneration is paid to the Investment Advisor out of the assets of the AIFM. The Investment Advisor's remuneration together with the AIFM's service fees, will not in aggregate exceed the maximum management charge set out in the relevant Appendix.

The AIFM and Investment Advisor may also appoint one or several specialised advisor(s) to a given Sub-Fund in light of the strategy pursued, as further described in the relevant Appendix.

#### D. Marketing

The AIFM may decide to appoint one or more placement agents within the framework of the placement or marketing of Shares in the relevant jurisdictions (the "**Placement Agent(s)**").

Where the intervention of a Placement Agent is an integral part of the marketing mechanism, the relationships between the AIFM for the benefit of the Company, the Placement Agent and the Shareholders must be stipulated in a specific agreement, specifying the respective obligations of the parties. The AIFM will ensure that the Placement Agents offer sufficient guarantees for the proper execution of their obligations to Shareholders using their services.

In the event of the appointment of a Placement Agent, the latter must implement the procedures to combat money laundering, as described in section VII "Prevention of Money Laundering".

The General Partner draws the Investors' attention to the fact that any investor will be able to fully exercise his investor rights directly against the Company, provided that the investor is registered himself and in his own name in the Shareholders' register of the Company. In cases where an investor invests in the Company through an intermediary investing into the Company

in his own name but on behalf of the investor in a nominee capacity, it may not always be possible for the investor to exercise certain Shareholders rights directly against the Company. Investors are advised to take advice on their rights in this respect.

## **V. DEPOSITARY**

CACEIS Bank, Luxembourg Branch established at 5, allée Scheffer, L-2520 Luxembourg and registered with the Luxembourg Register of Commerce and Companies under number B 209.310 is acting as depositary of the Company (the "**Depositary**") in accordance with a depositary agreement dated 12 May 2015 as amended from time to time (the "**Depositary Agreement**") and the relevant provisions of the 2004 Law and the 2013 Law, AIFMD and AIFMR.

CACEIS Bank, Luxembourg Branch is acting as a branch of CACEIS Bank, a public limited liability company (société anonyme) incorporated under the laws of France, having its registered office located at 1-3, place Valhubert, 75013 Paris, France, registered with the French Register of Trade and Companies under number 692 024 722 RCS Paris.

CACEIS Bank is an authorised credit institution supervised by the European Central Bank ("ECB") and the Autorité de contrôle prudentiel et de résolution ("ACPR"). It is further authorised to exercise through its Luxembourg branch banking and central administration activities in Luxembourg.

Investors are invited to consult the Depositary Agreement to have a better understanding and knowledge of the limited duties and liabilities of the Depositary.

The Depositary has been entrusted with (i) the custody of all financial instruments of the Company and (ii) the verification of ownership and/or, as the case may be, recordkeeping of the Sub-Funds' other assets, and it shall fulfil the obligations and duties provided for by 2004 Law and the 2013 Law. In addition, the Depositary shall ensure an effective and proper monitoring of the Company' cash flows.

In due compliance with AIFMD and AIFMR (including but not limited to article 19.9 of the 2013 Law and articles 92 to 97 of the AIFMR), the Depositary shall:

- (i) ensure that the sale, issue, re-purchase, redemption and cancellation of Shares of the Company are carried out in accordance with the applicable national law and the relevant provisions of the 2013 Law, AIFMD and AIFMR or instruments of incorporation;
- (ii) ensure that the value of the Shares is calculated in accordance with the 2013 Law, AIFMD, AIFMR, the Company constitutive documents and the procedures laid down in article 19 of the 2013 Law;
- (iii) carry out the instructions of the Company, unless they conflict with the 2013 Law, AIFMD and AIFMR or the Company constitutive documents;
- (iv) ensure that in transactions involving the Company's assets any consideration is remitted to the Company within the usual time limits;

- (v) ensure that a Company's income is applied in accordance with the 2013 Law, AIFMD and AIFMR and the Company constitutive documents.

The Depositary may not delegate any of the obligations and duties set out in (i) to (v) of this clause.

In compliance with the provisions of the 2004 Law and the 2013 Law, the Depositary may, under certain conditions, entrust part or all of its custody and/or verification of ownership and recordkeeping duties to correspondents or prime brokers as appointed from time to time. The Depositary's liability shall not be affected by any such delegation, unless otherwise specified, but only within the limits as permitted by the 2013 Law. In particular, under the conditions laid down in article 19(14) of the 2013 Law, including the condition that the Investors have been duly informed of that discharge and of the circumstances justifying the discharge prior to their investment, the Depositary can discharge itself of liability in the case where the law of a third country requires that certain financial instruments are held in custody by a local entity and there are no local entities that satisfy the delegation requirements laid down in article 19(11) point (d)(ii) of the 2013 Law.

The Company and the Depositary may terminate the Depositary agreement at any time by giving ninety (90) days' notice in writing. The Company may, however, dismiss the Depositary only if a new depositary bank is appointed within two months to take over the functions and responsibilities of the Depositary. After its dismissal, the Depositary must continue to carry out its functions and responsibilities until such time as the entire assets of the Sub-Funds have been transferred to the new depositary.

The Depositary has no decision-making discretion nor any advice duty relating to the Company's investments. The Depositary is a service provider to the Company and is not responsible for the preparation of this Placement Memorandum and therefore accepts no responsibility for the accuracy of any information contained in this Placement Memorandum or the validity of the structure and investments of the Company.

The fees and charges of the Depositary in connection with the investment activities and operations of the Company are borne by the Company and its Sub-Funds in accordance with the Depositary Agreement and common practice in Luxembourg.

## **VI. ADMINISTRATIVE AGENT – REGISTRAR AND TRANSFER AGENT**

Under the central administration and domiciliary services agreement effective as of 12 May 2015, CACEIS Bank, Luxembourg Branch has also been appointed as administrative agent (the “**Administrative Agent**”) and registrar and transfer agent of the Company (the “**Registrar and Transfer Agent**”), by way of delegation by the AIFM.

CACEIS Bank, Luxembourg Branch acting as Administrative Agent, Registrar and Transfer Agent of the Company is acting as a branch of CACEIS Bank, a public limited liability company (*société anonyme*) incorporated under the laws of France, having its registered office located at 1-3, place Valhubert, 75013 Paris, France, registered with the French Register of Trade and Companies under number 692 024 722 RCS Paris.

CACEIS Bank is an authorised credit institution supervised by the European Central Bank (“ECB”) and the *Autorité de contrôle prudentiel et de résolution* (“ACPR”). It is further authorised

to exercise through its Luxembourg branch banking and central administration activities in Luxembourg.

The Administrative Agent is responsible for the administration of the Company, the maintenance of records and other general administrative functions. The Administrative Agent shall assist the AIFM to determine the Net Asset Value, the attention of Investors being drawn to the fact that, for the avoidance of doubt, the General Partner, the AIFM and the Company shall provide, with the assistance of specialised and reputable service providers, or cause third party specialised and reputable service providers to provide, the Administrative Agent with the pricing/valuation of any asset in which the Company has made an investment, directly or indirectly via one or several subsidiaries (the “**Portfolio Investments**”) with respect to which no market price or fair value is made available to the general public or to the whole community of professionals of the financial sector, together with appropriate supporting data or evidence regarding the accuracy of such pricing/valuation, in accordance with the rules laid down in the Articles and this Placement Memorandum. The AIFM shall remain ultimately responsible for the pricing/valuation of the Portfolio Investments. The Administrative Agent is also responsible for providing the financial reports of the Company.

The Registrar and Transfer Agent is responsible for the processing of the issue (registration) and redemption of the Shares and settlement arrangements thereof. The Registrar and Transfer Agent shall furthermore assist the General Partner, the AIFM and/or Company to determine whether prospective investors willing to subscribe for Shares qualify as Eligible Investors.

The fees and charges of the Administrative Agent and the Registrar and Transfer Agent are borne by the Company and its Sub-Funds in accordance with common practice in Luxembourg and in accordance with the central administration and domiciliary services agreement.

The central administration and domiciliary services agreement may be terminated by either the Company or by the Administrative Agent and Registrar and Transfer Agent upon six (6) months’ prior written notice.

## **VII. PREVENTION OF MONEY LAUNDERING**

The Registrar and Transfer Agent shall be entrusted by the AIFM, the General Partner and the Company, under their supervision and overall responsibility, with the verifications imposed by Luxembourg applicable laws, rules and regulations with respect to anti-money laundering and, in particular, with:

1. the law dated 12 November 2004 as amended by:
  - a) the law of 17 July 2008 implementing (i) Directive 2005/60/EC of the European Parliament and of the Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing and (ii) Commission Directive 2006/70/EC laying down implementing measures for Directive 2005/60/EC of the European Parliament and of the Council as regards the definition of politically exposed person and the technical criteria for simplified customer due diligence procedures and for exemption on grounds of a financial activity conducted on an occasional or very limited basis;

- b) the law of 27 October 2010 enhancing the anti-money laundering and counter terrorist financing legal framework;
  - c) the law of 20 May 2011 implementing (i) Directive 2009/110/EC of the European Parliament and of the Council of 16 September 2009 on the taking up, pursuit and prudential supervision of the business of electronic money institutions and (ii) Commission Directive 2009/44/EC of the European Parliament and of the Council of 6 May 2009 amending Directive 98/26/EC on settlement finality in payment and securities settlement systems and Directive 2002/47/EC on financial collateral arrangements as regards linked systems and credit claims; and
  - d) the law of 21 December 2012 relating to the family office activity.
2. CSSF Circular 13/556 concerning the entering into force of the CSSF Regulation n° 12-02 of 14 December 2012 regarding on the fight against money laundering and terrorist financing, specifying and supplementing the law of 12 November 2004 on the fight against money laundering and terrorist financing, and repealing the CSSF Circular 10/476 and the CSSF Circular 08/387.

Further, the Registrar – or Company thereof - may restrict or prevent the ownership of Shares by corporate bodies that have elected to be treated as Financial Institutions for the purpose of the application of the AEI (Automatic Exchange of Information) / DAC (Directive 2011/16/UE) regulation and which are incorporated in participating jurisdictions – as defined by the EAI / DAC – with which Luxembourg has not agreed to exchange information.

In the context of money laundering prevention and in compliance with Luxembourg and international regulations applicable thereto, subscribers will have to furnish the following information when subscribing:

- for individuals : a certified copy issued by an authorised government body (for example a government, or agency thereof, etc.) of any valid identification (identification documentation, passport, etc.) of the subscriber or the beneficial owner in the case of agent acting on behalf of the latter. Further, with respect to AEI/DAC identification obligations, subscribers or beneficial owner thereof will inter alia need to furnish their address, the name of the country of residence for tax purposes, their date and place of birth. When the country of residence for tax purposes is not Luxembourg, the subscriber – beneficial owner thereof – will additionally supply his TIN<sup>1</sup> (Tax identification number)
- for corporations or other legal entities: a memorandum of incorporation issued by an authorised government body (for example a government, or agency thereof, etc.) and a certified copy of the articles of association. All executive members and shareholders owning at least 10% of interest (debt or equity) will be identified following the aforementioned procedures.

In the context of AEI / DAC, all subscribers agree to inform the Company – Registrar thereof – of any change in circumstances if such change affects the validity of the aforementioned information in particular regarding their country of residence for tax purposes. In such case, the

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<sup>1</sup> Notwithstanding the preceding sentence collecting the TIN will not be compulsory when such code isn't issued by the relevant jurisdiction. In such case the subscriber – beneficial owner thereof – agrees to supply the custodian with such code within 90 days after it's first issued.

subscriber will furnish a valid self-certification as to allow the Company – Registrar thereof – to identify his (new) country/countries of residence for tax purposes. The latter will need to be collected by the Registrar – the Company thereof – no later than 90 days following abovementioned change of circumstances.

The aforementioned documentation will be transferred to the Registrar in the following cases as to allow the execution of orders in due time:

- 1- when directly subscribing to the Company ;
- 2- when subscribing through finance professionals incorporated in countries with customer due diligence obligations that are not equivalent to those of Luxembourg especially concerning money laundering prevention;
- 3- when subscribing through a subsidiary or branch of a company incorporated in a country with customer due diligence obligations that are equivalent to those in Luxembourg, if local regulations do not obligate the latter to ensure its subsidiaries or branches to apply the same customer due diligence obligations it may have.

When the subscription form is incomplete or lacks necessary documentation, the Registrar – the Company thereof – reserves the right to refuse any request of subscription until all relevant documentation is furnished. In such case, the Registrar – the Company thereof – will not be liable for any loss or unrealised profit consecutively to the late processing of the order.

In the context of money laundering prevention, the Registrar – the Company thereof – is obligated to identify the source of the funds utilised during the subscription when carried out by a financial institution that is not incorporated in a country with anti-laundering laws equivalent to those of Luxembourg. In general, member jurisdictions of the FATF (Financial Action Task Force) will be considered as having equivalent obligations as Luxembourg. Subscription requests will not be processed until all relevant information is furnished.

Subscribers are informed that they will have to proceed to their identification with their intermediary.

Further, the Registrar – the Company thereof – reserves the right to obtain any documentation it considers necessary to comply with all legal obligations it may have, especially with respect to FATCA and AEI/DAC specifically including a self-certification and all other necessary documentation to assess its reasonableness.

In the case of shares held through a nominee that elected to be considered as a financial institution with respect to AEI/DAC regulation, the latter will ensure all identification, reporting and customer due diligence obligations with respect to the aforementioned regulation are met.

Without prejudice to the above, the Registrar – the Company thereof – reserves the right to (a) refuse any request for subscription, and (b) repurchase outstanding shares held by investors who are not authorised to either buy or hold shares of the Fund and (c) to reassign to the appropriate share class without prior notification a shareholder (i) whose shares holding has fallen below the minimum holding threshold applicable to the relevant Share Classes or (ii) who do not meet the eligibility criteria attributable to a given share class.

## VIII. SHARES OF THE COMPANY

### A. Types of Shares

Shares may only be issued to and held by Well-Informed Investors.

The following Shares will be issued in registered form only:

- The **Investors Shares** which may be issued in one or more Classes in each Sub-Fund by the General Partner within the Company; each Class may have different features, currencies or rights or are offered to different types of investors, as more fully disclosed in the relevant Appendix.
- The **General Partner Share** to be issued to the General Partner upon incorporation of the Company, no further General Partner Share will be issued. The subscription price of the General Partner Share is one thousand Euros (EUR 1,000.-).
- The **Participating Shares** are reserved to the General Partner. They may be issued at the creation of each Sub-Fund, unless otherwise provided for in the relevant Appendix and in accordance with the terms and conditions specified herein. In such later case, no additional Participating Shares may be issued after the creation of the relevant Sub-Fund without the approval of two thirds (2/3) of the Participating Shares issued in such Sub-Fund.

Regarding the subscription price of the Investors Shares and or the Participating Shares (each the “**Subscription Price**”), it will be defined in the relevant Appendix.

The inscription of the Shareholder's name in the register of Shares evidences his right of ownership of such registered Share(s). A holder of registered Share(s) shall receive upon request a written confirmation of his shareholding.

### B. Issuance of Shares

The General Partner is authorized, without limitation, to issue an unlimited number of Investors Shares within each Sub-Fund at any time without reserving to the existing Investors a preferential right to subscribe for the Investors Shares to be issued, except for the limitations applicable with respect to the Participating Shares.

The General Partner may impose restrictions on the frequency at which Shares shall be issued in any Class and/or in any Sub-Fund; the General Partner may, in particular, decide that Shares of any Class and/or of any Sub-Fund shall only be offered for subscription (i) in the context of one or several closings or (ii) continuously at a specified periodicity, as indicated in the relevant Appendix.

Fractional Shares may be issued up to three decimals of a Share. Such fractional Shares of each Class have no nominal value and, within each Class, shall be entitled to an equal participation in the net results and in the proceeds of liquidation of the relevant Sub-Fund on a pro rata basis.



### C. Contributions in Kind

Unless otherwise stipulated in the relevant Appendix for a given Sub-Fund, the General Partner may agree to issue Shares as consideration for a contribution in kind of assets, provided that such assets comply with the investment objectives, policies and restrictions of the relevant Sub-Fund and in accordance with the conditions set forth by Luxembourg law, in particular the obligation to deliver a valuation report from the auditor of the Company (“*réviseur d’entreprises agréé*”) which shall be available for inspection. Unless otherwise stipulated in the relevant Appendix for a given Sub-Fund, any costs incurred in connection with a contribution in kind of assets shall be borne by the relevant Investor.

### D. Defaulting Investors<sup>2</sup>

Unless otherwise stipulated in any Appendix, if any Investor that has made a Commitment to the Company fails at any time to pay the subscription amounts due for value on the relevant payment date, the Company may decide to apply an interest charge on such amounts (the “**Default Interest**”), without further notice, at a rate equal to fifteen percent (15%) per annum, until the date of full payment. The Default Interest shall be calculated on the basis of the actual number of days elapsed between the relevant payment date (inclusive) and the actual date the relevant payment is received by the Company (exclusive).

If within thirty (30) Business Days following a formal notice served by the Company by registered mail, the relevant Investor has not paid the full amounts due (including the Default Interest due), this Investor shall become a defaulting Investor (the “**Defaulting Investor**”) and the General Partner may bring legal action in order to compel the Defaulting Investor to pay the full amount due (including any Default Interest).

#### D.1 Defaulted Shares

In the meantime, and notwithstanding the preceding section, all the Shares registered in its name that are **still partly paid** shall become defaulted Shares (the “**Defaulted Shares**”) in the relevant Sub-Fund. Defaulted Shares have their voting rights suspended and do not carry any right to distributions, as long as the payment has not been effected.

The default mechanisms foreseen under D.2(1), (2) and (3) below may apply *mutatis mutandis* to Defaulted Shares.

#### D.2 Defaulted Redeemable Shares

In the event that all Shares registered in the name of such Defaulting Investor are **fully paid** (the “**Defaulted Redeemable Shares**”), the default mechanisms foreseen under (1), (2) and (3) below shall apply.

### **(1) Transfer of Shares of Defaulting Investors**

In order to provide for the possibility to preserve the level of Capital Funding of the relevant Sub-Fund(s) to the Aggregate Commitments remaining available for drawdown, each Investor

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<sup>2</sup> For sake of clarity, for the Investors who have commit to subscribe for Shares in Sub-Funds existing before the date of this Placement Memorandum (*i.e.* December 2017) and in accordance with the previous version of the commitment agreement/subscription documentation, please refer at the end of Part I of this Placement Memorandum, “Information Notice”.

agreed, for the benefit of the other Investors of the relevant Sub-Fund, and the General Partner and/or any of its Affiliates, each with the full power of substitution (with full discretion regarding the beneficiary(ies) of such substitution), an irrevocable promise to sell (*promesse de vente*) all or part of its **fully paid** Shares (as registered in the register of Shareholders of the relevant Sub-Fund(s)) to any of the Investors of the relevant Sub-Fund, the General Partner and/or any of its Affiliates each with the full power of substitution, if it has become a Defaulting Investor, at a price per Share equal to the lesser of (i) fifty percent (50%) of the subscription price paid at the time by the Defaulting Investor (equalization payment/interest paid included, if any) and (ii) fifty percent (50%) of the current Net Asset Value of such Shares. The sale process shall be brought to completion in accordance with the following rules and procedure:

- (i) after expiry of the thirty (30) Business Days notice period referred to above, the General Partner shall deliver notice, sent by internationally recognized courier and by telefax, or as a scanned document attached to an e-mail with in each case confirmation of transmission to the addressee, of such default to the Investors of the relevant Sub-Fund(s) who are not in default under their Commitment Agreement (each a “**Non-Defaulting Shareholder**”), and each Non-Defaulting Shareholder and/or the General Partner and/or any of its Affiliates shall then confirm in writing, by courier and facsimile, to the Defaulting Investor and to the General Partner, within fifteen (15) Business Days following the date of the notification from the General Partner, their acceptance, or that they decline, to purchase such number of Shares as indicated in its acceptance confirmation;
- (ii) the sale shall be completed, and reflected as such by the General Partner in the register of Shareholders of the relevant Sub-Fund(s), in proportion to the number of Shares held by each of the Non-Defaulting Shareholders and/or the General Partner and/or any of its Affiliates, confirming their acceptance to purchase the Shares from the Defaulting Investor, it being agreed and understood that by not confirming its acceptance of the purchase, a Non-Defaulting Shareholder and/or the General Partner and/or any of its Affiliates increases the other Non Defaulting Shareholders’ rights for the amount of Shares which will not be acquired by such Non-Defaulting Shareholder and/or the General Partner and/or any of its Affiliates;
- (iii) the Investors agreed that their acceptance to purchase such number of Shares as indicated in the acceptance confirmation shall necessarily imply that the relevant parties or assignee thereof automatically and irrevocably fully and completely assume the proportion of the Commitments of the Defaulting Investor that remains outstanding towards the relevant Sub-Fund(s) on the Shares transfer date.

In the absence of fraud, none of the Company or the General Partner shall be liable to (i) a Defaulting Investor whose Shares are transferred, or to (ii) a Non-Defaulting Investor purchasing Shares pursuant to this section. The Defaulting Investor undertakes to keep the General Partner and/or the Company indemnified against any claims, costs and expenses which the General Partner and/or the Company may suffer as a result of the sale.

## **(2) Compulsory redemption of the Shares of Defaulting Investors**

Subject to item (3) below, as an alternative, or in addition, to the purchase mechanism foreseen above, all Shares registered in the name of such Defaulting Investor that are **fully paid** may, in case of such default, be subject to a compulsory redemption by the Company in accordance with the following rules and procedure:

- (i) the General Partner shall send a notice (hereinafter called the “**Redemption Notice**”) to the Defaulting Investor possessing the Defaulted Redeemable Shares; the Redemption Notice shall specify the Defaulted Redeemable Shares to be redeemed, the price to be paid, and the place where this price shall be payable. The Redemption Notice may be sent to the Defaulting Investor by recorded delivery letter to his last known address. The Defaulting Investor in question shall be obliged without delay to deliver to the Company the certificate or certificates, if there are any, representing the Defaulted Redeemable Shares specified in the Redemption Notice. From the close of business of that day specified in the redemption notice, the Defaulting Investor shall cease to be the owner of the Defaulted Redeemable Shares specified in the Redemption Notice and the certificates representing these Shares shall be rendered null and void in the financial and legal records of the Company;
- (ii) in such compulsory redemption, the redemption price per Share will be equal to the lesser of (i) fifty percent (50%) of the subscription price paid at the time by the redeemed Defaulting Investor (equalization payment/interest paid included, if any) per Share upon subscription by the redeeming Defaulting Investor, less Default Interest due on the unpaid part of the subscription amounts due, as well as administration and miscellaneous costs and expenses borne by the Company in respect of such default, and (ii) fifty percent (50%) of the Net Asset Value of such Defaulted Redeemable Shares on the relevant redemption date, less Default Interest on the unpaid part of the subscription amounts due, as well as administration and miscellaneous costs and expenses borne by the Company in respect of such default. The above-mentioned redemption price will be payable at the latest at the close of the liquidation of the relevant Sub-Fund(s).

### **(3) Duties of the General Partner**

Whilst the General Partner shall retain a general discretion as to which Defaulting Investor remedy to apply, it shall - in the best interests of the relevant Sub-Fund(s) and in order to preserve the capital in the relevant Sub-Fund(s) - first resort to the *promesse de vente* option referred to in item (1) and only to the extent that this option does not result in a transfer of any Defaulting Investor Shares shall the redemption option in item (2) be utilized.

The General Partner may bring any legal actions it may deem relevant against the Defaulting Investor based on breach of his subscription agreement with the Company.

## **IX. RESTRICTION ON THE OWNERSHIP OF SHARES**

### **A. Restriction as to the Subscription of Shares**

Subscription for Shares is restricted to Well-Informed Investors.

Should the General Partner consider that a potential investor has not provided sufficient and adequate guarantee/evidence of its capacity to fully satisfy its envisaged investment in the Company, it may, at its discretion, request such a potential investor to provide a letter of guaranty from a first class bank to the Company in a form and with a substance acceptable to the General Partner, in view of its investment in the Company in order to cover the subscribed/committed capital into a Sub-Fund (the “**Letter of Guaranty**”) (or any other relevant security arrangement) prior to accepting the Commitment of said investor.

The General Partner may restrict or reject any applications for Shares by any person and may cause any Shares to be subject to compulsory redemption if the Company considers that this ownership involves a violation of the law of the Grand Duchy or abroad, or may involve the Company in being subject to taxation in a country other than the Grand Duchy or may in some other manner be detrimental to the Company.

To that end, the General Partner may:

- (i) decline to issue any Shares when it appears that such issue might or may have as a result the allocation of ownership of the Shares to a person who is not authorized to hold Shares; and/or
- (ii) proceed with the compulsory redemption of all the relevant Shares if it appears that a person who is not authorized to hold such Shares, either alone or together with other persons, is the owner of Shares, or proceed with the compulsory redemption of any or a part of the Shares, if it appears to the Company that one (1) or several persons is or are an owner or owners of a proportion of the Shares in such a manner that this may be detrimental to the Company. The procedure applicable to the redemption of Defaulted Redeemable Shares described under the section VIII "Shares of the Company, sub-section "Defaulting Investors" shall be applied. The price at which the Shares specified in the redemption notice shall be redeemed shall in such instances be equal to the Net Asset Value per Share. Payment of the redemption price will be made to the owner of such Shares in the Reference Currency of the relevant Class, except during periods of exchange restrictions, and will be deposited by the Company, within a period of time customary to the industry with a bank in Luxembourg or elsewhere (as specified in the purchase notice) for payment to such owner upon surrender of the Share certificate or certificates, if issued, representing the Shares specified in such notice. Upon deposit of such redemption price as aforesaid, no person interested in the Shares specified in such purchase notice shall have any further interest in such Shares or any of them, or any claim against the Company or its assets in respect thereof, except the right of the Shareholders appearing as the owner thereof to receive the price so deposited (without interest) from such bank upon effective surrender of the Share certificate or certificates, if issued, as aforesaid. The exercise by the Company of this power shall not be questioned or invalidated in any case, on the grounds that there was insufficient evidence of ownership of Shares by any person or that the true ownership of any Shares was otherwise than appeared to the Company at the date of any purchase notice, provided that in such case the said powers were exercised by the Company in good faith.

#### *B. Restrictions as to the transfer of Shares*

Shareholders cannot sell, assign, transfer or pledge their Investors Shares without the prior written consent of the General Partner. No Shareholder can transfer the Investors Shares it holds unless:

- (i) it has obtained the General Partner's consent;
- (ii) the transferee or purchaser is determined to be an Eligible Investor;
- (iii) where applicable, the transferee has provided, if requested by the General Partner, a Letter of Guaranty (or any other relevant security arrangement); and

- (iv) the transferor remains jointly and severally liable with the transferee for any remaining obligations at such time relating to the transferor's position as holder of the Investors Shares relating to the period prior to transferring to the transferee (including without limitation the obligation to pay any remaining balance of its Commitment in accordance with any drawdown previously to the transfer made by the General Partner).

For the avoidance of doubt, if, as a result of a transfer, it appears that the transferee is not authorized to own Shares in accordance with the provisions of this Placement Memorandum, the General Partner may proceed to the automatic redemption of the Shares as foreseen under section IX. "Restriction on the Ownership of Shares", 1." Restrictions as to the Subscription of Shares" of this Placement Memorandum.

## **X. REDEMPTION OF SHARES**

Prospective investors should refer to the relevant Appendix as regards applicable restrictions or limitations that may apply to the redemption of the relevant Shares.

In any case, the Shares may be redeemed whenever the General Partner considers a redemption to be in the best interest of the Company and subject to the availability of sufficient cash to meet the redemption requests and in accordance with the 2007 Law.

Except in the circumstances described under section VIII "Shares of the Company", sub-section D. "Defaulting Investors" and where a redemption of an investor is possible as resolved by the General Partner or as specified in the relevant Appendix, the redemption price will equal the Net Asset Value per relevant Shares that will be calculated after the redemption request is received by the Company, and will be paid within six (6) months following the relevant Valuation Date. No redemption request shall be accepted by the General Partner on behalf of the Company in any other circumstances than those specified hereabove and in the relevant Sub-Fund Appendix.

The Company shall not redeem any Shares if the net assets of the Company would fall below the minimum capital required in the 2007 Law (i.e. one million two hundred fifty thousand Euros (EUR 1,250,000.-)) as a result of such redemption.

The Company shall have the right, if the General Partner so determines, to satisfy payment of the redemption price to any Shareholder who agrees, in kind by allocating to the Shareholder investments from the portfolio of assets of the Company equal to the value of the Shares to be redeemed. The nature and type of assets to be transferred in such case shall be determined on a fair and reasonable basis and without prejudicing the interests of the other Shareholders and the valuation used shall be confirmed by a special report of the independent auditor of the Company (*réviseur d'entreprises agréé*). The costs of any such transfers shall be borne by the transferee (i.e. the shareholder obtaining the assets).

The Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses as described in each Sub-Fund Appendix, except in such situation whereby the commitments made by each Sub-Fund in its underlying investments may be higher than the Commitments made by the Investors in the Sub-Fund. In that particular case, the General Partner will use from time to time all or part of the distributions received from the Sub-Fund's investments to fund all or part of the capital

calls made by the Sub-Fund's investments in order to ensure that the Sub-Fund will meet its obligations with regards to uncalled Commitments from its underlying investments.

## **XI. CONVERSION OF SHARES**

Shareholders are authorized to convert Shares from one (1) Sub-Fund into another Sub-Fund or from one (1) Class into another within the same Sub-Fund only to the extent it is expressly contemplated in the relevant Sub-Fund(s) Appendix and upon the General Partner's consent.

## **XII. DETERMINATION OF THE NET ASSET VALUE**

The Net Asset Value of the Shares of each Sub-Fund is expressed in the Reference Currency.

The General Partner sets the Valuation Days, and the methods whereby the Net Asset Value is made public, in compliance with the legislation in force.

### **A. The assets of each Sub-Fund include:**

- all cash in hand or on deposit, including any outstanding accrued interest;
- all bills and promissory notes and accounts receivable, including outstanding proceeds of any sale of securities;
- all securities, shares, bonds, time notes, debenture stocks, options or subscription rights, warrants, money market instruments, and all other investments and transferable securities belonging to the relevant Sub-Fund;
- all dividends and distributions payable to the Sub-Fund either in cash or in the form of stocks and shares (the Company may, however, make adjustments to account for any fluctuations in the market value of transferable securities resulting from practices such as ex-dividend or ex-claim negotiations);
- all outstanding accrued interest on any interest-bearing securities belonging to the Sub-Fund, unless this interest is included in the principal amount of such securities;
- all preliminary expenses, to the extent that such expenses have not already been written-off;
- all other fixed assets, including office buildings, equipment and fixtures;
- the liquidating value of all forward contracts and all call or put options the Sub-Fund has an open position in; and
- all other assets whatever their nature, including expenses paid in advance.

*B. Each Sub-Fund's liabilities shall include:*

- all loans, bills, promissory notes, accounts payable and accrued interests;
- all known liabilities, whether or not already due, including all contractual obligations that have reached their term, involving payments made either in cash or in the form of assets, including the amount of any dividends declared by the Company regarding the Sub-Fund but not yet paid;
- a provision for capital tax and income tax accrued on the Valuation Day and any other provisions authorised or approved by the General Partner; and
- all other liabilities of the Company of any kind with respect to the Sub-Fund, except liabilities represented by Shares. In determining the amount of such liabilities, the Company shall take into account all expenses payable by the Company including, but not limited to:
  - preliminary expenses,
  - expenses in connection with and fees payable to, its investment manager(s), advisors(s), accountants, custodian and correspondents, registrar, transfer agents, paying agents, brokers, distributors, permanent representatives in places of registration and auditors,
  - administration, domiciliary, services, promotion, printing, reporting, publishing (including advertising or preparing and printing of issuing documents of the Company, explanatory memoranda, registration statements, financial reports) and other operating expenses,
  - the cost of buying and selling assets (transaction costs),
  - interest and bank charges, and
  - taxes and other governmental charges;

The Company may calculate administrative and other expenses of a regular or recurring nature on an estimated basis annually or for other periods in advance and may accrue the same in equal proportions over any such period.

*C. The value of the Company's assets shall be determined as follows:*

Prices of liquid assets that are available from public sources shall be computed by the Administrative Agent on the basis of such public prices. The valuation of the assets of each Sub-Fund shall be made by the AIFM in compliance with article 17 of the 2013 Law and shall be determined as follows:

- the value of any cash in hand or on deposit, discount notes, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received, shall be equal to the entire amount thereof, unless the same is unlikely to be paid or received in full, in which case the value thereof shall be determined after making such discount as the AIFM may consider appropriate in such case to reflect the true value thereof;

- the value of all portfolio securities and money market instruments or derivatives that are listed on an official stock exchange or traded on any other market functioning regularly, which is regulated, recognised and open to the public, as defined in Directive 2004/39/EC on markets in financial instruments as amended or supplemented from time to time (the “**Regulated Market**”) will be based on the last available price on the principal market on which such securities, money market instruments or derivatives are traded, as supplied by a recognized pricing service approved by the AIFM. If such prices are not representative of the fair value, such securities, money market instruments or derivatives as well as other permitted assets may be appraised at a fair value at which it is expected that they may be resold, as determined in good faith under the direction of the AIFM;
- the value of securities and money market instruments which are not quoted or traded on a Regulated Market will be valued at a fair value at which it is expected that they may be resold, as determined in good faith under the direction of the AIFM;
- investments in private equity securities will be appraised at a fair value under the direction of the AIFM in accordance with appropriate professional standards, such as, for example, and without limitation, the International Private Equity and Venture Capital Valuation Guidelines published by the European Private Equity and Venture Capital Association (EVCA);
- investments in real estate assets shall be valued with the assistance of one or several independent valuer(s) designated by the AIFM for the purpose of appraising, where relevant, the fair value of a property investment in accordance with the 2013 Law and its/their applicable standards, such as, for example, and without limitation, the edition of the Appraisal and Valuations Standards published by the Royal Institution of Chartered Surveyors (RICS);
- the amortized cost method of valuation for short-term transferable debt securities in certain Sub-Funds of the Company may be used. This method involves valuing a security at its cost and thereafter assuming a constant amortization to maturity of any discount or premium regardless of the impact of fluctuating interest rates on the market value of the security. While this method provides certainty in valuation, it may result during certain periods in values which are higher or lower than the price which the Sub-Fund would receive if it sold the securities prior to maturity. For certain short term transferable debt securities, the yield to a Shareholder may differ somewhat from that which could be obtained from a similar sub-fund which marks its portfolio securities to market on a daily basis;
- the value of the participations in investment funds shall be based on the last available valuation. Generally, participations in investment funds will be valued in accordance with the methods provided by the instruments governing such investment funds. These valuations shall normally be provided by the fund administrator or valuation agent of an investment fund. To ensure consistency within the valuation of each Sub-Fund, if the time at which the valuation of an investment fund was calculated does not coincide with the valuation time of any Sub-Fund, and/or if such valuation is determined to have changed materially since it was calculated, then the Net Asset Value may be adjusted to reflect the change as determined in good faith under the direction of the AIFM. Moreover, if the valuation reported for an investment fund is not appraised at fair value,



it may be adjusted to reflect fair value in accordance with appropriate professional standards as also determined in good faith under the direction of the AIFM;

- the valuation of swaps will be based on their market value, which itself depends on various factors (e.g. level and volatility of the underlying asset, market interest rates, residual term of the swap). Any adjustments required as a result of issues and Redemptions are carried out by means of an increase or decrease in the nominal of the swaps, traded at their market value;
- the valuation of derivatives traded over-the-counter (OTC), such as futures, forward or option contracts not traded on exchanges or on other recognized markets, will be based on their net liquidating value determined, pursuant to the policies established under the direction of the AIFM on the basis of recognised financial models in the market and in a consistent manner for each category of contracts. The net liquidating value of a derivative position is to be understood as being equal to the net unrealised profit/loss with respect to the relevant position;
- the value of other assets will be determined prudently and in good faith under the direction of the AIFM in accordance with generally accepted valuation principles and procedures.

The AIFM, at its discretion, may authorize the use of other methods of valuation if it considers that such methods would enable the fair value of any asset of the Company to be determined more accurately.

Where necessary, the fair value of an asset is determined by the AIFM, or by a committee appointed by the AIFM, or by a designee of the AIFM.

All valuation regulations and determinations shall be interpreted and made in accordance with Luxembourg generally accepted accounting principles (Lux GAAP).

For each Sub-Fund, adequate provisions will be made for expenses incurred and due account will be taken of any off-balance sheet liabilities in accordance with fair and prudent criteria.

For each Sub-Fund and for each Class, the Net Asset Value per Share shall be calculated in the relevant Reference Currency with respect to each Valuation Day by dividing the net assets attributable to such Sub-Fund and to such Class (which shall be equal to the assets minus the liabilities attributable to such Sub-Fund and to such Class) by the number of Shares issued and in circulation in such Sub-Fund and to such Class. Assets and liabilities expressed in foreign currencies shall be converted into the relevant Reference Currency, based on the relevant exchange rates.

The Company's net assets shall be equal to the sum of the net assets of all its Sub-Funds.

In the absence of bad faith, wilful default, gross negligence or manifest error, every decision to determine the Net Asset Value taken by the AIFM or by any bank, company or other organization which the AIFM may appoint for such purpose, shall be final and binding on the Company and present, past or future Shareholders stand to be taken by the Company re. applicability of CSSF Circular 02/77 and materiality thresholds in case of NAV computation errors; to be reflected in initial resolutions of the Board and consistency check to be made with content of central administration agreement and investment management agreement. In case of

silence of the contractual arrangements, applicability of the thresholds contained in CSSF Circular 02/77 is arguable amongst parties.

### **XIII. TEMPORARY SUSPENSION OF NET ASSET VALUE CALCULATION**

The Company may suspend the determination of the Net Asset Value and/or, where applicable, the subscription, redemption and/or conversion of Shares, for one or more Sub-Funds, in the following cases:

- when the stock exchange(s) or market(s) that supplies/supply prices for a significant part of the assets of one or more Sub-Funds, is/are closed, or in the event that transactions on such a market are suspended, or are subject to restrictions, or are impossible to execute in volumes allowing the determination of fair prices;
- when the information or calculation sources normally used to determine the value of a Sub-Fund's assets are unavailable, or if the value of a Sub-Fund's investment cannot be determined with the required speed and accuracy for any reason whatsoever;
- when exchange or capital transfer restrictions prevent the execution of transactions of a Sub-Fund or if purchase or sale transactions of a Sub-Fund cannot be executed at normal rates;
- when the political, economic, military or monetary environment, or an event of force majeure, prevent the Company from being able to manage normally its assets or its liabilities and prevent the determination of their value in a reasonable manner;
- when there is a suspension of redemption or withdrawal rights by several investment funds in which the Company or the relevant Sub-Fund is invested; and
- in exceptional circumstances, whenever the General Partner considers it necessary in order to avoid irreversible negative effects on one or more Sub-Funds, in compliance with the principle of equal treatment of shareholders in their best interests.

The suspension of the calculation of the Net Asset Value and/or, where applicable, of the subscription, redemption and/or conversion of Shares, shall be notified to the relevant persons through all means reasonably available to the Company, unless the General Partner is of the opinion that a publication is not necessary considering the short period of the suspension.

Such a suspension decision shall be notified to any Shareholders requesting redemption or conversion of their Shares.

The suspension measures provided for in this section may be limited to one or more Sub-Funds.

#### **XIV. DISTRIBUTION POLICY**

The features of the Shares available within each Sub-Fund are set out in of the relevant Appendix.

The Company may declare annual or other interim distributions payable from the investment income and/or realized capital gains and, if considered necessary to maintain a reasonable level of dividends, out of any other funds available for distribution.

The Company shall not proceed to distributions by way of distribution of dividends or redemption of Shares, in the event that the net assets of the Company would fall below the equivalent in the Reference Currency of the Company of one million two hundred fifty thousand Euros (EUR 1,250,000.-).

#### **XV. COSTS, FEES AND EXPENSES**

##### **A. Costs payable by the relevant Sub-Fund**

Except otherwise specified in the relevant Appendix, each Sub-Fund will bear all costs relating to its establishment and operations. These costs may, in particular and without being limited to the following, include start-up costs, the remuneration of the General Partner, the AIFM, the Depositary, the Administrative Agent, the Registrar and Transfer Agent, investment advisors, sub-investment manager(s) or advisor(s) and other providers of services, as well as brokerage fees, transaction fees and expenses, taxes and costs connected with the movements of securities or cash, marketing expenses (such as without limitation preparation of marketing materials, and sponsoring conferences and seminars), as well as the fees of the auditor, legal advisor(s), the costs of preparation and distribution of this Placement Memorandum and periodic reports, Luxembourg subscription tax and any other taxes relating to the operations of the Sub-Fund, the costs related to the issue, redemption or conversion of the Shares, translations and legal publications, the costs of its securities servicing, the possible costs of listing on any stock exchange or of publication of the price of the Shares, the costs of official deeds and any legal costs relating thereto.

Charges relating to the creation of any Sub-Fund shall be borne by such a Sub-Fund and amortized over a period not exceeding five (5) years against the assets of that Sub-Fund, and in such amounts in each year as determined by the General Partner on an equitable basis.

For the avoidance of doubt, the preliminary expenses relating to the Company as an umbrella platform will be advanced by the General Partner and/or the AIFM.

##### **B. Costs and fees to be borne by the Investors**

Where applicable, Investors may have to bear placement fees and/or costs and/or fees with respect to the issue, redemption or conversion of the Shares, as described in the relevant Appendix.

## **XVI. TAXATION**

The following is given on a general tax perspective and is based on the Company's understanding of, and advice received on, certain aspects of the law and practice currently in force in Luxembourg as of the date of this Placement Memorandum. It is not intended to be, nor should it be construed to be, legal or tax advice that may be relevant to an investment decision. This summary is based upon the Luxembourg law and regulations as in effect and as interpreted by the Luxembourg tax authorities on the date of this Placement Memorandum and is subject to any amendments in law (or in interpretation) later introduced, whether or not on a retroactive basis. Prospective investors should consult their professional advisors with respect to particular circumstances, the effects of state, local or foreign laws to which they may be subject and as to their tax position.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*) as well as personal income tax (*impôt sur le revenu*) generally. Investors may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes.

### **A. The Company**

#### ***Subscription tax***

The Company is as a rule liable to a subscription tax (*taxe d'abonnement*) in Luxembourg at an annual rate calculated on the basis of the Net Asset Value of the Company at the end of each quarter. As the Company is regulated under the 2007 Law, the expected rate will be zero point zero one percent (0.01%) *per annum*.

No tax is currently due on the portion of assets represented by units held in other undertakings for collective investment, to the extent such units have already been subject to the subscription tax provided by the 2007 Law or the Luxembourg law dated 17 December 2010 relating to undertakings for collective investment, as amended or supplemented from time to time (the "2010 Law").

#### ***Withholding tax***

Under current Luxembourg tax law, there is no withholding tax on any distribution, redemption or payment made by the Company to its Shareholders under the Shares. There is also no withholding tax on the distribution of liquidation proceeds to the Shareholders.

#### ***Income tax***

The Company is not liable to any Luxembourg income tax in Luxembourg

### ***Value added tax***

The Company and the General Partner responsible for its management are considered in Luxembourg as taxable persons for value added tax (“**VAT**”) purposes without input VAT deduction right with regards to their fund management activities. A VAT exemption applies for services qualifying as fund management services. Other services supplied to the Company or to the General Partner could potentially trigger VAT and require the VAT registration of the Company and/or the General Partner in Luxembourg as to self-assess the VAT regarded as due in Luxembourg on taxable services (or goods to some extent) purchased from abroad.

No VAT liability in principle arises in Luxembourg in respect of any payments by the Company to its Shareholders to the extent such payments are linked to their subscription to the Shares and do therefore not constitute the consideration received for any taxable services supplied.

### ***Other taxes***

No stamp duty or other tax is payable in Luxembourg on the issue of Shares against cash, except a fixed registration duty of seventy five Euro (EUR 75.-) which is paid upon the Company’s incorporation or any amendment of its Articles.

The Company may be subject to withholding tax on dividends and interest and to tax on capital gains in the country of origin of its investments. As the Company itself is exempt from income tax, withholding tax levied at source, if any, is not be refundable in Luxembourg.

### ***B. The Shareholders***

It is expected that Shareholders will be resident for tax purposes in many different countries. Consequently, except as set-out below, no attempt is made in this Placement Memorandum to summarize the taxation consequences for each Shareholder subscribing, converting, holding or redeeming or otherwise acquiring or disposing of Shares. These consequences will vary in accordance with the law and practice currently in force in a Shareholder’s country of citizenship, residence, domicile or incorporation and with his personal circumstances. Shareholders resident in or citizens of certain countries which have anti-offshore fund legislation may have a current liability to tax on the undistributed income and gains of the Company.

The General Partner, the Company and each of the Company’s agents shall have no liability in respect of the individual tax affairs of Shareholders.

**Shareholders should consult their professional advisors on the possible tax or other consequences of buying, holding, transferring or selling the Shares under the laws of their countries of citizenship.**

### ***Income taxation of the Shareholders***

#### ***Luxembourg non-residents***

Shareholders, who are non-residents of Luxembourg and who have neither a permanent establishment nor a permanent representative in Luxembourg to which or whom the Shares are attributable, are not liable to any Luxembourg income tax on income received and capital gains realized upon the sale, disposal or redemption of the Shares.

Non-resident Shareholders having a permanent establishment or a permanent representative in Luxembourg, to which the Shares are attributable, must include any income received, as well as any gain realized on the sale, disposal or redemption of Shares, in their taxable income for Luxembourg tax assessment purposes. Taxable gains are determined as being the difference between the sale, repurchase or redemption price and the lower of the cost or book value of the Shares sold or redeemed.

### Luxembourg residents

#### *Luxembourg resident individuals*

Any dividends received and other payments derived from the Shares received by resident individuals, who act in the course of either their private wealth or their professional / business activity, are subject to income tax at the progressive ordinary rates.

Capital gains realised upon disposal of Shares by Luxembourg resident individual Shareholders, acting in the course of the management of their private wealth are not subject to income tax, unless said capital gains qualify either as a speculative gains or as a gains on a substantial participation.

Capital gains are deemed to be speculative and are thus subject to income tax at ordinary rates if the Shares are disposed of less than six (6) months after the acquisition thereof, or if their disposal precedes their acquisition,

A participation is deemed to be substantial if the Shareholder holds or has held either alone or together with his spouse or partner and/or minor children, directly or indirectly at any time within the five (5) years preceding the realisation of the capital gain, more than ten percent (10%) of the share capital of the Company whose shares are being disposed of. A Shareholder is also deemed to alienate a substantial participation if he acquired free of charge, within the five (5) years preceding the transfer, a participation that was constituting a substantial participation in the hands of the alienator (or the alienators in case of successive transfers free of charge within the same five (5)-year period). Capital gains realized on a substantial participation more than six (6) months after the acquisition thereof are taxed according to the half-global rate method (*i.e.* the average rate applicable to the total income is calculated according to progressive income tax rates and half of the average rate is applied to the capital gains realized on the substantial participation). A disposal may include a sale, an exchange, a contribution or any other kind of alienation of the participation.

Capital gains realized on the disposal of the Shares by a resident individual Shareholder, who acts in the course of the management of his/her professional/business activity, are subject to income tax at ordinary rates. Taxable gains are determined as being the difference between the price for which the Shares have been disposed of and the lower of their cost or book value.

#### *Luxembourg resident companies*

Luxembourg resident corporate (*sociétés de capitaux*) holders of Shares must include any income received, as well as any gain realised on the sale, disposal or redemption of Shares, in their taxable income for Luxembourg income tax assessment purposes.

Luxembourg resident corporate Shareholders which are companies benefiting from a special tax regime (such as (i) undertakings for collective investment subject to the the Luxembourg law dated 20 December 2002 relating to undertakings for collective investment, as amended or

supplemented from time to time (the “**2002 Law**”) or the 2010 Law (ii) specialized investment funds subject to the 2007 Law, (iii) family wealth management companies governed by the amended law of 11 May 2007) (iv) professional pension institution subject to the amended law of 13 July 2005 and (v) reserved alternative investment funds treated as specialized investments funds for Luxembourg tax purposes and subject to the law of 23 July 2016 are tax exempt entities in Luxembourg, and are thus not subject to any Luxembourg income tax.

### ***Net worth tax***

A Luxembourg resident, as well as a non-resident who has a permanent establishment or a permanent representative in Luxembourg to which the Shares are attributable, are subject to Luxembourg net worth tax on such Shares, except if the Shareholder is (i) a resident or non-resident individual taxpayer, (ii) an undertaking for collective investment subject to the 2002 Law or the 2010 Law, (iii) a securitization company governed by the amended law of 22 March 2004 on securitization, (iv) a company governed by the amended law of 15 June 2004 on venture capital vehicles, (v) a specialized investment fund governed by the amended 2007 Law, (vi) a family wealth management company governed by the amended law of 11 May 2007, (vii) a professional pension institution subject to the amended law of 13 July 2005 or (viii) a reserved alternative investment fund subject to the law of 23 July 2016.

However, (i) a securitization company governed by the amended law of 22 March 2004 on securitization, (ii) a company governed by the amended law of 15 June 2004 on venture capital vehicles (iii) a professional pension institution subject to the amended law of 13 July 2005 and (iv) a reserved alternative investment fund treated as a venture capital vehicle for Luxembourg tax purposes and subject to the law of 23 July 2016 remain subject to the minimum net worth tax.

### ***Other taxes***

Under Luxembourg tax law, where an individual Shareholder is a resident of Luxembourg for tax purposes at the time of his/her death, the Shares are included in his/her taxable basis for inheritance tax purposes. On the contrary, no estate or inheritance tax is levied on the transfer of the Shares upon death of a Shareholder in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes at the time of his/her death.

Luxembourg gift tax may be levied on a gift or donation of the Shares if embodied in a Luxembourg deed or registered in Luxembourg.

## **XVII. FATCA AND COMMON REPORTING STANDARD**

### ***FATCA***

Capitalized terms used in this section should have the meaning as set forth in the Luxembourg law dated 24 July 2015 (“**FATCA Law**”), unless provided otherwise herein.

The United States HIRE Act was adopted in March 2010 (the “**HIRE Act**”). It includes provisions generally known as FATCA.

The intention of these is that details of Specified US Persons holding assets outside the United States of America (the “**US**”) will be reported by financial institutions to the IRS as a safeguard

against US tax evasion. As a result of the HIRE Act, and to discourage non-US Financial Institutions from staying outside this regime, all US securities held by a Financial Institution that does not enter and comply with the regime will in principle be subject to a US tax withholding of 30 per cent on gross sales proceeds as well as income.

Under the FATCA Law transposing the intergovernmental agreement concluded between Luxembourg and the United States of America in relation to FATCA on 28 March 2014, Luxembourg Financial Institutions will provide the Luxembourg tax authorities (“**LTA**”) with information on the identity and the investments of and the income received by their investors (the “**FATCA Information**”) that are Specified US Persons or, in case of a Non-Financial Foreign Entity (“**NFFE**”) being a holder, on the status of any Controlling Person within the meaning of the FATCA Law as a Specified US Person (together the “**U.S. Reportable Persons**”). The LTA will then automatically pass the FATCA Information on to the IRS. Such reporting is, however, not required in case the Luxembourg Financial Institution can rely on a specific exemption or a deemed-compliant category contained in the FATCA Law.

The Company therefore requires all holders to provide mandatory documentary evidence on their status as a Specified US Person or, in case of a NFFE being a holder, on the status of any Controlling Person as a Specified US Person. Under the FATCA Law, the Company will be required to, inter alia, disclose the name, address and taxpayer identification number of these Specified US Persons that own, directly or indirectly, an interest in the Company, as well as information on the balance or value of the interest owned in the Company by such Specified US Persons and NFFE with Controlling Person(s) being Specified US Persons, as well as on any amounts paid by the Company to such Specified US Persons.

The Company’s ability to satisfy its obligations under the FATCA Law will depend on each holder in the Company providing the Company with any information, including information concerning the direct or indirect owners of such holder, that the Company determines is necessary to satisfy such obligations. Each holder agrees to provide such information upon request by the Company.

While the Company will make all reasonable efforts to seek documentation from holders to comply with these rules and to allocate any taxes or penalties imposed or required to be deducted under the FATCA Law and/or FATCA to holders whose non-compliance caused the imposition or deduction of the tax or penalty, it cannot be excluded that other complying holders in the Company may be affected by the presence of such non-complying holders.

***Common Reporting Standard (CRS) / Automatic Exchange of Information (EAI) / Directive on administrative cooperation in the field of taxation (DAC)***

Capitalized terms used in this section should have the meaning as set forth in the Luxembourg law dated 18 December 2015 (the “**CRS Law**”), unless provided otherwise herein.

The Company may also be subject to the Standard for Automatic Exchange of Financial Account Information in Tax matters and its Common Reporting Standard (the “**CRS**”) as set out in the Multilateral Competent Authority Agreement on the Automatic exchange of Financial Account Information (“**MCAA**”) signed on 29 October 2014 or in the CRS Law.

The application of these regulations will compel Reporting Financial Institutions to determine shareholders’ residence(s) for tax purposes and to report to their local competent authority all accounts held by reportable shareholders (i.e. shareholders residing for tax purposes in a reportable jurisdiction as well as certain shareholders with Controlling Persons as per the CRS



Law residing for tax purposes in a reportable jurisdiction). The information to be reported encompasses inter alia the name, the address, the tax identification number (“**TIN**”) the account balance or value at the end of the relevant calendar year. As to determine shareholders’ residence for tax purposes, financial institutions will first review the information contained in their customer’s files. Unless the shareholder produces a valid self-certification indicating in particular the latter’s residence for tax purposes, the financial institution will report the account as being maintained by a shareholder residing in all jurisdictions for which an indicia has been found.

Under the terms of the CRS Law, the Company is likely to be treated as a Luxembourg Reporting Financial Institution. As such, as of 30 June 2017 and without prejudice to other applicable data protection provisions as set out in the Company documentation, the Company will be required to annually report to the LTA information on the identity and the investments of and the income received by (i) certain investors as per the CRS Law (the “**Reportable Persons**”), and (ii) Controlling Persons, within the meaning of the CRS Law, of certain non-financial entities (“**NFEs**”) which are themselves Reportable Persons. This information, as exhaustively set out in Article 4 of the CRS Law (the “**CRS Information**”), will include personal data related to the Reportable Persons.

The Company’s ability to satisfy its reporting obligations under the CRS Law will depend on each investor providing the Company with the CRS Information, along with the required supporting documentary evidence.

### ***Processing and disclosure***

The investors are hereby informed that, as data controller, the Company will process the CRS Information for the purposes as set out in the FATCA Law and the CRS Law. The investors undertake to inform their Controlling Persons, if applicable, of the processing of their FATCA Information and CRS Information by the Company.

The investors are further informed that the FATCA Information and CRS Information related to (U.S.) Reportable Persons within the meaning of the FATCA Law and the CRS Law will be disclosed to the LTA annually for the purposes set out in the FATCA Law and the CRS Law. In particular, (U.S.) Reportable Persons are informed that certain operations performed by them will be reported to them through the issuance of statements, and that part of this information will serve as a basis for the annual disclosure to the LTA.

Similarly, the investors undertake to inform the Company within thirty (30) days of receipt of these statements should any included personal data be not accurate. The investors further undertake to immediately inform the Company of and provide the Company with all supporting documentary evidence of any changes related to the FATCA Information or CRS Information after occurrence of such changes.

Any investor that fails to comply with the Company’s FATCA Information, CRS Information or documentation requests may be held liable for penalties imposed on the Company and attributable to such investor’s failure to provide the FATCA Information or CRS Information or subject to disclosure of the Information by the Company to the LTA. In addition, the Company may, in its sole discretion, redeem such Shares.

All prospective investors and holders are advised to consult with their own tax advisors regarding the possible implications of FATCA and CRS on their investment in the Company.

## **XVIII. OTHER MATTERS**

### **A. Financial year and reports**

The financial year shall start on 1 January and end on 31 December. The first financial year shall end on 31 December 2013.

Audited annual reports will be available at the registered office of the Company six (6) months after the end of each financial year. The first audited annual report, comprising the audited financial statements, will be made as of 31 December 2013.

The financial statements of the Company, which shall be prepared in accordance with Luxembourg GAAP (unless the General Partner decides to use different accounting methods), include for each financial year a balance sheet, an income and expenditure account, a report on the activities of the past financial year as well as any significant information enabling Shareholders to make an informed judgement on the development of the activities and of the results of the Company.

The financial statements of the Company will be expressed in EUR. For this purpose, all figures expressed in other currencies than the EUR will be converted into EUR at the rates used for the NAV calculation.

### **B. General meetings**

The annual general meeting of the Shareholders of the Company will be held at the registered office of the Company in Luxembourg on the third Tuesday of the month of June each year at 10.30 a.m. (Luxembourg time) (or, if such day is not a Business Day, on the next following Business Day).

Notices will specify the place and time of the meetings, the conditions of admission, the agenda, the quorum and the voting requirements and will be sent by email at least eight (8) days prior to the meetings. The requirements as to attendance, quorum and majorities at all general meetings will be those laid down in the Articles and in the Luxembourg law of 10 August 1915 on commercial companies, as amended. All Shareholders may attend the annual general meetings, any general meetings and meetings of the Sub-Funds in which they hold Shares and may vote either in person or by proxy.

Each Share will have one (1) vote at the general meeting of Shareholders of the Company or at a Class meeting. Any resolution of a general meeting of Shareholders creating rights or obligations of the Company vis-à-vis third parties must be approved by the General Partner. Any resolution of a general meeting of Shareholders to the effect of amending the Articles must be passed with (i) a presence quorum of fifty (50) percent of the Shares issued by the Company at the first call and, if not achieved, with no quorum requirement for the second call; and (ii) the approval of a majority of at least two-thirds (2/3) of the votes validly cast by the Shareholders present or represented at the meeting and (iii) the consent of the General Partner.

The above paragraphs shall apply *mutatis mutandis* to general meetings of Sub-Funds, respectively of Classes of Shares.

### C. Documents available for inspection

Copies of the Articles, this Placement Memorandum and the latest financial statements of the Company can be obtained by any Shareholder, free of charge, during business hours on each Business Day at the registered office of the Company.

Shareholders can further ask to consult the documentation and information as provided under article 21 of the 2013 Law, as well as the Alternative Investment Fund Management Agreement, Depositary Agreement, the central administration and domiciliary services agreement, the investment advisory services agreement or the minutes of the general meetings of Shareholders, free of charge, during business hours on each Business Day at the registered office of the Company. As a rule, (i) Shareholders shall however not be entitled to request the delivery of a copy of these documents; and (ii) Shareholders will not be allowed to consult any contractual or corporate documents pertaining to management of the activities of the Company other than the above listed documents.

The commitment agreement by which Investors may subscribe for Shares is governed by Luxembourg law and any dispute arising from the commitment agreement will be brought before the jurisdiction of courts of the Grand-Duchy of Luxembourg. Shareholders should note that there are no legal instruments in Luxembourg required for the recognition and enforcement of judgments in Luxembourg.

### D. Amendments to the Placement Memorandum

If the laws and regulations applicable to the Company or having an impact on the Company's operation change (either at Luxembourg level or European level) and such changes require compulsory amendment to the structure of the Company or its operations, then the General Partner shall be authorized to amend any provision of this Placement Memorandum, subject to the prior approval of the CSSF. In such case, and provided that such compulsory amendments to the structure or the operations of the Company do not require the involvement of the general meeting of Shareholders of the Company or the relevant Sub-Fund, then the Placement Memorandum will be updated and the Shareholders will be informed thereof, for their information purposes only, without any other involvement in the decision making process prior to the effectiveness of the above mentioned amendment. For the avoidance of doubt, in this case, the Shareholders will not be offered the right to request the cost-free redemption of their Shares prior to the relevant changes becoming effective.

In any case, should any amendments of the Placement Memorandum entail an amendment of the Articles or require the decision to be made by the general meeting of Shareholders of the Company, or of one or several Sub-Funds, such decision shall be passed by a resolution of an extraordinary general meeting of Shareholders in accordance with the form, quorum and majority requirements set forth in the Articles and in compliance with Luxembourg laws and regulations.

Finally, the General Partner is also authorised to amend any other provision of this Placement Memorandum, provided that such changes are not material to the structure and/or operations of the Company and its Sub-Funds and are beneficial or at least not detrimental to the interests of the Shareholders of the Company, any Sub-Fund or any Class, as the case may be, as determined by the General Partner at its sole but reasonable discretion and subject to the prior approval of the CSSF. In such case, this Placement Memorandum will be amended and the

Shareholders will be informed thereof, for their information purposes only. For the avoidance of doubt, Shareholders will not be offered the right to request the cost-free redemption of their Shares prior to such changes becoming effective.

The General Partner is authorised to make other amendments to the provisions of this Placement Memorandum that are material to the structure and/or operations of the Company and its Sub-Funds or detrimental to the interests of the Shareholders, any Sub-Fund or any Class (such as the change of the fee structure of the Company or the relevant Sub-Fund), subject to the approval of the CSSF, provided that such changes shall only become effective and this Placement Memorandum amended accordingly, in compliance with the 2007 Law to the extent the procedures set forth below have been complied with:

- (i) in an open-ended Sub-Fund, provided that there is sufficient liquidity, (a) all Shareholders have been offered a cost-free redemption of their Shares during a one (1) month period from the sending of such notice to all relevant Shareholders and (b) such changes shall become effective only after the expiry of this one (1) month period; or
- (ii) with respect to any closed-ended Sub-Fund or in the event that the cost-free redemption is not possible because the assets of the relevant Sub-Fund are illiquid, the Shareholders shall not have a right to request cost-free redemption of their Shares and the General Partner shall seek a prior approval of such amendments by a decision of the general meeting of Shareholders passed with (a) at least two thirds (2/3) of the votes attached to all Shares issued by the Company (or where applicable, in the relevant Sub-Fund or Class) and validly cast by those present or represented at the meeting; and (b) a presence quorum requirement of at least fifty percent (50%) of the capital of the Company (or where applicable, of the relevant Sub-Fund or Class), at the first call and, if not achieved, with no quorum requirement for the second call.

## **XIX. TERM, LIQUIDATION, AMALGAMATION OF THE COMPANY AND ITS SUB-FUNDS**

### **A. Term and Liquidation**

The Company has been set up for an unlimited term.

The Sub-Funds may be created for an undetermined period or for a fixed period as specified in the relevant Appendices.

In the event of dissolution of the Company, the liquidation shall be carried out by one or more liquidators (which can be the General Partner) appointed by the general meeting of Shareholders as liquidator, pursuant to the 2007 Law and the Articles. Amounts which have not been claimed by Shareholders at the close of the liquidation process will be deposited in escrow with the *caisse de consignation* in Luxembourg. Should such amounts not be claimed within the prescription period, then they may be forfeited.

In the event that, for any reason whatsoever, the value of the total net assets in any Sub-Fund or the value of the net assets of any Class of Investors Shares within a Sub-Fund has decreased to, or has not reached, an amount determined by the General Partner to be the minimum level for such Sub-Fund, or such Class of Investors Shares, to be operated in an economically efficient manner or in case of a substantial modification in the political, economic

or monetary situation or as a matter of economic rationalisation, the General Partner may decide to redeem all the Shares of the relevant Class or Classes at the Net Asset Value (taking into account actual realisation prices of investments and realisation expenses) calculated with reference to the Valuation Day in respect of which such decision shall be effective.

The Company shall serve a notice to the holders of the relevant Class or Classes of Investors Shares prior to the effective date for the compulsory redemption, which will indicate the reasons and the procedure for the redemption operations. Registered holders shall be notified in writing. Where applicable and unless it is otherwise decided in the interests of, or to keep equal treatment between the Shareholders, the Shareholders of the Sub-Fund or of the Class of Investors Shares concerned may continue to request redemption of their Shares free of charge (but taking into account actual realisation prices of investments and realisation expenses) prior to the date effective for the compulsory redemption.

Notwithstanding the powers conferred to the General Partner by the preceding paragraph, the general meeting of Shareholders of any one or all Classes of Investors Shares issued in any Sub-Fund will, in any other circumstances, have the power, with the consent of the General Partner, to decide the redemption of all the Investors Shares of the relevant Class or Classes and refund to the Shareholders the Net Asset Value of their Investors Shares (taking into account actual realization prices of investments and realisation expenses) calculated with reference to the Valuation Day in respect of which such decision shall be effective. There shall be no quorum requirements for such general meeting of Shareholders which shall decide by resolution taken by simple majority of those present or represented and voting at such meeting, and the consent of the General Partner.

Assets which may not be distributed to their beneficiaries upon the implementation of the redemption will be deposited with the Depositary for a period of nine (9) months thereafter; after such period, the assets will be deposited with the *caisse de consignation* on behalf of the persons entitled thereto.

### B. Amalgamation

Under the same circumstances as provided by the first paragraph of the previous section, the General Partner may decide to allocate the assets of any Sub-Fund to those of another existing Sub-Fund, or to another Luxembourg undertaking for collective investment organised under the provisions of the 2007 Law, or the 2010 Law, or to another sub-fund within such other undertaking for collective investment (the “**New Sub-Fund**”) and to re-designate the Shares of the Class or Classes concerned as shares of the New Sub-Fund (following a split or consolidation, if necessary, and the payment of the amount corresponding to any fractional entitlement to Shareholders). Such decision will be published in the same manner as described in the first paragraph of this section one (1) month before its effectiveness (and, in addition, the publication will contain information in relation to the New Sub-Fund), in order to enable Shareholders to request redemption of their Shares, free of charge, during such period. Shareholders who have not requested redemption will be transferred as of right to the New Sub-Fund.

Notwithstanding the powers conferred to the General Partner by the preceding paragraph, a contribution of the assets and of the current and determined liabilities attributable to any Sub-Fund to another Sub-Fund may be decided upon by a general meeting of the Shareholders of the Class or Classes of Shares issued in relation to the Sub-Fund concerned for which there shall be no quorum requirements and which will decide upon such an amalgamation by

resolution taken by simple majority of those present or represented and voting at such meeting, with the consent of the General Partner.

Furthermore, in other circumstances than those described in the first paragraph of this section, a contribution of the assets and of the current and determined liabilities attributable to any Sub-Fund to another undertaking for collective investment referred to in the fourth paragraph of this section or to another sub-fund within such other undertaking for collective investment shall require a resolution of the Shareholders of the Class or Classes of Shares issued in the Sub-Fund concerned. There shall be no quorum requirements for such general meeting of Shareholders, which shall decide by resolution taken by simple majority of those present or represented and voting at such meeting, with the consent of the General Partner, except when such an amalgamation is to be implemented with a Luxembourg undertaking for collective investment of the contractual type ("*fonds commun de placement*") or a foreign based undertaking for collective investment, in which case resolutions shall be binding only on such Shareholders who have voted in favour of such amalgamation.

## **XX. CONFLICTS OF INTEREST AND FAIR TREATMENT OF INVESTORS**

The General Partner, the AIFM, the Investment Advisor and, where applicable specialised investment advisors or managers involved in the management of the assets of any Sub-Fund, the Depositary, the Administrative Agent and their respective affiliates, directors, officers and shareholders (collectively the "**Parties**") are or may be involved in other financial, investment and professional activities which may cause conflict of interest with the management and administration of the Company. These include the management of other collective investment schemes, purchase and sale of securities, brokerage services, custody and safekeeping services and serving as directors, officers, advisors, distributors or agents of other collective investment schemes or other companies, including companies and investment funds in which the Company may invest.

The General Partner and/or the Investment Advisor and/or, where applicable, specialised investment advisors or managers involved in the management of the assets of any Sub-Fund or certain affiliate companies of these services providers, may be remunerated by portfolio managers, distributors or sponsors of investment funds, in which the Sub-Funds invest, for the access by such portfolio managers, distributors or sponsors of investment funds to the infrastructure and networks established by the General Partner and/or Investment Advisor and/or, where applicable, specialised investment advisors or managers involved in the management of the assets of any Sub-Fund or certain affiliate companies of these services providers.

The Shareholders should be aware that the terms of the placing arrangements with such trading portfolio managers may provide, in pertinent part, for the payment of fees up to a significant portion of an investment manager's total management and performance-based fees or of a portion of the brokerage commissions generated by the underlying investment funds, calculated by reference to the amounts invested in such underlying investment funds through the General Partner and/or Investment Advisor and/or, where applicable, specialised investment advisors or managers involved in the management of the assets of any Sub-Fund or affiliate companies of these services providers.

Although such arrangements, when they exist, may create potential conflicts of interest for the General Partner and/or the Investment Advisor and/or, where applicable, specialised investment

advisors or managers involved in the management of the assets of any Sub-Fund between their duties to select portfolio managers based solely on their merits and its interest in assuring revenue in the context of the placing arrangements if this issue is not properly dealt with, the General Partner and/or the Investment Advisor and/or, where applicable, specialised investment advisors or managers involved in the management of the assets of any Sub-Fund shall at all time (i) act in the best interest of the Company in the due diligence process carried out prior to the selection of any relevant target investment and (ii) ensure that all investment/disinvestment recommendations in the management of the assets of the Company are never influenced or affected by any of the terms of such placing arrangements. Each of the Parties will respectively ensure that the performance of their respective duties will not be impaired by any such involvement that they might have. In the event that a conflict of interest does arise, the managers of the General Partner and the relevant Parties shall endeavour to ensure that it is resolved fairly within reasonable time and in the interest of the Shareholders.

### **Most favoured investors provision**

The Company and/or the AIFM may enter into side letters or other written agreements to or with any Investor provided that such arrangements (i) do not breach the content of the legal documentation of the Company and/or (ii) affect the proper functioning of the Company and/or compliance of the AIFM and the Company with their legal and regulatory obligations, and (iii) have the sole effect of establishing rights under, or supplementing the terms of the subscription documentation to the Company.

If the Company and/or the AIFM enters into any such side letter or other agreement with respect to the Company that establishes rights or benefits in favour of any Investor that (taken together with any associated obligations) are more favourable in any material respect to such Investor than the rights and benefits established in favour of any other Investor whose Commitment (together with the commitments of any related parties) is equal to or higher than that of the beneficiary(ies) of such side letter(s) or other agreement(s) (or any of them), then the Company and/or the AIFM shall offer to each such other Investor having agreed to subscribe equal to or higher amounts than the beneficiary(ies) of the said side-letter(s) or other agreement(s), the opportunity to elect, within thirty (30) calendar days after receipt of such offer, to receive such rights and benefits established by such side letter(s) provisions or other agreement to the extent reasonably applicable to such other Investor. In connection with such offer, the Company and/or the AIFM shall provide a copy of such side letter(s) or other agreement(s) to such interested Investor whose Commitment is equal to or higher than that of the beneficiary(ies) of such side letter(s) or other agreement(s). This paragraph will not apply to any more favourable terms with respect to Management Fees that are offered to any Affiliate or employee of the AIFM or the Investment Advisors or any of their related persons or entities.

## **XXI. DATA PROTECTION**

The Company has issued a privacy notice regarding the collection, recording, adaptation, transfer and other processing and use of personal data by and on behalf of the Company (the “**Privacy Notice**”), in accordance with i) the laws applicable in Luxembourg on the protection of persons with regard to the processing of personal data (as amended), ii) the European Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (“**General Data Protection Regulation**”), and iii) any other EU or national legislation which implements or supplements the foregoing. Such Privacy Notice sets out the types of personal data that may be processed, to whom such

personal data may relate and how it may be sourced, and the relevant parties who may process or receive such personal data and for what purposes, and otherwise explains certain policies and practices that have been put in place to ensure the privacy of such personal data.

The Privacy Notice further describes the rights of Shareholders to request: (i) access to their personal data, (ii) the rectification or erasure of their personal data, (iii) the restriction of the processing of their personal data, and (iv) the transfer of their personal data to third parties; as well as the right of Shareholders to lodge a complaint in relation to data protection related issues with the relevant supervisory authority, the right to withdraw their consent to the processing of personal data and the right to object to the processing of their personal data.

The Privacy Notice is provided to Shareholders upon their subscription and details of the up-to-date Privacy Notice are publicly available on the website of the AIFM.

## **XXII. EXCULPATION AND INDEMNIFICATION**

The General Partner and the Investment Advisor and each of their members, managers, partners, shareholders, directors, officers, employees, agents or controlling persons (the **"Indemnified Persons"**) will be exculpated and entitled to indemnification to the fullest extent permitted by law out of the assets of the relevant Sub-Funds against any cost, expense (including attorneys' fees), judgment and/or liability reasonably incurred by or imposed upon such person in connection with any action, suit or proceeding (including any proceeding before any administrative or legislative body or agency) to which such person may be made a party or otherwise involved or with which such person will be threatened by reason of being or having been an Indemnified Person; provided, however, that any such person will not be so indemnified with respect to any matter as to which such person is determined not to have acted in good faith in the best interests of the Company and the relevant Sub-Funds or with respect to any manner in which such person acted in a grossly negligent manner or in material breach of the constitutive documents of the Company or any provisions of relevant service agreement. Notwithstanding the foregoing, advances from funds of the Company to a person entitled to indemnification hereunder for legal expenses and other costs incurred as a result of a legal action will be made only if the following three conditions are satisfied: (1) the legal action relates to the performance of duties or services by such person on behalf of the Company; (2) the legal action is initiated by a third party to the Company; and (3) such person undertakes to repay the advanced funds in cases in which it is finally and conclusively determined that it would not be entitled to indemnification hereunder.

The Company shall not indemnify the Indemnified Persons in the event of claim resulting from legal proceedings between the General Partner and each member, manager, partner, shareholder, director, officer, employee, agent or controlling person of the same. This principle shall also be applicable regarding the Investment Advisor.



## DEFINITIONS

The following definitions shall apply throughout this Placement Memorandum unless the context otherwise requires:

“2013 Law”	Luxembourg law of July 12, 2013 relating to alternative investment fund managers, as amended or supplemented from time to time.
“Administrative Agent”	CACEIS Bank, Luxembourg Branch or such other replacement administrative agent appointed by the AIFM from time to time.
“Affiliates”	With respect to a person, (i) any person directly or indirectly Controlling, Controlled by or under common Control with such person (including in relation to a body corporate, any subsidiary or holding company thereof and any subsidiary of any such holding company), (ii) any officer, director, managing member or general partner of any such person and, any spouse, parent, sibling, child or grandchild of any such officer, director, managing member or general partner (including step and adopted children and step and adopted children of his children), and (iii) such person’s spouse, parent, sibling, child, grandchild or trustee of any family trusts and/or legal or financial structure of which such person is the beneficial owner.
“AIF”	An alternative investment fund within the meaning of the 2013 Law.
“AIFM”	CA Indosuez Wealth (Asset Management)
“AIFMD”	The Directive 2011/61/EU of the European Parliament and the Council of 8 June 2011 on alternative investment fund managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) n° 1060/2009 and (EU) n°1095/2010.
“AIFMR”	Commission Delegated Regulations (EC) n° 231/2013 of 19 December 2012, supplementing AIFMD with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision.
“Aggregate Commitments”	Total commitments of Investors in aggregate to the Company or the relevant Sub-Fund, as the case may be.
“Articles”	The articles of incorporation of the Company.
“Board”	The board of managers of the General Partner.
“Business Day”	A bank business day in Luxembourg.

“Class” or “Classes”	Any class(es) of Shares issued in any Sub-Fund.
“Commitment”	As the case may be with respect to some Sub-Funds that do not operate with immediate subscriptions funding in full, the total investment which each Investor has irrevocably agreed to make in the Company, with respect to the relevant Sub-Fund, which will be called by the General Partner from time to time. A Commitment will become a funded Commitment when it has been drawn down and the relevant amounts paid to the Company.
“Company”	Tiera Capital S.C.A., SICAV-SIF.
“Control”	(Including with correlative meanings, the term “Controlled”) means possession directly or indirectly of the power to direct or cause the direction of the management and policies of a person, whether through the ownership or control of voting securities or partnership interests, by contract, or otherwise.
“Controlling Persons”	means the natural persons who exercise control over an Entity. In the case of a trust, such term means the settlor, the trustees, the protector (if any), the beneficiaries or class of beneficiaries, and any other natural person exercising ultimate effective control over the trust, and in the case of a legal arrangement other than a trust, such term means persons in equivalent or similar positions. The term “Controlling Persons” shall be interpreted in a manner consistent with the Financial Action Task Force Recommendations.
“Depositary”	CACEIS Bank, Luxembourg Branch or such other replacement depositary from time to time appointed by the General Partner.
“Eligible Investor”	any investor (i) situated in the EU or EEA qualifying as eligible investor within the meaning of article 2 of the 2007 Law and also as Professional Investor or (ii) situated outside the EU or EEA qualifying as eligible investor within the meaning of article 2 of the 2007 Law.
“Entity”	means a legal person or a legal arrangement such as a trust.
“FATCA”	means the provisions of the Hiring Incentives to Restore Employment (HIRE) Act of 18 March 2010 commonly referred to as the Foreign Account Tax Compliance Act (FATCA).

“Financial Institution”	means a custodial institution, a depository institution, an investment entity or a specified insurance company, as defined by the IGA.
“General Partner”	CA Indosuez Wealth (Private Equity).
“General Partner Share”	One (1) management Share which has been subscribed by the General Partner upon incorporation of the Company in a capacity as <i>actionnaire gérant commandité</i> of the Company.
“IGA”	means the intergovernmental agreement concluded between the Grand-Duchy of Luxembourg and the United States of America in relation to FATCA on 28 March 2014.
“Investment Advisor”	CA Indosuez (Switzerland) S.A., a company incorporated under the laws of Switzerland acting as the investment advisor of the Company.
“Investor” or “Investors”	Eligible Investor(s) which has (have) subscribed or committed to subscribe for Investors Shares of the Company.
“Investors Shares”	Shares issued by the Company to Investors with respect to any Sub-Fund and which may be of different Classes and entitled to specific distribution or liquidity rights, as outlined in the relevant Appendix.
“IRS”	means the United States Internal Revenue Service.
“Luxembourg Financial Institution”	means (i) any Financial Institution resident in Luxembourg, but excluding any branch of such Financial Institution that is located outside Luxembourg and (ii) any branch of a Financial Institution not resident in Luxembourg, if such branch is located in Luxembourg.
“MIFID 2”	The Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments.
“Net Asset Value” or “NAV”	The net asset value of the Company, each Class and each Share as determined pursuant to the section XII “Determination of the Net Asset Value”.
“Non-US Entity”	means an Entity that is not a US Person.
“Non-Financial Foreign Entity”	means a Non-US Entity that is not a Financial Institution.
“Participating Share” or “Participating Shares”	A special Class of Shares reserved to the General Partner that may be issued by the Company in some Sub-Funds, with respect to which the performance remuneration

	package is to be based on realised profits and/or actual distributions, entitling the holders thereof to receive specific performance distributions (special return), specified in the relevant Appendix.
“Professional Investor”	Has the meaning set out under preliminary section “Selling Restrictions”.
“Reference Currency”	Euro(s)/EUR for the Company; the currency in which each Sub-Fund or Class is denominated, as further specified in the relevant Appendix.
“Registrar and Transfer Agent”	CACEIS Bank, Luxembourg Branch or any other replacement agent selected from time to time by the AIFM to perform the relevant registrar and transfer agency functions for the benefit of the Company.
“SFT”	Securities financing transactions within the meaning of SFTR.
“SFTR”	Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012.
“Share” or “Shares”	Any of the Investors Shares, the General Partner Share and the Participating Shares.
“Shareholder” or “Shareholders”	A holder of at least one Share of the Company.
“Specified US Person”	means a US Person, other than: (i) a corporation the stock of which is regularly traded on one or more established securities market; (ii) any corporation that is a member of the same expanded affiliated group, as defined in section 1471(e)(2) of the US Internal Revenue Code, as a corporation described in clause (i); (iii) the United States or any wholly owned agency or instrumentality thereof ; (iv) any States of the United States, any US Territory, any political subdivision of any of the foregoing, or any wholly owned agency or instrumentality of any one or more of the foregoing; (v) any organization exempt from taxation under section 501(a) of the US Internal Revenue Code or an individual retirement plan as defined in section 7701(a)(37) of the US Internal Revenue Code; (vi) any bank as defined in section 581 of the US Internal Revenue Code; (vii) any real estate investment trust as defined in section 856 of the US Internal Revenue Code; (viii) any regulated investment company as defined in section 851 of the US Internal Revenue Code or any entity registered with the US Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. 80a-64); (ix) any common trust fund as defined in section 584(a) of the

US Internal Revenue Code; (x) any trust that is exempt from tax under section 664(c) of the US Internal Revenue Code or that is described in section 4947(a)(1) of the US Internal Revenue Code; (xi) a dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any State; (xii) a broker as defined in section 6045(c) of the US Internal Revenue Code; or (xiii) any tax-exempt trust under a plan that is described in section 403(b) or section 457(g) of the US Internal Revenue Code.

“Sub-Fund” or “Sub-Funds”

Any sub-fund of the Company established by the General Partner in accordance with this Placement Memorandum and the Articles.

“US Person”

means a US citizen or resident individual, a partnership or a corporation organized in the United States or under the laws of the United States or any States thereof, a trust if (i) a court within the United States would have authority under applicable law to render orders or judgments concerning substantially all issues regarding administration of the trust, and (ii) one or more US persons have the authority to control all substantial decisions of the trust, or an estate of a decedent that is a citizen or resident of the United States. This definition shall be interpreted in accordance with the US Internal Revenue Code.

“Valuation Day”

Any Business Day in Luxembourg which is designated by the General Partner as being a day by reference to which the assets of the relevant Sub-Funds shall be valued in accordance with the Articles, as further described in the relevant Appendix.

“Well-Informed Investor”

An investor who, within the meaning of the article 2 of the 2007 Law: (i) adheres in writing to the status of well-informed investor and (ii) either invests a minimum of one hundred twenty five thousand Euros (EUR 125,000) in the Company or benefits from a certificate delivered by a credit institution, another professional of the financial sector within the meaning of Directive 2004/39/EC on markets in financial instruments or a management company within the meaning of Directive 2009/65/EC stating that he is experienced enough to appreciate in an adequate manner an investment in a specialised investment fund.

## INFORMATION NOTICE

For sake of clarity, for the Investors who have commit to subscribe for Shares in Sub-Funds existing before the date of this Placement Memorandum (*i.e.* December 2017) and in accordance with the previous version of the commitment agreement/subscription documentation, Section VIII. Shares of the Company, Sub-Section D. “Defaulting Investors” should be read as follows:

### D. Defaulting Investors

Unless otherwise stipulated in any Appendix, if any Investor that has made a Commitment to the Company fails at any time to pay the subscription amounts due for value on the relevant payment date, the Company may decide to apply an interest charge on such amounts (the “**Default Interest**”), without further notice, at a rate equal to fifteen percent (15%) per annum, until the date of full payment. The Default Interest shall be calculated on the basis of the actual number of days elapsed between the relevant payment date (inclusive) and the actual date the relevant payment is received by the Company (exclusive).

If within thirty (30) Business Days following a formal notice served by the Company by registered mail, the relevant Investor has not paid the full amounts due (including the Default Interest due), this Investor shall become a defaulting Investor (the “**Defaulting Investor**”) and the General Partner may bring legal action in order to compel the Defaulting Investor to pay the full amount due (including any Default Interest).

### D.1 Defaulted Shares

In the meantime, and notwithstanding the preceding section, all the Shares registered in its name that are **still partly paid** shall become defaulted Shares (the “**Defaulted Shares**”) in the relevant Sub-Fund. Defaulted Shares have their voting rights suspended and do not carry any right to distributions, as long as the payment has not been effected.

The default mechanisms foreseen under D.2(1), (2) and (3) below may apply *mutatis mutandis* to Defaulted Shares.

### D.2 Defaulted Redeemable Shares

In the event that all Shares registered in the name of such Defaulting Investor are **fully paid** (the “**Defaulted Redeemable Shares**”), the default mechanisms foreseen under (1), (2) and (3) below shall apply.

### **(1) Transfer of Shares of Defaulting Investors**

In order to provide for the possibility to preserve the level of Capital Funding of the relevant Sub-Fund(s) to the Aggregate Commitments remaining available for drawdown, each Investor agreed, for the benefit of the other Investors of the relevant Sub-Fund, an irrevocable promise to sell (*promesse de vente*) all or part of its **fully paid** Shares (as registered in the register of Shareholders of the relevant Sub-Fund(s)) to any of the Investors of the relevant Sub-Fund, each with the full power of substitution, if it has become a Defaulting Investor, at a price per Share equal to the lesser of (i) fifty percent (50%) of the subscription price paid at the time by the Defaulting Investor (equalization payment/interest paid included, if any) and (ii) fifty percent

(50%) of the current Net Asset Value of such Shares. The sale process shall be brought to completion in accordance with the following rules and procedure:

- (i) after expiry of the thirty (30) Business Days notice period referred to above, the General Partner shall deliver notice, sent by internationally recognized courier and by telefax, or as a scanned document attached to an e-mail with in each case confirmation of transmission to the addressee, of such default to the Investors of the relevant Sub-Fund(s) who are not in default under their Commitment Agreement (each a “**Non-Defaulting Shareholder**”), and each Non-Defaulting Shareholder shall then confirm in writing, by courier and facsimile, to the Defaulting Investor and to the General Partner, within fifteen (15) Business Days following the date of the notification from the General Partner, their acceptance, or that they decline, to purchase such number of Shares as indicated in its acceptance confirmation;
- (ii) the sale shall be completed, and reflected as such by the General Partner in the register of Shareholders of the relevant Sub-Fund(s), in proportion to the number of Shares held by each of the Non-Defaulting Shareholders confirming their acceptance to purchase the Shares from the Defaulting Investor, it being agreed and understood that by not confirming its acceptance of the purchase, a Non-Defaulting Shareholder increases the other Non Defaulting Shareholders’ rights for the amount of Shares which will not be acquired by such Non-Defaulting Shareholder;
- (iii) the Investors agreed that their acceptance to purchase such number of Shares as indicated in the acceptance confirmation shall necessarily imply that the relevant parties or assignee thereof automatically and irrevocably fully and completely assume the proportion of the Commitments of the Defaulting Investor that remains outstanding towards the relevant Sub-Fund(s) on the Shares transfer date.

In the absence of fraud, none of the Company or the General Partner shall be liable to (i) a Defaulting Investor whose Shares are transferred, or to (ii) a Non-Defaulting Investor purchasing Shares pursuant to this section. The Defaulting Investor undertakes to keep the General Partner and/or the Company indemnified against any claims, costs and expenses which the General Partner and/or the Company may suffer as a result of the sale.

## **(2) Compulsory redemption of the Shares of Defaulting Investors**

Subject to item (3) below, as an alternative, or in addition, to the purchase mechanism foreseen above, all Shares registered in the name of such Defaulting Investor that are **fully paid** may, in case of such default, be subject to a compulsory redemption by the Company in accordance with the following rules and procedure:

- (i) the General Partner shall send a notice (hereinafter called the “**Redemption Notice**”) to the Defaulting Investor possessing the Defaulted Redeemable Shares; the Redemption Notice shall specify the Defaulted Redeemable Shares to be redeemed, the price to be paid, and the place where this price shall be payable. The Redemption Notice may be sent to the Defaulting Investor by recorded delivery letter to his last known address. The Defaulting Investor in question shall be obliged without delay to deliver to the Company the certificate or certificates, if there are any, representing the Defaulted Redeemable Shares specified in the Redemption Notice. From the close of business of that day specified in the redemption notice, the Defaulting Investor shall cease to be the owner of the Defaulted Redeemable Shares specified in the Redemption Notice and the

certificates representing these Shares shall be rendered null and void in the financial and legal records of the Company;

- (ii) in such compulsory redemption, the redemption price per Share will be equal to the lesser of (i) the subscription price paid at the time by the redeemed Defaulting Investor (equalization payment/interest paid included, if any) per Share upon subscription by the redeeming Defaulting Investor, less Default Interest due on the unpaid part of the subscription amounts due, as well as administration and miscellaneous costs and expenses borne by the Company in respect of such default, and (ii) the Net Asset Value of such Defaulted Redeemable Shares on the relevant redemption date, less Default Interest on the unpaid part of the subscription amounts due, as well as administration and miscellaneous costs and expenses borne by the Company in respect of such default. The above-mentioned redemption price will be payable at the latest at the close of the liquidation of the relevant Sub-Fund(s).

### **(3) Duties of the General Partner**

Whilst the General Partner shall retain a general discretion as to which Defaulting Investor remedy to apply, it shall - in the best interests of the relevant Sub-Fund(s) and in order to preserve the capital in the relevant Sub-Fund(s) - first resort to the *promesse de vente* option referred to in item (1) and only to the extent that this option does not result in a transfer of any Defaulting Investor Shares shall the redemption option in item (2) be utilized.

The General Partner may bring any legal actions it may deem relevant against the Defaulting Investor based on breach of his subscription agreement with the Company.



<b>PART II – APPENDICES - SPECIFIC INFORMATION RELATIVE TO SUB-FUNDS</b>
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<b>1. FUND OF FUNDS SELECTION N°1 SUB-FUND</b>
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**1. INVESTMENT OBJECTIVE AND STRATEGY**

**1.1. *Investment Objective and Strategy***

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private equity funds invested in all kinds of private equity situations across the whole private equity spectrum including, but not limited to, venture capital, buyout, mezzanine debt, secondaries, distressed, special opportunities or real estate exposures.

Due to the broad focus on the whole private equity spectrum, the Sub-Fund will invest opportunistically in each and every private equity fund with the most interesting proposals without being restricted by fixed allocation guidelines. Nevertheless, the Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio.

The Investment Advisor's highly exclusive relationships to top fund managers provides significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest in private equity funds which may have varying terms and structures including, but not limited to limited partnership structures, or even evergreen structures.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in Euros (EUR) and in US Dollars (USD), unless

otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

**1.2. *Investment Process***

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the General Partner.

Through its strong network, the Investment Advisor will assist the General Partner in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds;
- Constant screening and benchmarking of the private equity

- funds to detect early enough emerging funds with high potential;
- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches, and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the General Partner, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analysing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

The investments in private equity funds are passive investments meaning that the Board has no influence over exits. In private equity fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realisations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private equity fund. However, as common in the private equity environment, potential exit routes for interests in private funds include, *inter alia*, a sale to other investors, a buyout by the management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate

Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in Euros (EUR).

## **4. SHARE CLASSES**

### **4.1. Investors Shares**

One (1) Class of Investors Shares, namely A Shares (the "**Investors A Shares**"), is available for subscription in the Sub-Fund.

### **4.2. Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

## **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for fifty million Euros (EUR 50,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

## **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of thirteen (13) years as from the Last Closing (as defined in the first paragraph of section 7.2 below), with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's investments, at its sole discretion.

## **7. CAPITAL FUNDING**

### **7.1. *Commitments and Drawdowns during the Initial Offering Period***

Investors are permitted to commit to subscribe for Investors A Shares in the Sub-Fund from 21 November 2013 until 31 December 2014 (the "**Initial Offering Period**"). The first closing shall be the last Business Day of the Initial Offering Period (the "**First Closing**").

Investors, the Commitments of which are accepted on the First Closing (the "**Initial Investors**"), shall be required to pay up to seventy-five percent (75%) of their respective committed amounts no later than ninety (90) Business Days following the notification of the First Closing to Initial Investors, following which Investors A Shares are to be issued fully paid-up corresponding to the funded Commitment.

Such Investors A Shares shall be issued fully paid at a price of one hundred Euros (EUR 100) each (the "**Subscription Price**").

### **7.2. *Commitments and Drawdowns after the Initial Offering Period***

After the First Closing, Commitments to subscribe will be accepted from Initial Investors and other investors at such Closings ("**Subsequent Closings**" and "**Subsequent Closings Investors**") as

determined by the General Partner during a period commencing the day after the date of the First Closing, and terminating on the last Business Day of the twelfth (12<sup>th</sup>) month following the First Closing date (the "**Last Closing**"). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of Investors A Shares and pay up the relevant portion of their Commitments no later than seven (7) Business Days following the notification of the drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to postpone the date of any Closing (including the Last Closing); in such case, the Investors will be informed of the amended date of the relevant Closing and the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing by a Subsequent Closing Investor:

- (a) the Subsequent Closing Investor shall participate in investments made and fees and expenses (including the Management Fee as defined in the first paragraph of section 14.1 below) incurred by the Sub-Fund prior to its admission and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the First Closing, at the Subscription Price;
- (b) the Subsequent Closing Investor shall pay an additional amount equal to five per cent (5%) per annum, calculated from the date on which the First Closing Investors have contributed and paid in their first subscriptions relating to the First Closing up to the date of the capital contributions actually made with respect to the Subsequent

Closing in question, and such amount shall be payable to the Sub-Fund (the “**Actualization Interest**”).

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the First Closing, then the General Partner may change the Subscription Price for Investors A Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Investors A Shares as of the relevant Subsequent Closing; in which case all such Investors A Shares issued on the same Closing shall constitute a separate Series. In this case, no Actualization Interest will be due.

### **7.3. Drawdowns**

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the Commitments made by the Investors shall be drawn down in successive installments, as determined by the General Partner during the Commitment Period (as defined under section 7.5 below). Such drawdowns may only take place provided their amount is not less than two and a half percent (2.5%) of each Investor’s Commitment. The General Partner will give each Investor a seven (7) Business Day prior notice for each drawdown.

Investors A Shares issued in relation to each drawdown made after the First Closing shall be issued fully paid-up at a subscription price equal, at the General Partner’s discretion, either (i) to the Subscription Price plus, if applicable, the Actualization Interest or (ii) to the Net Asset Value of such Investors A Shares on such drawdown date. If Investors A Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The Subscription Price of the Investors A Shares issued after the First Closing must be paid within the limits specified in the relevant drawdown notice.

### **7.4. Return of Drawdowns**

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since the First Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### **7.5. Commitment Period**

The Commitment Period will extend from the First Closing until the Last Closing (the “**Commitment Period**”).

## **8. MINIMUM COMMITMENT**

Commitments may only be accepted from Well-Informed Investors investing a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund. Such minimum Commitment rules are subject however to the General Partner’s right to reject any offer from investors for any reason or to accept Commitments in lesser amounts.

## **9. REDEMPTIONS**

An Investor may not at its own initiative require the Company to redeem its Investors A Shares.

## **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

## **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than four (4) months after each quarter end. The quarterly report provides the Investors with updates on the portfolio of investments.

## **12. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Investors A Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Investors A Shares, the redemption price will be equal to the last Net Asset Value per relevant Investors A Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 14 below).

## **13. RECALL**

Target funds within the portfolio of investments may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions in the cases provided for in the constitutive/issuing documents of the target funds. In such cases the Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the target funds, provided however that distributions hereunder will not increase Investor's undrawn Commitments beyond the amounts initially committed by the relevant Investor.

Investors may be required to recontribute either to the Sub-Fund (if it is still in existence) or directly to the General Partner for recontribution to the target fund.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out hereabove.

**14. MANAGEMENT FEE, AIFM  
REMUNERATION, INVESTMENT  
ADVISORY FEE AND OTHER EXPENSES**

**14.1. *Management Fee***

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the “**Management Fee**”), paid quarterly in advance by the Sub-Fund to the General Partner.

The Management Fee shall equal zero point six percent (0.6%) per annum (plus value added tax, if applicable) of the aggregate of (i) Net Asset Value plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as of the end of the preceding quarter.

The Management Fee will accrue as of the First Closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

**14.2. *AIFM Remuneration***

Any remuneration payable to the AIFM (the “**AIFM Remuneration**”), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 14.5. respectively 14.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner’s service fees.

**14.3. *Investment Advisory Fee***

Any fees payable to the Investment Advisor (the “**Investment Advisory Fee**”) will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

**14.4. *Portfolio Investments Expenses***

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm’s length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund’s investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the “**Portfolio Investments Expenses**”).

**14.5. *Creation Expenses***

All expenses related to the creation of the Sub-Fund (the “**Creation Expenses**”) will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point five percent (0.5%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in



each year as determined by the General Partner on an equitable basis.

#### **14.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Aggregate Commitments of the Sub-Fund.

##### **14.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **14.6.2. Operating Expenses**

The operating expenses which shall include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees, any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the "**Operating Expenses**"). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

#### **15. SPECIFIC RISK CONSIDERATIONS**

Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Portfolio valuation risks:** Prospective investors should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of *inter alia* sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or any Investor will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, investors must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising

the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

## 2. DISTRESSED CREDIT 3 SUB-FUND

### 1. INVESTMENT OBJECTIVE AND STRATEGY

One hundred percent (100%) of the Distressed Credit 3 Sub-Fund (the “**Sub-Fund**”) will be invested in “Colony Distressed Credit and Special Situations Fund III Feeder B, L.P.” (the “**Target Fund**”).

Besides, for defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

#### 1.1. *The Target Fund*

The Target Fund is established as a Cayman Islands exempted limited partnership under the Exempted Limited Partnership Law (2012 Revision) of the Cayman Islands, as amended from time to time, whose general partner is “ColonyGP Credit III Feeder, LLC”, a Delaware limited liability company (the “**Target Fund General Partner**”).

The sole and exclusive purpose of the Target Fund is to (i) acquire and hold (directly or indirectly through equity and/or debt investments in one or more of its direct or indirect subsidiaries) a limited partnership interest in “Colony Distressed Credit and Special Situations Fund III, L.P.”, a Delaware limited partnership (the “**Master Fund**”), and (ii) exercise directly or indirectly rights, remedies and claims with respect to the limited partnership interest in the Master Fund.

The Target Fund may engage in any other activities permitted by law and related or

incidental to those referred to above, as further described in the amended and restated agreement of exempted limited partnership of the Target Fund.

The Target Fund was set-up to accommodate tax and regulatory considerations of European investors who wish to invest in the Master Fund. The Master Fund has been formed by “Colony Capital Acquisitions, LLC”, a Delaware limited liability company and “Colony Capital Credit III, L.P.”, a Delaware limited partnership (the “**Master Fund General Partner**”). The terms of the governing documents of the Target Fund are substantially similar to the Master Fund governing documents, except to the extent necessary or appropriate to address tax and regulatory considerations.

Colony Capital, LLC (“**Colony**”), registered as investment adviser under the U.S. Investment Advisers Act of 1940, will provide the Master Fund General Partner with the personnel, facilities and other resources it reasonably requires to manage the business and affairs of the Master Fund.

#### 1.2. *Investment Objective and Strategy of the Master Fund*

The Master Fund, will target attractive risk-adjusted rates of return from investment opportunities related to the disruption in the global credit markets. The Master Fund expects to invest in a diversified portfolio of investments, primarily consisting of direct or indirect exposure to debt or preferred equity instruments secured by real estate or issued by real estate-related entities and real-estate related assets being divested by governmental institutions, commercial banks, other financial entities or through bankruptcy, foreclosure, short sales or similar proceedings.

The Master Fund, will seek to continue Colony’s twenty-two (22) year distressed

debt investment track record by capitalising on the ongoing dislocation in the real estate capital markets and targeting more specifically the following types of investments:

- the acquisition of individual and portfolios of performing, sub-performing and/or non-performing loans;
- the origination of new real estate loans and similar financing facilities; and
- the investment in other special or distressed situations and real estate opportunities where Colony can utilise its knowledge, infrastructure and expertise to seek attractive risk-adjusted returns.

### **1.3. *Investment Restrictions of the Target Fund***

The Target Fund, through the Master Fund, will be subject to the following main investment restrictions, as more fully described in Article III paragraph 3.03 of the Master Fund limited partnership agreement:

The total capital contributions made to the Master Fund and invested by the Master Fund in any one single loan, borrower or company, including capital contributions made as bridge loans, may not exceed twenty percent (20%) of the commitments, subject to certain exceptions described in the amended and restated agreement of limited partnership of the Master Fund; provided that, with the approval of the advisory committee of the Master Fund, the Master Fund General Partner may cause the Master Fund to contribute all or any portion of its assets to one or more third-party capitalized investment pools or publicly-traded entities or their affiliates in consideration for cash and/or marketable securities. The Master Fund General Partner may not (i) invest more than twenty percent (20%) of aggregate commitments outside of the United States, Europe, Japan

and South Korea, (ii) invest more than twenty percent (20%) of the aggregate amount of commitments in Japan or (iii) invest more than twenty percent (20%) of the aggregate amount of commitments in South Korea.

Investment restriction percentages, including in special or distressed investments, instruments, assets or liabilities, may be waived with the consent of the Master Fund advisory committee.

### **1.4. *Colony's Track Record***

Since the 1990s, Colony has established several closed-end investment funds primarily focused on equity investments in real estate and operating businesses significantly dependent on real estate. As the global economy suffered a significant downturn beginning in late 2007 and commercial real estate fundamentals began to deteriorate, Colony leveraged its prior experiences to capitalize on distressed real estate debt opportunities.

In 2008, Colony established "Colony Distressed Credit Fund, L.P." ("**CDCF I**"), a distressed credit private investment fund that has invested nine hundred and nine million US Dollars (USD 909,000,000.-) of equity into twenty-one (21) transactions involving the acquisition of multiple loan portfolios from a variety of financial institutions comprising approximately three thousand and five hundred (3,500) commercial mortgage loans and other commercial real estate-related debt investments.

As of June 18, 2013, Colony has sold eighty-nine percent (89%) of its position resulting in a thirty-eight percent (38%) gross Internal Rate of Return ("**IRR**") and 2.0x gross equity multiple to CDCF I.

In 2011, Colony established "Colony Distressed Credit Fund II, L.P." ("**CDCF II**"), the follow-on distressed credit private

investment fund that has invested and committed over eight hundred million US Dollars (USD 800,000,000.-) of equity into thirty-three (33) transactions as of June 18, 2013, involving the acquisition of multiple portfolios comprising approximately two thousand nine hundred (2,900) commercial mortgage loans and other commercial real estate-related debt investments. The portfolio is projected to generate a gross IRR of twenty-two percent (22%) and 1.4x gross equity multiple to CDCF II.

### **1.5. *Colony's Investment Approach***

The investment approach of Colony is focused on the following:

- capitalizing on asset level underwriting experience and market analytics to identify investments with pricing dislocations and attractive risk-return profiles that can be purchased at meaningful discounts to Colony's estimates of intrinsic value;
- creating capital appreciation opportunities by resolving sub-performing or non-performing loans through repositioning, restructuring and active management of those assets;
- seeking to acquire assets held for sale that are undervalued as a result of the scarcity of credit available for financing commercial real estate;
- retaining control, where possible, over the formulation and execution of the management strategies with respect to Colony's assets, including the restructuring of non-performing or sub-performing loans, the negotiation of discounted pay-offs or other modification of the terms governing a loan, and the foreclosure and intense management of assets underlying non-performing loans in order to

reposition them for profitable disposition; and

- structuring transactions with a prudent amount of leverage, if any, appropriate for the risk of the underlying asset's cash flows, and attempting to match the structure and duration of any financing with the underlying asset's cash flows, including through the use of hedges, as appropriate.

### **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

The Sub-Fund does not intend to use leverage. The exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of AIFMR shall hence not exceed one hundred percent (100%).

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

The circumstances in which the Target Fund may utilize leverage, the types and sources of leverage permitted and the associated risks are set out in the confidential private placement memorandum of the Target Fund, but this does not consist in leverage at the Sub-Fund level in accordance with articles 7 and 8 of AIFMR.

The Target Fund may enter into a credit facility from time to time in order to enable the Target Fund to pay operating expenses or to provide for acquisition financing or refinancing in furtherance of the Target Fund's business, provided that the

aggregate outstanding principal amount of indebtedness of the Target Fund shall not at any time exceed fifty percent (50%) of the aggregate commitments to the Target Fund.

Additionally, the Target Fund may borrow money and issue evidences of indebtedness (1) in connection with trade payables and trade accounts with vendors, (2) for swaps, derivatives and other hedging instruments relating to foreign exchange, interest rate or similar non-speculative matters, (3) as stand-by letters of credit in the ordinary course in connection with the Investments, (4) as short-term bridge financing in connection with the consummation of investments pending receipt of capital contributions, (5) as customary guarantees of indebtedness incurred in connection with investments, or (6) as approved by the advisory committee of the Target Fund.

### **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in US Dollars (USD).

### **4. SHARE CLASSES**

#### **4.1. *Investors Shares***

Two (2) Classes of Investors Shares, both denominated in US Dollars (USD), are available for subscription in the Sub-Fund, namely:

- A Shares (the “**Class A Shares**”); and
- B Shares (the “**Class B Shares**”),

(altogether the “**Investors Shares**”).

The Class B Shares will be reserved to Investors having concluded a specific remuneration agreement with any of the entities of the Crédit Agricole Group.

### **4.2. *Participating Shares***

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

### **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for fifty million US Dollars (USD 50,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

### **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of eight (8) years as from the Last Closing (as defined in the first paragraph of section 7.2 below), with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Target Fund, at its sole discretion.

### **7. CAPITAL FUNDING**

#### **7.1. *Commitments and Drawdowns during the Initial Offering Period***

Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund from 3 February 2014 until the earliest of either (i) 30 September 2014 or (ii) on or about the final closing of the Master Fund as determined in the private placement memorandum thereof (the “**Initial Offering Period**”). The first closing shall be the last Business Day of the Initial Offering Period (the “**First Closing**”).

Investors, the Commitments of which are accepted on the First Closing (the “**Initial Investors**”), shall be required to pay up to five percent (5%) of their respective committed amounts no later than ninety (90) Business Days following the notification of the First Closing to Initial Investors, following which Investors Shares are to be issued fully paid-up corresponding to the funded Commitment.

Such Investors Shares shall be issued fully paid at a price of one hundred US Dollars (USD 100.-) each (the “**Subscription Price**”).

## **7.2. Commitments and Drawdowns after the Initial Offering Period**

After the First Closing, Commitments to subscribe will be accepted from Initial Investors and other investors at such closings (“**Subsequent Closings**” and “**Subsequent Closings Investors**”) as determined by the General Partner during a period commencing the day after the date of the First Closing, and terminating on the last Business Day of the twelfth (12<sup>th</sup>) month following the First Closing date (the “**Last Closing**”). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of Investors Shares and pay up the relevant portion of their Commitments no later than seven (7) Business Days following the notification of the drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to postpone the date of any closing (including the Last Closing); in such case, the Investors will be informed of the amended date of the relevant closing and the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing by a Subsequent Closing Investor:

- (a) the Subsequent Closing Investor shall participate in investments made and fees and expenses (including the Management Fee as defined in the first paragraph of section 14.1 below) incurred by the Sub-Fund prior to its admission and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the First Closing, at the Subscription Price;
- (b) the Subsequent Closing Investor shall pay an additional amount equal to five per cent (5%) per annum, calculated from the date on which the First Closing Investors have contributed and paid in their first subscriptions relating to the First Closing up to the date of the capital contributions actually made with respect to the Subsequent Closing in question, and such amount shall be payable to the Sub-Fund (the “**Actualization Interest**”).

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the First Closing, then the General Partner may change the Subscription Price for Investors Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Investors Shares as of the relevant Subsequent Closing; in which case all such Investors Shares issued on the same closing shall constitute a separate series. In this case, no Actualization Interest will be due.

## **7.3. Drawdowns**

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the Commitments made by the Investors shall be drawn down in successive instalments, as determined by the General Partner. Such

drawdowns may only take place provided their amount is not less than one percent (1%) of each Investor's Commitment. The General Partner will give each Investor a seven (7) Business Day prior notice for each drawdown.

Investors Shares issued in relation to each drawdown made after the First Closing shall be issued fully paid-up at a subscription price equal, at the General Partner's discretion, either (i) to the Subscription Price plus, if applicable, the Actualization Interest or (ii) to the Net Asset Value of such Investors Shares on such drawdown date. If Investors Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The Subscription Price of the Investors Shares issued after the First Closing must be paid within the limits specified in the relevant drawdown notice.

#### **7.4. *Return of Drawdowns***

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since the First Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

#### **7.5. *Commitment period***

The Commitment Period will extend from the First Closing until the Last Closing (the "**Commitment Period**").

#### **8. MINIMUM COMMITMENT**

Commitments may only be accepted from Well-Informed Investors investing a minimum amount of, or equivalent to one

hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund. Such minimum Commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept Commitments in lesser amounts.

#### **9. REDEMPTIONS**

An Investor may not at its own initiative require the Company to redeem its Investors Shares.

#### **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

#### **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30



September and 31 December which is made available to the Investors no later than four (4) months after each quarter end. The quarterly report provides the Investors with updates on the portfolio of investments.

## **12. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Investors Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Investors Shares, the redemption price will be equal to the last Net Asset Value per relevant Investors Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 14 below).

## **13. RECALL**

The Target Fund may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions as defined in and in the cases provided for in the constitutive/issuing documents of the Target Fund. In such cases the Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the Target Fund, provided however that distributions hereunder will not increase an Investor's undrawn Commitment beyond the amount initially committed by the relevant Investor.

Investors may be required to recontribute either to the Sub-Fund (if it is still in

existence) or directly to the General Partner for recontribution to the Target Fund.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out hereabove.

## **14. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

### **14.1. *Management Fee***

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal:

- with respect to Class A Shares, zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A Shares as of the end of the preceding quarter;
- with respect to Class B Shares, zero percent (0%) per annum.

The Management Fee will accrue as of the First Closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management

Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

#### **14.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the “**AIFM Remuneration**”), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 14.5. respectively 14.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner’s service fees.

#### **14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the “**Investment Advisory Fee**”) will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

#### **14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm’s length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund’s investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses

related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the “**Portfolio Investments Expenses**”).

#### **14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the “**Creation Expenses**”) will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling one percent (1%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **14.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Aggregate Commitments of the Sub-Fund.

##### **14.6.1 The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **14.6.2 Operating Expenses**

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the “**Operating Expenses**”). All of the above Operating Expenses will as a rule be paid by the AIFM.

To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

#### **15. SPECIFIC RISK CONSIDERATIONS**

Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, the following risks, among all the risks linked to the Target Fund and mentioned in the confidential private placement memorandum of the Master Fund, in which the Target Fund is invested, may be of importance to the Investors:

**Nature of investment:** Investment in the Target Fund requires a long-term commitment with no certainty of return. Investors may lose all or a portion of the value of their investment or receive returns on equity that are less than expected. The Master Fund may make investments in assets and businesses which are experiencing or are expected to experience severe financial difficulties which may never be overcome. There may be little or no near-term cash flow available to the Investors. Because the Master Fund may only make a limited number of investments and because many of the investments may involve a high degree of risk, poor performance by a few of the investments could severely affect the total returns to Investors.

**General real estate risks:** The investments will be subject to the risks incident to the ownership and operation of real estate, including risks associated with the general economic climate, local real estate conditions, geographic or market

concentration, competition from other space, the ability of the Master Fund or third-party borrowers to manage the real properties, government regulations, the availability of financing, and fluctuations in interest rates. All real estate and real estate-related investments are subject to the risk that a general downturn in the regional or local economy will depress real estate prices. The Master Fund may be unsuccessful in structuring its investments to minimize any detrimental impact that a recession may have on its investments. With respect to investments in the form of real property owned by the Master Fund, the Master Fund will incur the burdens of ownership of real property, which include the paying of expenses and taxes, maintaining such property and any improvements thereon, and ultimately disposing of such property.

Additional risks include (without limitation) (i) lack of demand for commercial or housing space in a locale, (ii) changes in general economic or local conditions, (iii) changes in supply of, or demand for, similar or competing properties in an area, (iv) uncertainty of cash flow to meet loan and other fixed obligations, (v) changes in interest rates, (vi) unavailability of mortgage financing which may render the sale or refinancing of a property difficult, and (vii) changes in tax, real estate, environmental and zoning laws.

With respect to investments in mortgage loans, the Master Fund will in large part be dependent on the ability of third parties to successfully operate the underlying properties. In addition, certain of the mortgage loans may be structured so that all or a substantial portion of the principal will not be paid until maturity, which increases the risk of default at that time. The possibility of partial or total loss of capital will exist and investors should not subscribe unless they can readily bear the consequences of such loss.

**Liquidity considerations:** Some of the Master Fund investments will be highly illiquid, and there can be no assurance that the Master Fund will be able to realize on such investments in a timely manner. Illiquidity may result from the absence of an established market for the investments, as well as legal or contractual restrictions on their resale by the Master Fund. Investments by their nature are often difficult or time consuming to liquidate, and investments made in the form of securities present unique challenges. For example, buyers for minority interests may be difficult to secure, while transfers of large block positions may be subject to legal, contractual, or market restrictions. Interests in non-public entities by their nature may be illiquid, as well. If the Master Fund needs to sell all or a portion of its investments over a short period of time, it may realize value significantly less than the value at which it had previously recorded those investments.

<b>3. KARTESIA SUB-FUND</b>
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**1. INVESTMENT OBJECTIVE AND STRATEGY**

One hundred percent (100%) of the Kartesia Sub-Fund (the “**Sub-Fund**”) will be invested in “Kartesia Credit Opportunities III S.C.A., SICAV-SIF” (formerly Kartesia Credit Opportunities I S.C.A., SICAV-SIF) (the “**Target Fund**”).

Besides, for defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

**1.1. The Target Fund**

The Target Fund is established in the form of a *société en commandite par actions* (corporate partnership limited by shares) in Luxembourg and qualifies as a *société d'investissement à capital variable – fonds d'investissement spécialisé* subject to the Luxembourg law of 13 February 2007 relating to specialised investment funds, as amended or supplemented from time to time (the “**2007 Law**”).

The Target Fund is managed by Kartesia Management (formely Kartesia GP S.A.), a Luxembourg *société anonyme* (the “**Target Fund General Partner**”) registered with the *Registre de Commerce et des Sociétés* under number B 179.289, and advised by Kartesia Advisor LLP, a UK limited liability partnership authorised and regulated by the UK Financial Conduct Authority (“**Kartesia**”).

**1.2. Investment Objective and Strategy of the Target Fund**

The purpose of the Target Fund is to invest, indirectly through one or several fund, corporation, partnership or any entity wholly or partly owned by the Target Fund, established or acquired for the purpose of carrying out investment, bridging and/or syndication transactions, by acquiring loans and/or mezzanine/subordinated instruments (senior, second lien and/or mezzanine funded loans or notes) held against European LBO companies or leveraged loan investment vehicles.

The European credit market continues to suffer from the on-going leverage market structure dislocation in which traditional credit investors from the leveraged loan market are exiting and reducing their involvement. This is resulting for the Target Fund in significant attractive opportunities to fill in the gap left, particularly in the more illiquid mid-to-small cap situations where competition is weaker.

The Target Fund will principally invest in debt instruments of companies domiciled in Western Europe, with a maximum of ten percent (10%) of total commitments invested in companies with their principal place of business or headquarters in the European Economic Area other than Western Europe.

The Target Fund will focus primarily on investments on the secondary market with the option to invest up to thirty percent (30%) of the total commitments on the primary market.

The Target Fund intends to build a diversified portfolio of thirty (30) to forty (40) high quality assets, representing an average exposure of ten (10) to twenty (20) million euros per investment. The Target Fund will concentrate on small to mid-sized transactions with full access to management and participation to the initial club deal of

lenders. The Target Fund will tend to avoid large syndications, which are usually characterized by a limited access to information and unfavourable loan documentation for subordinated lenders.

### **1.3. Investment Restrictions of the Target Fund**

The Target Fund contemplates making up a diversified portfolio across economic sectors however, no allocation of investments by branch of industry will be predetermined. Should the aggregate acquisition cost of investments in any single sector exceed twenty-five percent (25%) of the total commitments, the Target Fund General Partner will inform the Target Fund advisory committee in writing prior to such investment being made.

The Target Fund shall not invest (i) more than twenty-five percent (25%) of the total commitments in Collateralised Debt Obligation (“CDO”) liabilities and (ii) more than twenty percent (20%) of the total commitments in high yield bonds.

In order to diversify its risks, the Target Fund will not invest (directly or indirectly through a leveraged investment vehicle) more than the greater of : (i) six percent (6%) of the total commitments and (ii) twenty million euros (EUR 20,000,000.-) in one single portfolio company (it being specified that the above limits shall be calculated on a look through basis on the basis of the acquisition cost of any relevant investment (a) at the time the investment is made and (b) on the basis of the total commitments on the final closing date). As an exception to the above rule, the Target Fund will however, be allowed to invest up to seven percent (7%) of the total commitments in a maximum of three (3) portfolio companies, but never exceeding twenty million euros (EUR 20,000,000.-).

The Target Fund shall not invest in one single portfolio transaction more than twenty

percent (20%) of the total commitments unless the advisory committee has been previously informed and more than twenty-five percent (25%) of the total commitments unless the prior consent of the advisory committee has been obtained.

The Target Fund shall not invest more than forty percent (40%) of the total commitments during the same period of twelve (12) months unless the prior consent of the advisory committee has been obtained.

Finally, the Target Fund is subject to and will conduct its investment operations according to CSSF Circular 07/309.

### **1.4. Kartesia’s Track Record**

Kartesia performance as of July 2013, through the Altercap funds, may be summarised as follows:

- since 2008, over three hundred and fifty million euros (EUR 350,000,000.-) of capital invested for over one hundred (100) trades settled;
- a diversified portfolio of a total of thirty-one (31) realised trades with thirty-six (36) different private equity sponsors;
- a gross internal rate of return (“IRR”) of one hundred and seventy-nine percent (179%) and a gross cash multiple of 1.49x on the twelve (12) full exits to date.

#### **Track record overview:**

	<b>Altercap I</b>	<b>Altercap II</b>
<b>Vintage</b>	2009	2011
<b>Fund size</b>	EUR 160.6M	EUR 214.8M
<b># issuers</b>	24	37
<b>#full realisations</b>	21	10
<b>Realised multiple</b>	1.52x	1.44x
<b>Realised IRR</b>	247%	93%

*Source: Due Diligence package*

### 1.5. **Investment Approach of the Target Fund**

The investment approach is focused on the following:

- **High-quality asset class:** the Target Fund will target credit instruments of well managed credit-worthy companies and/or leveraged loan vehicles via the primary and secondary channels. The investment structure will be set-up in order to invest in the secured debt instruments (senior, second-lien and/or mezzanine funded loans or notes) of the capital structure of a European leveraged buyout and/or European leveraged loan vehicles.
- **Capital preservation through fundamental and discriminating credit assessment:** disciplined bottom-up analyses performed on each credit, evaluating the fundamentals of the business in the context of its industry and the interests of the relevant stakeholders (*i.e.* sponsor, management, lenders).
- **Long-term approach:** ability to hold on to the investments over the long term and, if necessary, working out alongside the company any specific problems differentiates us from short-term investors who are more dependent on liquidity and third-party credit ratings, which in turn allows us to take advantage of sudden market dislocations.
- **European small/mid-market corporates:** the Target Fund will invest in credit instruments where the underlying assets are European based companies. The focus will be on small/mid-market companies with an enterprise value typically between two hundred million euros (EUR 200,000,000.-) and two billion euros (EUR 2,000,000,000.-), a segment in which Kartesia's managers have a recognized expertise and benefit from reduced competitive pressure.
- **Proprietary sourcing:** the presence and reputation established by Kartesia's managers over the years, allows them to benefit from privileged relationships from the relevant intermediaries that play a role in the market, particularly on the secondary channel. Furthermore, with over fifty (50) direct investments in small/mid-market companies over the last four (4) years, they are recognized as a reliable and knowledgeable partner that can provide new capital to companies in this segment.
- **Superior risk-adjusted returns:** the Target Fund expects to distribute approximately five percent (5%) to seven percent (7%) annual gross cash yield to its investors, as it receives interest payments from outstanding loans semi-annually. In addition to the annual cash yield, the Target Fund will receive, through its investments in the portfolio, the reimbursement of the discount upon repayment if purchased via the secondary market. For primary deals, the upside to be received upon repayment may be in the form of capitalised interests or warrants. These elements will complement the cash yield and at or before maturity and enhance the returns up to quasi equity levels.

## **2. BORROWING POLICY**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

The Sub-Fund does not intend to use leverage. The exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of AIFMR shall hence not exceed one hundred percent (100%).

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

The circumstances in which the Target Fund may utilize leverage, the types and sources of leverage permitted and the associated risks are set out in the confidential prospectus of the Target Fund, but this does not consist in leverage at the Sub-Fund level in accordance with articles 7 and 8 of AIFMR.

The Target Fund will not incur indebtedness (including any indebtedness guaranteed by the Target Fund) for borrowed money in excess of twenty percent (20%) of the total commitments of the Target Fund. The Target Fund may incur indebtedness beyond twenty percent (20%) of the total commitments of the Target Fund but only up to a maximum amount of thirty-three percent (33%) of the total commitments of the Target Fund provided it has obtained the prior consent of the advisory committee of the Target Fund. Such borrowings shall not be subject to a margin call. In addition, the Target Fund shall not use leverage when investing in CLO debt investments.

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in Euros (EUR).

## **4. SHARE CLASSES**

### **4.1. *Investors Shares***

Two (2) Classes of Investors Shares, both denominated in euros (EUR), are available for subscription in the Sub-Fund, namely:

- A Shares (the “**Class A Shares**”);  
and
- B Shares (the “**Class B Shares**”),

(altogether the “**Investors Shares**”).

The Class B Shares will be reserved to Investors having concluded a specific remuneration agreement with any of the entities of the Crédit Agricole Group.

### **4.2. *Participating Shares***

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

## **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for forty million euros (EUR 40,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.



## **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of ten (10) years as from the Last Closing (as defined in the first paragraph of section 7.2 below), with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Target Fund, at its sole discretion.

## **7. CAPITAL FUNDING**

### **7.1. *Commitments and Drawdowns***

Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund from 7 March 2014 until the latest of either (i) on or about the final closing of the Target Fund as determined in the prospectus thereof or (ii) 30 September 2014.

Investors, the Commitments of which are accepted on the first closing (the “**Initial Investors**”), shall be required to pay up to five percent (5%) of their respective committed amounts no later than ninety (90) Business Days following the notification of the first closing to Initial Investors, following which Investors Shares are to be issued fully paid-up corresponding to the funded Commitment.

Such Investors Shares shall be issued fully paid at a price of one hundred Euros (EUR 100.-) each (the “**Subscription Price**”).

### **7.2. *Commitments and Drawdowns after the First Closing***

After the first closing, Commitments to subscribe Investors Shares will be accepted from Initial Investors and other investors at such closings (“**Subsequent Closings**” and “**Subsequent Closings Investors**”) as determined by the General Partner during a period terminating on 30 September 2014, unless extended by the General Partner (the “**Last Closing**”). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of Investors Shares and pay up the relevant portion of their Commitments no later than seven (7) Business Days following the notification of the drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to postpone the date of any closing (including the Last Closing); in such case, the Investors will be informed of the amended date of the relevant closing and the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing by a Subsequent Closing Investor:

- (a) the Subsequent Closing Investor shall participate in investments made and fees and expenses (including the Management Fee as defined in the first paragraph of section 14.1 below) incurred by the Sub-Fund prior to its admission and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the first closing, at the Subscription Price;

- (b) the Subsequent Closing Investor shall pay an additional amount equal to five per cent (5%) per annum, calculated from the date on which the Initial Investors have contributed and paid in their first subscriptions relating to the first closing up to the date of the capital contributions actually made with respect to the Subsequent Closing in question, and such amount shall be payable to the Sub-Fund (the **"Actualization Interest"**).

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the first closing, then the General Partner may change the Subscription Price for Investors Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Investors Shares as of the relevant Subsequent Closing; in which case all such Investors Shares issued on the same closing shall constitute a separate series. In this case, no Actualization Interest will be due.

### **7.3. Drawdowns**

After the first closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the Commitments made by the Investors shall be drawn down in successive instalments, as determined by the General Partner. Such drawdowns may only take place provided their amount is not less than one percent (1%) of each Investor's Commitment. The General Partner will give each Investor a seven (7) Business Day prior notice for each drawdown.

Investors Shares issued in relation to each drawdown made after the first closing shall be issued fully paid-up at a subscription price either (i) equal to the Subscription Price plus, if applicable, the Actualization Interest or (ii) based on the Net Asset Value

of such Investors Shares on such drawdown date, at the General Partner's discretion. If Investors Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The Subscription Price of the Investors Shares issued after the first closing must be paid within the limits specified in the relevant drawdown notice.

### **7.4. Return of Drawdowns**

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since the first closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### **7.5. Commitment Period**

The Commitment Period will extend from the first closing until the Last Closing (the **"Commitment Period"**).

## **8. MINIMUM COMMITMENT**

Commitments may only be accepted from Well-Informed Investors investing a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund. Such minimum Commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept Commitments in lesser amounts.

## **9. REDEMPTIONS**

An Investor may not at its own initiative require the Company to redeem its Investors Shares.

## **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

## **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than four (4) months after each quarter end. The quarterly report provides the Investors with updates on the portfolio of investments.

## **12. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Investors Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Investors Shares, the redemption price will be equal to the last Net Asset Value per relevant Investors Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 14 below).

## **13. RECALL**

The Target Fund may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions as defined in and in the cases provided for in the issuing documents of the Target Fund. In particular, the Target Fund General Partner may recall certain distributions previously made to the shareholders of the Target Fund to fund indemnification expenses and other obligations and liabilities of the Target Fund. Such obligations will generally be borne by the shareholders of the Target Fund in such amounts as will result in each shareholder of the Target Fund retaining distributions equal to the cumulative amount each such shareholder of the Target Fund would have received had the obligation been known at the time of the prior applicable distribution.

As a consequence and in such cases, the Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion

with the amounts requested by the Target Fund, , provided however that distributions hereunder will not increase an Investor's undrawn Commitment beyond the amount initially committed by the relevant Investor.

Investors may be required to recontribute either to the Sub-Fund (if it is still in existence) or directly to the General Partner for recontribution to the Target Fund.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out hereabove.

#### **14. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

##### **14.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal:

- with respect to Class A Shares, zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A Shares as of

the end of the preceding quarter; and

- with respect to Class B Shares, zero percent (0%) per annum.

The Management Fee will accrue as of the First Closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

##### **14.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the "**AIFM Remuneration**"), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 14.5. respectively 14.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner's service fees.

##### **14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the "**Investment Advisory Fee**") will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

##### **14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and

other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the "**Portfolio Investments Expenses**").

#### **14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the "**Creation Expenses**") will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point seventy-five percent (0.75%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **14.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Aggregate Commitments of the Sub-Fund.

##### **14.6.1 The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

#### **14.6.2 Operating Expenses**

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the "**Operating Expenses**"). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

### **15. SPECIFIC RISK CONSIDERATIONS**

Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, the following risks, among all the risks linked to the Target Fund and mentioned in its prospectus, may be of importance to the Investors:

**Nature of investment:** There is no assurance that the Target Fund's investments will be successful or that its objectives will be achieved. In addition, there are risks associated with investing in the Target Fund that are not applicable to typical investments in the debt market or other type of debt instruments or receivables. An investment in the Target Fund is only suitable for prospective investors having the skills and the means necessary to understand the risks inherent in trading loans, financial instruments and debt investments. In addition, the subscription or the purchase of the Target

Fund's shares should be considered only by prospective investors who do not require liquidity with respect to their investment in the Target Fund for an indefinite period of time and who can afford a loss of their entire investment.

**Risks associated with debt instruments linked to LBO transactions:** the Target Fund's direct or indirect investments in debt instruments will principally relate to companies whose capital structures will have significant leverage which are, by nature, subject to a high degree of financial risk. The leveraged capital structure of such companies will increase their exposure to adverse economic factors such as rising interest rates, downturns in the economy or deterioration in the condition of the company or its industry with adverse consequences to the repayment by such companies of their indebtedness.

**Reliance on monitoring and management of debtor companies:** while it is the intent of the Target Fund to invest in debt instruments over debtor companies with proven operating monitoring and management in place, there can be no assurance that such monitoring and management will each continue to operate successfully. Although the Target Fund General Partner or the Target Fund adviser (as the case may be) will be active in monitoring the performance of each investment together with the agent representing the pool of lenders to which the Target Fund might be a member in respect of such investment, the Target Fund will rely upon (i) such agent to monitor the debtor companies on a regular basis and (ii) indirectly the management to operate the debtor companies on a day-to-day basis.

**Bankruptcy issues - liquidation or insolvency of portfolio companies:** a portfolio company may be unable to make repayments where it is insolvent or where insolvency proceedings have been commenced in respect of it. If any portfolio

companies should become unable to meet their payment obligations under the investments, the performance of the Target Fund will be adversely affected. Where a portfolio company makes payments under an investment where it is insolvent at the time of such payments or is declared insolvent within a certain period following such payments then an insolvency official appointed in respect of the portfolio company may, in certain circumstances, be able to set aside or revoke such payments and recover the amounts of such payments from the Target Fund. These insolvency considerations will differ depending on the jurisdiction in which the relevant portfolio company is located and may result in additional legal costs for the Target Fund which may not be recoverable from the portfolio companies.

<b>4. LM VII SUB-FUND</b>
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**1. INVESTMENT OBJECTIVE AND STRATEGY**

The LM VII Sub-Fund (the “**Sub-Fund**”) is solely aimed at investing in “Landmark Real Estate Partners VII Offshore, L.P.” (the “**Target Fund**”).

Besides, for defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

**1.1. The Target Fund**

The Target Fund is established in the form of a Scottish limited partnership under the Limited Partnerships Act of 1907 and is organised as a parallel investment vehicle to Landmark Real Estate Partners VII, L.P., a Delaware limited partnership (the “**Main Fund**”). The Target Fund’s general partner is Landmark Real Estate GP VII Offshore Limited, a Scottish company.

The Target Fund was set-up to accommodate certain legal, tax, accounting, regulatory or other considerations of non-U.S. investors willing to invest in the Main Fund. The Target Fund will generally co-invest on a side-by-side, pro rata basis with the Main Fund on substantially the same terms as the Main Fund. The terms of the Target Fund are, to the extent practicable, substantially similar to those of the Main Fund, except to the extent necessary or appropriate to address such considerations.

The Main Fund is managed by Landmark Real Estate Fund VII-GP, L.P., a Delaware limited partnership (the “**Main Fund General Partner**”) and advised by

Landmark Realty Advisors LLC, a Delaware limited liability company registered under the Investment Advisers Act of 1940, as amended (“**Landmark**”).

Landmark is a full-service alternative investment firm providing investment advisory services for institutional and individual investors. Landmark is headquartered in Simsbury, Connecticut, with offices in Boston, New York and London. Landmark has the reputation, skill and proven record of accomplishment in the alternative investment markets of private equity and real estate that make it a preferred manager for investors seeking to participate in these asset classes.

**1.2. Investment Objective and Strategy of the Target Fund**

The purpose of the Target Fund is to maximise the return to its investors by engaging in activities and transactions that are within the scope of the investment, or consistent with the investment strategy of the Main Fund.

The Main Fund seeks to provide investors access to a private equity portfolio of real estate related investments, primarily through secondary market transactions. The Main Fund will target investments diversified across a broad range of funds and partnerships, experienced investment managers, property types and geographical regions.

The Main Fund expects to make secondary investments principally in various types of real estate and real estate related entities, such as commingled real estate funds, limited partnerships, joint ventures, real estate operating companies and non-traded real estate investment trusts vehicles. Such vehicles are typically privately held and may be difficult for the current holders to exit because of restrictive ownership structures and governing legal agreements. By providing liquidity to current holders through

private secondary transactions, Landmark believes that the Main Fund will have the opportunity to acquire investments at favourable pricing relative to the fair market value of the underlying real estate.

Secondary market investing offers a risk/reward profile that is different from other real estate investment strategies. Specifically, Landmark believes that the investment portfolio likely to be acquired by the Main Fund will offer attractive returns and lower risk compared to direct primary investments in either real estate assets or the targeted funds and partnerships themselves.

Investments in underlying entities will typically be made relatively late in the underlying entities' investment cycles, providing the Main Fund with (i) hindsight on the validity of sponsor strategies and actual performance of the underlying assets, and (ii) shorter investment duration in the particular underlying entity, meaning relatively earlier cash flow from the underlying assets and relatively earlier return of investor capital. In addition, diversification across underlying funds and partnerships that are themselves diversified will typically provide broader diversification and, therefore, lower risk to the Main Fund.

### **1.3. *Investment Restrictions of the Target Fund***

Without consent of either a majority in interest of the investors or the advisory board:

(i) The total equity investment of the Target Fund in a single underlying investment (other than holding companies or other vehicles formed as part of a transaction) will not exceed twenty-five percent (25%) of aggregate commitments. For the avoidance of doubt, the investment risk diversification rules referred to in Part I – General Information in relation to the Company and the Sub-Funds, section II. Investment

Objectives, Strategy and Restrictions, C. Investment restrictions of this Placement Memorandum will be complied with at the level of the Sub-Fund.

(ii) The aggregate amount of the Target Fund's direct and indirect pro rata shares of the assets included in real estate investments that relate to operations outside of the U.S. and Canada will not exceed thirty percent (30%) of aggregate commitments.

### **1.4. *Landmark's Track Record***

From 1990 through 31 December 2013, Landmark has participated in the formation of twenty-one (21) secondary investment funds in the real estate, venture capital, buyout and mezzanine asset classes. Landmark's funds have combined capitalization of over ten billion US Dollars (USD 10,000,000,000.-) and have invested seven point eight billion US Dollars (USD 7,800,000,000.-) in diversified portfolios acquiring over one thousand five hundred (1,500) partnership interests.

From 1996 through 31 December 2013, Landmark has formed five (5) secondary real estate funds (LREF) with aggregate capitalisation of two billion US Dollars (USD 2,000,000,000.-) and has invested one point seven billion US Dollars (USD 1,700,000,000.-) through eighty-seven (87) transactions involving one hundred and fifty five (155) partnerships managed by eighty (80) different managers. These funds have achieved an aggregate net internal rate of return ("IRR") of twenty-seven percent (27%).



## Secondary Real Estate Funds track record overview:

Funds	Vintage	Invested Capital	Net IRR	Net Multiple
<b>LREF 1</b>	1996	\$404m	45%	2.1x
<b>LREF 2</b>	1997	\$350m	17%	1.5x
<b>LREF 4</b>	2001	\$107m	20%	1.6x
<b>LREF 5</b>	2005	\$322m	-7%	0.7x
<b>LREF 6</b>	2010	\$477m	33%	1.6x

*Figures as of 31 December 2013 / Source: Supplement number 2 to Private Placement Memorandum*

### 1.5. Investment Approach of the Target Fund

The Main Fund will be Landmark's sixth (6<sup>th</sup>) fund dedicated to real estate secondary investments. Landmark believes that, as this market continues to evolve, the growth and maturation of private real estate investments, including real estate private equity funds, will provide particularly attractive sources of secondary investment opportunities.

Landmark's experienced real estate team and well-developed systems for underwriting and managing large portfolios of real estate interests has established Landmark as a leader in the market for real estate secondary investments.

Since 1990, increasing levels of investor capital have flowed into real estate, much of it in passive ownership forms that allow investors to own partial interests in real estate managed by professional operating partners or investment sponsors. Since investors generally understand the illiquid nature of these private real estate vehicles, most do not initially contemplate exiting through a secondary transaction. Landmark's experience indicates, however, that for a variety of reasons, some investors eventually will decide to liquidate their interests in particular private vehicles through secondary transactions, rather than

continuing to hold their interests through full investment maturity. The Main Fund will target this need for liquidity, both in existing private real estate investment funds, and also in "special situations," such as the recapitalization of existing private investment vehicles or the acquisition of interests in real estate joint ventures.

Landmark believes that secondary investing provides a number of significant advantages, including:

- providing access to a lower-risk real estate opportunity with an attractive return profile and near-term cash flow attributes relative to primary investing;
- providing diversification across vintage years, properties, geographies, managers and investment strategies;
- providing the opportunity to analyse an identifiable portfolio of assets and to underwrite such portfolio and price it based upon value and return potential uncovered;
- secondary acquisitions may occur at favourable pricing relative to perceived current "fair value" and have a shorter period to investment realization; and
- secondary interests can begin generating distributions almost immediately, producing current cash flow and minimizing the impact of the "J curve."

## 2. BORROWING POLICY AND LEVERAGE

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

The Sub-Fund does not intend to use leverage. The exposure of the Sub-Fund

calculated in accordance with articles 7 and 8 of AIFMR shall hence not exceed one hundred percent (100%).

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

The circumstances in which the Target Fund may utilize leverage, the types and sources of leverage permitted and the associated risks are set out in the confidential private placement memorandum of the Target Fund, but this does not consist in leverage at the Sub-Fund level in accordance with articles 7 and 8 of AIFMR.

Without the consent of the advisory board of the Target Fund or a majority in interest of the limited partners of the Target Fund, at the time of occurrence, the combined aggregate leverage of the Target Fund and underlying investments of the Target Fund will not exceed seventy percent (70%) of the market value, on an unleveraged basis, of their assets.

### **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in US Dollars (USD).

### **4. SHARE CLASSES**

#### **4.1. *Investors Shares***

Four (4) Classes of Investors Shares, all denominated in US Dollars (USD), are available for subscription in the Sub-Fund, namely:

- A Shares (the “**Class A Shares**”);
  - B Shares (the “**Class B Shares**”);
  - C Shares (the “**Class C Shares**”);
- and

- D Shares (the “**Class D Shares**”),
- (altogether the “**Investors Shares**”).

The Class B Shares, the Class C Shares and the Class D Shares will be reserved to Investors having concluded a specific remuneration agreement with any of the entities of the Crédit Agricole Group.

### **4.2. *Participating Shares***

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

### **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for fifty million US Dollars (USD 50,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

### **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of ten (10) years as from the Last Closing (as defined in the first paragraph of section 7.2 below), with consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Target Fund, at its sole discretion.

### **7. CAPITAL FUNDING**

#### **7.1. *Commitments and Drawdowns***

Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund from 25 September 2014 until the latest of either (i) on or about the final

closing of the Target Fund as determined in the prospectus thereof or (ii) 30 June 2015.

Investors, the Commitments of which are accepted on the first closing (the “**Initial Investors**”), shall be required to pay up to ten percent (10%) of their respective committed amounts no later than ninety (90) Business Days following the notification of the first closing to the Initial Investors, following which Investors Shares are to be issued fully paid-up corresponding to the funded Commitment.

Such Investors Shares shall be issued fully paid at a price of one hundred US Dollars (USD 100.-) each (the “**Subscription Price**”).

## **7.2. Commitments and Drawdowns after the First Closing**

After the first closing, Commitments to subscribe Investors Shares will be accepted from Initial Investors and other investors at such closings (“**Subsequent Closings**” and “**Subsequent Closings Investors**”) as determined by the General Partner during a period terminating on 30 June 2015, unless extended by the General Partner (the “**Last Closing**”). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of Investors Shares and pay up the relevant portion of their Commitments no later than seven (7) Business Days following the notification of the drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to postpone the date of any closing (including the Last Closing); in such case, the Investors will be informed of the amended date of the relevant closing and the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing by a Subsequent Closing Investor:

- (a) the Subsequent Closing Investor shall participate in investments made and fees and expenses (including the Management Fee as defined in the first paragraph of section 14.1 below) incurred by the Sub-Fund prior to its admission and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the first closing, at the Subscription Price;
- (b) the Subsequent Closing Investor shall pay an additional amount equal to five per cent (5%) per annum, calculated from the date on which the Initial Investors have contributed and paid in their first subscriptions relating to the first closing up to the date of the capital contributions actually made with respect to the Subsequent Closing in question, and such amount shall be payable to the Sub-Fund (the “**Actualization Interest**”).

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the first closing, then the General Partner may change the Subscription Price for Investors Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Investors Shares as of the relevant Subsequent Closing; in which case all such Investors Shares issued on the same closing shall constitute a separate series. In this case, no Actualization Interest will be due.

## **7.3. Drawdowns**

After the first closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the Commitments made by the Investors shall be drawn down in successive instalments,

as determined by the General Partner. Such drawdowns may only take place provided their amount is not less than one percent (1%) of each Investor's Commitment. The General Partner will give each Investor a seven (7) Business Day prior notice for each drawdown.

Investors Shares issued in relation to each drawdown made after the first closing shall be issued fully paid-up at a subscription price either (i) equal to the Subscription Price plus, if applicable, the Actualization Interest or (ii) based on the Net Asset Value of such Investors Shares on such drawdown date, at the General Partner's discretion. If Investors Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The Subscription Price of the Investors Shares issued after the first closing must be paid within the limits specified in the relevant drawdown notice.

#### **7.4. *Return of Drawdowns***

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since the first closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

#### **7.5. *Commitment Period***

The Commitment Period will extend from the first closing until the Last Closing (the "**Commitment Period**").

### **8. MINIMUM COMMITMENT**

Commitments may only be accepted from Well-Informed Investors investing a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund. Such minimum Commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept Commitments in lesser amounts.

### **9. REDEMPTIONS**

An Investor may not at its own initiative require the Company to redeem its Investors Shares.

### **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

### **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit

and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than four (4) months after each quarter end. The quarterly report provides the Investors with updates on the portfolio of investments.

## **12. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Investors Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Investors Shares, the redemption price will be equal to the last Net Asset Value per relevant Investors Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 14 below).

## **13. RECALL**

The Target Fund may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions in the cases provided for in the constitutive/issuing documents of the Target Fund. In particular, the Target Fund may at any time recall distributions made to its partners, which distributions are subject to recall or reimbursement from or retribution by the Target Fund to or in connection with any underlying investment and/or its

investments, including, relating to or as a result of the over-commitment strategies of an underlying investment; to satisfy any indemnification, reimbursement, contribution or similar obligation of the Target Fund (including, without limitation, any obligation resulting from applicable law); to satisfy any other expense or obligation of the Target Fund; or amounts returned to the limited partners without having been invested.

In such cases the Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the Target Fund, provided however that distributions hereunder will not increase an Investor's undrawn Commitment beyond the amount initially committed by the relevant Investor.

Investors may be required to recontribute either to the Sub-Fund (if it is still in existence) or directly to the General Partner for retribution to the Target Fund.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out hereabove.

## **14. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

### **14.1. *Management Fee***

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to

receive an annual management fee (the **"Management Fee"**), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal:

- with respect to Class A Shares, zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A Shares as of the end of the preceding quarter;
- with respect to Class B Shares, zero percent (0%) per annum;
- with respect to Class C Shares, zero point zero six percent (0.06%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class C Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class C Shares as of the end of the preceding quarter;
- with respect to Class D Shares, zero point three percent (0.3%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class D Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class D Shares as of the end of the preceding quarter.

The Management Fee will accrue as of the First Closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing

to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

#### **14.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the **"AIFM Remuneration"**), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 14.5. respectively 14.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner's service fees.

#### **14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the **"Investment Advisory Fee"**) will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

#### **14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the

Sub-Fund (the “**Portfolio Investments Expenses**”).

#### **14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the “**Creation Expenses**”) will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point five percent (0.5%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **14.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Aggregate Commitments of the Sub-Fund.

##### **14.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **14.6.2. Operating Expenses**

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the “**Operating Expenses**”). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on

a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

#### **15. SPECIFIC RISK CONSIDERATIONS**

Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, the following risks, among all the risks linked to the Target Fund and mentioned in the private placement memorandum of the Main Fund, may be of importance to the Investors:

**Nature of investment:** Investment in the Target Fund requires a long-term commitment by the investors, with no certainty of return, to contribute substantial amounts of capital to the Target Fund, if and when called, upon short notice. Investors that are unable or unwilling to comply with their capital contribution obligations, risk forfeiture, among other things, of a portion, and possibly all, of their investment in the Target Fund. Accordingly, prospective investors should assure themselves that they have sufficient available capital assets to support their capital commitments. In the near-term, cash flow available to investors is likely to be limited. The Target Fund's investments will be highly illiquid, and there can be no assurance that the Target Fund (or an underlying fund in which the Target Fund holds an investment with respect to its investments) will be able to realise such investments in a timely manner. Dispositions of investments may require a lengthy time period and/or may result in distributions in kind to investors.

**Nature of Target Fund investments:** The success of each of the underlying investments (and, as a result, a large measure of the Target Fund's success) is

subject to those risks which are inherent in real estate and real estate-related investments. These risks are generally related to (i) the ability of the Target Fund to select and manage successful investment opportunities; (ii) the ability of the underlying investments to liquidate their investments; and (iii) general economic conditions. There can be no assurance that the investments made by the underlying investments will result in attractive rates of return to the Target Fund. The Target Fund will not be able to participate in the management and control of the underlying investments in which it holds investments. Consequently, the Target Fund will not be able to control the amount or timing of distributions from the underlying investments, which may affect investors' returns.

**Secondary market purchases; pooled investments in secondary investments:**

The Target Fund intends to invest primarily in underlying investments that have completed their closings by purchasing an interest in each such underlying investment from unaffiliated parties in the secondary market. Such secondary market interests may present additional risks such as difficulty in valuing the existing investments of the underlying investment or the possibility that the interest acquired in a secondary market interest may be subject to contingent liabilities resulting from activity that transpired prior to the Target Fund's purchase of the secondary market interest (e.g., an indemnification obligation in respect of an act or omission occurring prior to the date of the Target Fund's purchase). Further, the purchase or sale of a secondary market interest may be subject to the consent of the general partner or managing member or otherwise on behalf of the underlying investment and other qualification requirements and/or conditions that may make such purchase more difficult or, ultimately, prevent it. Additionally, in many cases, the Target Fund expects to have the opportunity to acquire a portfolio of investment funds from a seller on an "all or

nothing" basis. Certain of the investment funds in the portfolio may be less attractive than others, and certain of the sponsors of such investment funds may be more familiar to Landmark than others, or may be more experienced or highly regarded than others. In such cases, it may not be possible for the Target Fund to carve out from such purchases those investments which are considered (for commercial, tax, accounting, legal or other reasons) less attractive. Similarly, the Target Fund may not be able to acquire certain interests in a portfolio of investment funds that may be highly attractive for certain legal, tax, regulatory or other similar considerations.

**Past performance is not necessarily indicative of future results of the Target Fund:**

The Target Fund is a newly-formed entity with no prior operating history upon which an investor can base its prediction of success or failure. The results of earlier investment funds formed by Landmark are not necessarily indicative of the results that the Target Fund may achieve. The Target Fund will make different investments than the earlier funds and, accordingly, the Target Fund's results are independent of the previous results obtained by Landmark and those funds.

**Concentration of investments:** The Target Fund's investments will be concentrated in the real-estate sector. Concentration in a single industry may involve risks greater than those generally associated with industry or asset diversified funds, including significant fluctuations in returns. The real estate industry is challenged by various factors, including rapidly changing market conditions and/or participants, new regulations and other similar factors. The Target Fund will seek to diversify its types of real estate and real estate-related assets through investment in various underlying investments. Such diversification may not be achieved as a result of, among other things, insufficient investment opportunities, whether due to the insufficient number of



prospective underlying investments or delays in effecting any investments, or as a result of insufficient investable assets as a result of insufficient subscriptions or failure by existing or prospective investors to fund unpaid commitments to the Target Fund. In addition, although the diversification of the Target Fund's investments through underlying investments is intended to reduce the Target Fund's exposure to adverse events associated with, for example, specific issuers, geographic locations or property types, the number and type of investments by the underlying investments may be limited. As a consequence, the Target Fund's returns as a whole may be adversely affected by the unfavourable performance of even a single investment by the Target Fund or by an underlying investment.

**Limited availability of information:** Due to confidentiality considerations, certain potential and/or actual underlying investments may not permit the Target Fund to fully disclose information regarding such underlying investment's investment strategies, risks, prior performance or other information. In addition, certain potential and/or actual underlying investments may provide limited or no information regarding their respective investment strategies or investments. Additionally, information received from general partners or the investment managers of the underlying investments may not always be accurate or timely. This lack of access to, or the untimeliness or inaccuracy of, information provided by the general partners or the investment managers may make it more difficult for Landmark to select, allocate among or evaluate the underlying investments.

<p><b>5. EUROPEAN PRIVATE EQUITY OPPORTUNITIES 2015 SUB-FUND</b></p>
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**1. INVESTMENT OBJECTIVE AND STRATEGY**

**1.1. *Investment Objective and Strategy***

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private equity funds mainly invested in European headquartered companies across diverse strategies including, but not limited to leveraged buyout transactions, growth capital transactions and special situations.

The Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio.

The Investment Advisor's highly exclusive relationships to top fund managers provides significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest in private equity funds which may have varying terms and structures including, but not limited to limited partnership structures, or even evergreen structures.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in Euros (EUR), unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

**1.2. *Investment Process***

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the General Partner.

Through its strong network, the Investment Advisor will assist the General Partner in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds;
- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;
- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might

become challenges or opportunities for certain funds' investment strategies and approaches; and

- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the General Partner, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analysing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

The investments in private equity funds are passive investments meaning that the Board has no influence over exits. In private equity fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realizations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private equity fund. However, as common in the private equity environment, potential exit routes for interests in private funds include, *inter alia*, a sale to other investors, a buyout by the management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are

fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in Euros (EUR).

## **4. SHARE CLASSES**

### **4.1 Investors Shares**

Two (2) Classes of Investors Shares, both denominated in Euros (EUR), are available for subscription in the Sub-Fund, namely:

- A Shares (the “**Class A Shares**”);
- B Shares (the “**Class B Shares**”);

(altogether the “**Investors Shares**”).

The Class B Shares will be reserved to investment entities managed by the General Partner or entities controlled by Crédit Agricole Group.

### **4.2 Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

## **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for twenty-five million Euros (EUR 25,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

## **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of thirteen (13) years as from the Last Closing (as defined in the first paragraph of section 7.2 below), with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's investments, at its sole discretion.

## **7. CAPITAL FUNDING**

### ***7.1. Commitments and Drawdowns during the Initial Offering Period***

Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund from 27 February 2015 until 31 December 2015.

Investors, the Commitments of which are accepted on the first closing (the "**Initial Investors**"), shall be required to pay up to five percent (5%) of their respective committed amounts no later than ninety (90) Business Days following the notification of the first closing to Initial Investors, following which Investors Shares are to be issued fully paid-up corresponding to the funded Commitment.

Such Investors Shares shall be issued fully paid at a price of one hundred Euros (EUR 100) each (the "**Subscription Price**").

### ***7.2. Commitments and Drawdowns after the Initial Offering Period***

After the first closing, Commitments to subscribe Investors Shares will be accepted from Initial Investors and other investors at such closings ("**Subsequent Closings**" and "**Subsequent Closings Investors**") as determined by the General Partner during a period terminating on 31 December 2015, unless extended by the General Partner

(the "**Last Closing**"). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of Investors Shares and pay up the relevant portion of their Commitments no later than seven (7) Business Days following the notification of the drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to postpone the date of any closing (including the Last Closing); in such case, the Investors will be informed of the amended date of the relevant closing and the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing by a Subsequent Closing Investor:

- (a) the Subsequent Closing Investor shall participate in investments made and fees and expenses (including the Management Fee as defined in the first paragraph of section 14.1 below) incurred by the Sub-Fund prior to its admission and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the first closing, at the Subscription Price;
- (b) the Subsequent Closing Investor shall pay an additional amount equal to five per cent (5%) per annum, calculated from the date on which the Initial Investors have contributed and paid in their first subscriptions relating to the first closing up to the date of the capital contributions actually made with respect to the Subsequent Closing in question, and such amount shall be payable to the Sub-Fund (the "**Actualization Interest**").

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the first closing, then the General Partner may change the Subscription Price for Investors Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Investors Shares as of the relevant Subsequent Closing; in which case all such Investors Shares issued on the same closing shall constitute a separate series. In this case, no Actualization Interest will be due.

### **7.3. Drawdowns**

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the Commitments made by the Investors shall be drawn down in successive installments, as determined by the General Partner. Such drawdowns may only take place provided their amount is not less than two and a half percent (2.5%) of each Investor's Commitment. The General Partner will give each Investor a seven (7) Business Day prior notice for each drawdown.

Investors Shares issued in relation to each drawdown made after the First Closing shall be issued fully paid-up at a subscription price equal, at the General Partner's discretion, either (i) to the Subscription Price plus, if applicable, the Actualization Interest or (ii) to the Net Asset Value of such Investors Shares on such drawdown date. If Investors Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The Subscription Price of the Investors Shares issued after the First Closing must be paid within the limits specified in the relevant drawdown notice.

### **7.4. Return of Drawdowns**

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since the First Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### **7.5. Commitment Period**

The Commitment Period will extend from the first Closing until the Last Closing (the "**Commitment Period**").

## **8. MINIMUM COMMITMENT**

Commitments may only be accepted from Well-Informed Investors investing a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund.

Such minimum Commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept Commitments in lesser amounts.

## **9. REDEMPTIONS**

An Investor may not at its own initiative require the Company to redeem its Investors Shares.

## **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

### **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The quarterly report provides the Investors with updates on the portfolio of investments.

### **12. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Investors Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Investors Shares, the redemption price will be equal to the last Net Asset Value per

relevant Investors Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 14 below)

### **13. RECALL**

Target funds within the portfolio of investments may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions in the cases provided for in the constitutive/issuing documents of the target funds. In such cases the Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the target funds, provided however that distributions hereunder will not increase the Investors' undrawn Commitments beyond the amounts initially committed by the relevant Investor.

Investors may be required to recontribute either to the Sub-Fund (if it is still in existence) or directly to the General Partner for recontribution to the target funds.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out hereabove.

**14. MANAGEMENT FEE, AIFM  
REMUNERATION, INVESTMENT ADVISORY  
FEE AND OTHER EXPENSES**

**14.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the “**Management Fee**”), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal to:

- with respect to Class A Shares, zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A Shares as of the end of the preceding quarter;
- with respect to Class B Shares, zero percent (0%) per annum.

The Management Fee will accrue as of the First Closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

**14.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the “**AIFM Remuneration**”), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 14.5. respectively 14.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly

to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner’s service fees.

**14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the “**Investment Advisory Fee**”) will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

**14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm’s length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund’s investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the “**Portfolio Investments Expenses**”).

**14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the “**Creation Expenses**”) will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point three percent (0.3%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **14.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Aggregate Commitments of the Sub-Fund.

##### **14.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary

##### **14.6.2. Operating Expenses**

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the “**Operating Expenses**”). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

#### **15. SPECIFIC RISK CONSIDERATIONS**

Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In

addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Portfolio valuation risks:** Prospective investors should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of *inter alia* sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or any Investor will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, investors must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be



subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

<p><b>6. ASIAN PRIVATE EQUITY OPPORTUNITIES 2015 SUB-FUND</b></p>
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## **1. INVESTMENT OBJECTIVE AND STRATEGY**

### **1.1. Investment Objective and Strategy**

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private equity funds mainly invested in Asian headquartered companies across diverse strategies including, but not limited to leveraged buyout transactions, growth capital transactions or special situations.

The Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio.

The Investment Advisor's highly exclusive relationships to top fund managers provides significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest in private equity funds which may have varying terms and structures including, but not limited to limited partnership structures, or even evergreen structures.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in US Dollars (USD), unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may

invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

### **1.2. Investment Process**

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the General Partner.

Through its strong network, the Investment Advisor will assist the General Partner in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds;
- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;
- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might

become challenges or opportunities for certain funds' investment strategies and approaches; and

- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the General Partner, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analysing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

The investments in private equity funds are passive investments meaning that the Board has no influence over exits. In private equity fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realizations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private equity fund. However, as common in the private equity environment, potential exit routes for interests in private funds include, *inter alia*, a sale to other investors, a buyout by the management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered

into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in US Dollars (USD).

## **4. SHARE CLASSES**

### **4.1. Investors Shares**

Two (2) Classes of Investors Shares, both denominated in US Dollars (USD), are available for subscription in the Sub-Fund, namely:

- A Shares (the “**Class A Shares**”);
- B Shares (the “**Class B Shares**”);

(altogether the “**Investors Shares**”).

The Class B Shares will be reserved to investment entities managed by the General Partner or entities controlled by Crédit Agricole Group.

### **4.2. Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

## **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for twenty-five million US Dollars (USD 25,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate

Commitments totalling less than, or in excess of, this amount.

## **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of thirteen (13) years as from the Last Closing (as defined in the first paragraph of section 7.2 below), with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's investments, at its sole discretion.

## **7. CAPITAL FUNDING**

### ***7.1. Commitments and Drawdowns during the Initial Offering Period***

Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund from 27 February 2015 until 31 December 2015.

Investors, the Commitments of which are accepted on the first closing (the "**Initial Investors**"), shall be required to pay up to five percent (5%) of their respective committed amounts no later than ninety (90) Business Days following the notification of the first closing to Initial Investors, following which Investors Shares are to be issued fully paid-up corresponding to the funded Commitment.

Such Investors Shares shall be issued fully paid at a price of one hundred US Dollars (USD 100.-) each (the "**Subscription Price**").

### ***7.2. Commitments and Drawdowns after the Initial Offering Period***

After the first closing, Commitments to subscribe Investors Shares will be accepted from Initial Investors and other investors at

such closings ("**Subsequent Closings**" and "**Subsequent Closings Investors**") as determined by the General Partner during a period terminating on 31 December 2015, unless extended by the General Partner (the "**Last Closing**"). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of Investors Shares and pay up the relevant portion of their Commitments no later than seven (7) Business Days following the notification of the drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to postpone the date of any closing (including the Last Closing); in such case, the Investors will be informed of the amended date of the relevant closing and the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing by a Subsequent Closing Investor:

- (a) the Subsequent Closing Investor shall participate in investments made and fees and expenses (including the Management Fee as defined in the first paragraph of section 14.1 below) incurred by the Sub-Fund prior to its admission and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the first closing, at the Subscription Price;
- (b) the Subsequent Closing Investor shall pay an additional amount equal to five per cent (5%) per annum, calculated from the date on which the Initial Investors have contributed and paid in their first subscriptions relating to the first closing up to the date of the capital contributions actually made with respect to the Subsequent Closing

in question, and such amount shall be payable to the Sub-Fund (the “**Actualization Interest**”).

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the first closing, then the General Partner may change the Subscription Price for Investors Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Investors Shares as of the relevant Subsequent Closing; in which case all such Investors Shares issued on the same closing shall constitute a separate series. In this case, no Actualization Interest will be due.

### **7.3. Drawdowns**

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the Commitments made by the Investors shall be drawn down in successive installments, as determined by the General Partner. Such drawdowns may only take place provided their amount is not less than two and a half percent (2.5%) of each Investor's Commitment. The General Partner will give each Investor a seven (7) Business Day prior notice for each drawdown.

Investors Shares issued in relation to each drawdown made after the First Closing shall be issued fully paid-up at a subscription price equal, at the General Partner's discretion, either (i) to the Subscription Price plus, if applicable, the Actualization Interest or (ii) to the Net Asset Value of such Investors Shares on such drawdown date. If Investors Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The Subscription Price of the Investors Shares issued after the First Closing must be paid within the limits specified in the relevant drawdown notice.

### **7.4. Return of Drawdowns**

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since the First Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### **7.5. Commitment Period**

The Commitment Period will extend from the first closing until the Last Closing (the “**Commitment Period**”).

## **8. MINIMUM COMMITMENT**

Commitments may only be accepted from Well-Informed Investors investing a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund. Such minimum Commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept Commitments in lesser amounts.

## **9. REDEMPTIONS**

An Investor may not at its own initiative require the Company to redeem its Investors Shares.

## **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

## **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The quarterly report provides the Investors with updates on the portfolio of investments.

## **12. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Investors Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Investors Shares, the redemption price will be equal to the last Net Asset Value per relevant Investors Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 14 below).

## **13. RECALL**

Target funds within the portfolio of investments may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions in the cases provided for in the constitutive/issuing documents of the target funds. In such cases the Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the target funds, provided however that distributions hereunder will not increase the Investors' undrawn Commitments beyond the amounts initially committed by the relevant Investor.

Investors may be required to recontribute either to the Sub-Fund (if it is still in existence) or directly to the General Partner for recontribution to the target funds.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out hereabove.

**14. MANAGEMENT FEE, AIFM  
REMUNERATION, INVESTMENT ADVISORY  
FEE AND OTHER EXPENSES**

**14.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the “**Management Fee**”), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal to:

- with respect to Class A Shares, zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A Shares as of the end of the preceding quarter;
- with respect to Class B Shares, zero percent (0%) per annum.

The Management Fee will accrue as of the First Closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

**14.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the “**AIFM Remuneration**”), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 14.5. respectively 14.6.2 below, will as a rule be

paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner’s service fees.

**14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the “**Investment Advisory Fee**”) will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

**14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm’s length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund’s investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the “**Portfolio Investments Expenses**”).

**14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the “**Creation Expenses**”) will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point three percent (0.3%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **14.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Aggregate Commitments of the Sub-Fund.

##### **14.6.1 The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **14.6.2 Operating Expenses**

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the “**Operating Expenses**”). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

#### **15. SPECIFIC RISK CONSIDERATIONS**

Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in

Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Portfolio valuation risks:** Prospective investors should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of *inter alia* sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or any Investor will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, investors must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such



unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

<p><b>7. GLOBAL CREDIT OPPORTUNITIES</b>  <b>2015</b>  <b>SUB-FUND</b></p>
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AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

## **1. INVESTMENT OBJECTIVE AND STRATEGY**

### **1.1. Investment Objective and Strategy**

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private debt funds.

The Sub-Fund will seek to build, to the extent possible, a well-balanced diversified portfolio of private debt funds targeting credit instruments of companies headquartered in Europe, North America and Asia.

The eligible private debt funds will mainly target investment in debt instruments including, but not limited to senior, second-lien, unitranche, mezzanine loans from leveraged buyout transactions and other special or distressed situations. The private debt funds will focus on the primary and secondary market.

The Investment Advisor's highly exclusive relationships to top private debt fund managers provides significant competitive advantages including the access to exclusive investment opportunities.

#### **• Types of Investments**

The Sub-Fund will invest in private debt funds which may have varying terms and structures including, but not limited to limited partnership structures, or even evergreen structures.

#### **• Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in US Dollars (USD), unless otherwise decided by the

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

### **1.2. Investment Process**

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private debt market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the General Partner.

Through its strong network, the Investment Advisor will assist the General Partner in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds;
- Constant screening and benchmarking of the private debt funds to detect early enough emerging funds with high potential;
- Identification of the strengths and weaknesses of the funds compared to peer groups;

- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the General Partner, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analysing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

The investments in private debt funds are passive investments meaning that the Board has no influence over exits. In private debt fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realizations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private debt fund.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in US Dollars (USD).

## **4. SHARE CLASSES**

### **4.1. Investors Shares**

Two (2) Classes of Investors Shares, both denominated in US Dollars (USD), are available for subscription in the Sub-Fund, namely:

- A Shares (the “**Class A Shares**”);
- B Shares (the “**Class B Shares**”);

(altogether the “**Investors Shares**”).

The Class B Shares will be reserved to investment entities managed by the General Partner or entities controlled by Crédit Agricole Group.

### **4.2. Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

## **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for fifty million US Dollars (USD 50,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

## **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of thirteen (13) years as from the Last Closing (as defined in the first paragraph of section 7.2 below), with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's investments, at its sole discretion.

## **7. CAPITAL FUNDING**

### ***7.1. Commitments and Drawdowns during the Initial Offering Period***

Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund from 27 February 2015 until 31 December 2015.

Investors, the Commitments of which are accepted on the first closing (the "**Initial Investors**"), shall be required to pay up to five percent (5%) of their respective committed amounts no later than ninety (90) Business Days following the notification of the first closing to Initial Investors, following which Investors Shares are to be issued fully paid-up corresponding to the funded Commitment.

Such Investors Shares shall be issued fully paid at a price of one hundred US Dollars (USD 100) each (the "**Subscription Price**").

### ***7.2. Commitments and Drawdowns after the Initial Offering Period***

After the first closing, Commitments to subscribe Investors Shares will be accepted from Initial Investors and other investors at such closings ("**Subsequent Closings**" and "**Subsequent Closings Investors**") as determined by the General Partner during a period terminating on 31 December 2015, unless extended by the General Partner

(the "**Last Closing**"). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of Investors Shares and pay up the relevant portion of their Commitments no later than seven (7) Business Days following the notification of the drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to postpone the date of any closing (including the Last Closing); in such case, the Investors will be informed of the amended date of the relevant closing and the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing by a Subsequent Closing Investor:

- (a) the Subsequent Closing Investor shall participate in investments made and fees and expenses (including the Management Fee as defined in the first paragraph of section 14.1 below) incurred by the Sub-Fund prior to its admission and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the first closing, at the Subscription Price;
- (b) the Subsequent Closing Investor shall pay an additional amount equal to five per cent (5%) per annum, calculated from the date on which the Initial Investors have contributed and paid in their first subscriptions relating to the first closing up to the date of the capital contributions actually made with respect to the Subsequent Closing in question, and such amount shall be payable to the Sub-Fund (the "**Actualization Interest**").

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the first closing, then the General Partner may change the Subscription Price for Investors Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Investors Shares as of the relevant Subsequent Closing; in which case all such Investors Shares issued on the same closing shall constitute a separate series. In this case, no Actualization Interest will be due.

### **7.3. Drawdowns**

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the Commitments made by the Investors shall be drawn down in successive installments, as determined by the General Partner. Such drawdowns may only take place provided their amount is not less than two and a half percent (2.5%) of each Investor's Commitment. The General Partner will give each Investor a seven (7) Business Day prior notice for each drawdown.

Investors Shares issued in relation to each drawdown made after the First Closing shall be issued fully paid-up at a subscription price equal, at the General Partner's discretion, either (i) to the Subscription Price plus, if applicable, the Actualization Interest or (ii) to the Net Asset Value of such Investors Shares on such drawdown date. If Investors Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The Subscription Price of the Investors Shares issued after the First Closing must be paid within the limits specified in the relevant drawdown notice.

### **7.4. Return of Drawdowns**

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since the First Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### **7.5. Commitment Period**

The Commitment Period will extend from the first Closing until the Last Closing (the "**Commitment Period**").

## **8. MINIMUM COMMITMENT**

Commitments may only be accepted from Well-Informed Investors investing a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund. Such minimum Commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept Commitments in lesser amounts.

## **9. REDEMPTIONS**

An Investor may not at its own initiative require the Company to redeem its Investors Shares.

## **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

### **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The quarterly report provides the Investors with updates on the portfolio of investments.

### **12. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Investors Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Investors Shares, the redemption price will be equal to the last Net Asset Value per

relevant Investors Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 14 below).

### **13. RECALL**

Target funds within the portfolio of investments may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions in the cases provided for in the constitutive/issuing documents of the target funds. In such cases the Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the target funds, provided however that distributions hereunder will not increase the Investors' undrawn Commitments beyond the amounts initially committed by the relevant Investor.

Investors may be required to recontribute either to the Sub-Fund (if it is still in existence) or directly to the General Partner for recontribution to the target funds.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out hereabove.

**14. MANAGEMENT FEE, AIFM  
REMUNERATION, INVESTMENT ADVISORY  
FEE AND OTHER EXPENSES**

**14.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the “**Management Fee**”), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal to:

- with respect to Class A Shares, zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A Shares as of the end of the preceding quarter;
- with respect to Class B Shares, zero percent (0%) per annum.

The Management Fee will accrue as of the First Closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

**14.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the “**AIFM Remuneration**”), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 14.5. respectively 14.6.2 below, will as a rule be

paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner’s service fees.

**14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the “**Investment Advisory Fee**”) will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

**14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm’s length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund’s investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the “**Portfolio Investments Expenses**”).

**14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the “**Creation Expenses**”) will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point three percent (0.3%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **14.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Aggregate Commitments of the Sub-Fund.

##### **14.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **14.6.2. Operating Expenses**

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the “**Operating Expenses**”). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

#### **15. SPECIFIC RISK CONSIDERATIONS**

Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in

Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Portfolio valuation risks:** Prospective investors should acknowledge that the portfolio of the Sub-Fund will be composed of private debt funds of different natures in terms of *inter alia* sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or any Investor will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, investors must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such



unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

<p><b>8. GLOBAL REAL ESTATE OPPORTUNITIES 2015 SUB-FUND</b></p>
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subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

## **1. INVESTMENT OBJECTIVE AND STRATEGY**

### **1.1. Investment Objective and Strategy**

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private equity real estate funds pursuing opportunistic and value added investments of real estate assets or companies in North America, Europe, Asia and Africa.

The eligible private equity real estate funds will primarily focus on real estate-related strategies including, but not limited to equity corporate investments, structure mezzanine debt, preferred equity investments or distressed for control transactions.

The Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio.

The Investment Advisor's highly exclusive relationships to top fund managers provides significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest in private equity real estate funds which may have varying terms and structures including, but not limited to limited partnership structures, or even evergreen structures.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in Euros (EUR) and in US Dollars (USD), unless otherwise decided by the AIFM,

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

### **1.2. Investment Process**

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity real estate market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the General Partner.

Through its strong network, the Investment Advisor will assist the General Partner in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds;
- Constant screening and benchmarking of the private equity real estate funds to detect early enough emerging funds with high potential;
- Identification of the strengths and

weaknesses of the funds compared to peer groups;

- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the General Partner, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analysing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

The investments in private equity real estate funds are passive investments meaning that the Board has no influence over exits. In private equity real estate fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realizations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private equity real estate fund. However, as common in the private equity real estate environment, potential exit routes for interests in private funds include, *inter alia*, a sale to other investors, a buyout by the management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate

Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in US Dollars (USD).

## **4. SHARE CLASSES**

### **4.1. Investors Shares**

Two (2) Classes of Investors Shares, both denominated in US Dollars (USD), are available for subscription in the Sub-Fund, namely:

- A Shares (the “**Class A Shares**”);
- B Shares (the “**Class B Shares**”);

(altogether the “**Investors Shares**”).

The Class B Shares will be reserved to investment entities managed by the General Partner or entities controlled by Crédit Agricole Group.

### **4.2. Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

## **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for twenty-five million US Dollars (USD 25,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

## **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of thirteen (13) years as from the Last Closing (as defined in the first paragraph of section 7.2 below), with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's investments, at its sole discretion.

## **7. CAPITAL FUNDING**

### ***7.1. Commitments and Drawdowns during the Initial Offering Period***

Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund from 27 February 2015 until 31 December 2015.

Investors, the Commitments of which are accepted on the first closing (the "**Initial Investors**"), shall be required to pay up to five percent (5%) of their respective committed amounts no later than ninety (90) Business Days following the notification of the first closing to Initial Investors, following which Investors Shares are to be issued fully paid-up corresponding to the funded Commitment.

Such Investors Shares shall be issued fully paid at a price of one hundred US Dollars (USD 100) each (the "**Subscription Price**").

### ***7.2. Commitments and Drawdowns after the Initial Offering Period***

After the first closing, Commitments to subscribe Investors Shares will be accepted from Initial Investors and other investors at such closings ("**Subsequent Closings**" and "**Subsequent Closings Investors**") as determined by the General Partner during a period terminating on 31 December 2015, unless extended by the General Partner (the "**Last Closing**"). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of Investors Shares and pay up the relevant portion of their Commitments no later than seven (7) Business Days following the notification of the drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to postpone the date of any closing (including the Last Closing); in such case, the Investors will be informed of the amended date of the relevant closing and the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing by a Subsequent Closing Investor:

- (a) the Subsequent Closing Investor shall participate in investments made and fees and expenses (including the Management Fee as defined in the first paragraph of section 14.1 below) incurred by the Sub-Fund prior to its admission and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the first closing, at the Subscription Price;

- (b) the Subsequent Closing Investor shall pay an additional amount equal to five per cent (5%) per annum, calculated from the date on which the Initial Investors have contributed and paid in their first subscriptions relating to the first closing up to the date of the capital contributions actually made with respect to the Subsequent Closing in question, and such amount shall be payable to the Sub-Fund (the “**Actualization Interest**”).

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the first closing, then the General Partner may change the Subscription Price for Investors Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Investors Shares as of the relevant Subsequent Closing; in which case all such Investors Shares issued on the same closing shall constitute a separate series. In this case, no Actualization Interest will be due.

### **7.3. Drawdowns**

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the Commitments made by the Investors shall be drawn down in successive installments, as determined by the General Partner. Such drawdowns may only take place provided their amount is not less than two and a half percent (2.5%) of each Investor's Commitment. The General Partner will give each Investor a seven (7) Business Day prior notice for each drawdown.

Investors Shares issued in relation to each drawdown made after the First Closing shall be issued fully paid-up at a subscription price equal, at the General Partner's discretion, either (i) to the Subscription Price plus, if applicable, the Actualization Interest

or (ii) to the Net Asset Value of such Investors Shares on such drawdown date. If Investors Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The Subscription Price of the Investors Shares issued after the First Closing must be paid within the limits specified in the relevant drawdown notice.

### **7.4. Return of Drawdowns**

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since the First Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### **7.5. Commitment Period**

The Commitment Period will extend from the first Closing until the Last Closing (the “**Commitment Period**”).

## **8. MINIMUM COMMITMENT**

Commitments may only be accepted from Well-Informed Investors investing a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund. Such minimum Commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept Commitments in lesser amounts.

## **9. REDEMPTIONS**

An Investor may not at its own initiative require the Company to redeem its Investors Shares.

## **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

## **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The quarterly report provides the Investors with updates on the portfolio of investments.

## **12. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Investors Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Investors Shares, the redemption price will be equal to the last Net Asset Value per relevant Investors Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 14 below).

## **13. RECALL**

Target funds within the portfolio of investments may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions in the cases provided for in the constitutive/issuing documents of the target funds. In such cases the Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the target funds, provided however that distributions hereunder will not increase the Investors' undrawn Commitments beyond the amounts initially committed by the relevant Investor.

Investors may be required to recontribute either to the Sub-Fund (if it is still in existence) or directly to the General Partner for recontribution to the target funds.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out hereabove.

#### **14. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

##### **14.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the “**Management Fee**”), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal to:

- with respect to Class A Shares, zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A Shares as of the end of the preceding quarter;
- with respect to Class B Shares, zero percent (0%) per annum.

The Management Fee will accrue as of the First Closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing to the date of payment calculated in each

case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

##### **14.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the “**AIFM Remuneration**”), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 14.5. respectively 14.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner’s service fees.

##### **14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the “**Investment Advisory Fee**”) will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

##### **14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm’s length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund’s investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the “**Portfolio Investments Expenses**”).

#### **14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the “**Creation Expenses**”) will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point three percent (0.3%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **14.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Aggregate Commitments of the Sub-Fund.

##### **14.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **14.6.2. Operating Expenses**

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the “**Operating Expenses**”). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the

Aggregate Commitments of the Sub-Fund as at that same date.

#### **15. SPECIFIC RISK CONSIDERATIONS**

Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled “General Risk Considerations” in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund’s investment objectives and strategy:

**Portfolio valuation risks:** Prospective investors should acknowledge that the portfolio of the Sub-Fund will be composed of private equity real estate funds of different natures in terms of *inter alia* sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or any Investor will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such



underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, investors must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

<b>9. FUND OF FUNDS SELECTION N°2 SUB-FUND</b>
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## **1. INVESTMENT OBJECTIVE AND STRATEGY**

### ***1.1. Investment Objective and Strategy***

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private equity funds invested in all kinds of private equity situations across the whole private equity spectrum including, but not limited to, venture capital, buyout, mezzanine debt, secondaries, distressed credit, special opportunities or real estate exposures.

Due to the broad focus on the whole private equity spectrum, the Sub-Fund will invest opportunistically in each and every private equity fund with the most interesting proposals without being restricted by fixed allocation guidelines. Nevertheless, the Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio across geographies and underlying strategies.

The Investment Advisor's highly exclusive relationships to top fund managers provides significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest in private equity funds which may have varying terms and structures including, but not limited to limited partnership structures, feeder structures or even evergreen structures, either directly or indirectly through the sub-funds of the Company and/or of other vehicles also managed by the AIFM.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in Euros (EUR) and in US Dollars (USD), unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

### ***1.2. Investment Process***

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the General Partner.

Through its strong network, the Investment Advisor will assist the General Partner in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds managers;
- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;
- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the General Partner, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analyzing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

The investments in private equity funds are passive investments meaning that the Board has no influence over exits. In private equity fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realizations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private equity fund. However, as common in the private equity environment, potential exit routes for interests in private funds include, *inter alia*, a sale to other investors, a buyout by the management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in US Dollars (USD).

## **4. SHARE CLASSES**

### **4.1. Investors Shares**

One (1) Class of Investors Shares, namely A Shares (the "**A Shares**"), is available for subscription in the Sub-Fund.

### **4.2. Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

## **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for three hundred million US Dollars (USD 300,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate

Commitments totalling less than, or in excess of, this amount.

## **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of fifteen (15) years as from the Closing with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's investments, at its sole discretion.

## **7. CAPITAL FUNDING**

### ***7.1. Commitments and Drawdowns***

The Investor is permitted to commit to subscribe for A Shares in the Sub-Fund from 27 February 2015 until 31 December 2020.

For the purpose of this Sub-Fund, there may be several closings (the “**Closings**”, each a “**Closing**”).

The General Partner may decide, at its discretion, to advance or postpone the date of each Closing; in such case, the Investor will be informed of the amended date of the Closing and the date on which the corresponding part of the commitment has to be paid.

### ***7.2. Drawdowns***

After the Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the Commitments made by the Investor shall be drawn down in successive installments, as determined by the General Partner. The General Partner will give the Investor a seven (7) Business Day prior notice for each drawdown.

A Shares issued in relation to each drawdown made after each Closing shall be issued fully paid-up at a subscription price of one hundred US Dollars (USD 100.-).

The subscription price of A Shares issued after the Closing must be paid on the relevant drawdown date.

### ***7.3. Return of Drawdowns***

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investor in the event such drawdowns made since the Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### ***7.4. Investment Period & Drawdown Period***

**Investment Period:** The Investment Period will extend from the first Closing until 31 December 2020.

**Drawdown Period:** Commitments will be called in accordance with section 7.2 until the Sub-Fund's term (i) to fund investments initiated during the Investment Period (ii) for follow-on investments in, or relating to, existing underlying investments, or (iii) to pay relevant ongoing fees and expenses of the Company allocated to the Sub-Fund during its remaining term

## **8. OVERCOMMITMENT AND LIQUIDITY MANAGEMENT**

The Commitments made by the Sub-Fund in its underlying investments may be higher than the Commitments made by the Investor in the Sub-Fund.

The General Partner will ensure that, at any time of the life of the Sub-Fund, the uncalled Commitments from the underlying investments will not exceed one hundred and ten percent (110%) of the aggregate of (i) the Investor's uncalled Commitment plus (ii) the cash and/or liquid assets available for the Sub-Fund.

The General Partner will also use from time to time all or part of the distributions received from the Sub-Fund's investments to fund all or part of the capital calls made by the Sub-Fund's investments in order to ensure that the Sub-Fund will meet its obligations with regards to uncalled Commitments.

#### **9. REDEMPTIONS**

An Investor may not at its own initiative require the Company to redeem its A Shares.

#### **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

#### **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investor no later than five (5) months after each quarter end. The quarterly report provides the Investor with updates on the portfolio of investments.

#### **12. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of A Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of A Shares, the redemption price will be equal to the last Net Asset Value per relevant A Shares calculated by the Administrative Agent.

The Investor will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 14 below), except in the situation described in section 8.

#### **13. RECALL**

The Investor may be requested to fully or partially refund the Sub-Fund of the amounts distributed to him:

- (i) to fund such portion of a reimbursement obligation of the Sub-Fund towards a target fund within the portfolio of investments as provided for in the constitutive/contractual documents of such target fund; or
- (ii) to fund such portion of the Sub-Fund's commitment that would exceed the outstanding Commitments;

provided however that distributions hereunder will not increase the Investor's undrawn Commitments beyond the amounts initially committed by the Investor.

The Investor may be required to recontribute either to the Sub-Fund (if it is still in existence) or directly to the General Partner for recontribution to the target funds.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

The Investor should inform himself and should take appropriate advice on the legal requirements as to possible tax consequences which he might encounter under the laws of the countries of his citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out hereabove.

#### **14. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

##### **14.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly by the Sub-Fund to the General Partner. The Management Fee shall equal:

- zero point three percent (0.3%) per annum (plus value added tax, if applicable) of the Aggregate Commitments of the Sub-Fund over a period of twelve (12) months as from the first Closing date;
- following such period of twelve (12) months as from the first Closing date, zero point five percent (0.5%) per annum (plus value added tax, if applicable) of the Net Asset Value of the Sub-Fund as of the end of each preceding quarter in the limit of a maximum Net Asset Value of one hundred million US Dollars (USD 100'000'000-).

##### **14.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the "**AIFM Remuneration**") , with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 14.5. respectively 14.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner's service fees.

##### **14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the "**Investment Advisory Fee**") will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

##### **14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's

length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the "**Portfolio Investments Expenses**").

#### **14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the "**Creation Expenses**") will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point zero five percent (0.05%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **14.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Net Asset Value of the Sub-Fund in the limit of a maximum Net Asset Value of one hundred million US Dollars (USD 100'000'000-).

##### **14.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **14.6.2. Operating Expenses**

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the "**Operating Expenses**"). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

#### **15. SPECIFIC RISK CONSIDERATIONS**

The Investor is advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Portfolio valuation risks:** Prospective investors should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of *inter alia* sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive

to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or any Investor will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, investors must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.



<b>10. BC SELECTION 2015 SUB-FUND</b>
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## **1. INVESTMENT OBJECTIVE AND STRATEGY**

### **1.1. *Investment Objective and Strategy***

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private equity funds invested in all kinds of private equity situations across the whole private equity spectrum including, but not limited to, venture capital, buyout, mezzanine debt, secondaries, distressed credit, special opportunities or real estate exposures.

Due to the broad focus on the whole private equity spectrum, the Sub-Fund will invest opportunistically in each and every private equity fund with the most interesting proposals without being restricted by fixed allocation guidelines. Nevertheless, the Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio across geographies and underlying strategies.

The Investment Advisor's highly exclusive relationships to top fund managers provides significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest in private equity funds which may have varying terms and structures including, but not limited to limited partnership structures, feeder structures or even evergreen structures.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in Euros (EUR),

unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

### **1.2. *Investment Process***

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM.

Through its strong network, the Investment Advisor will assist the AIFM in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds managers;
- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;
- Identification of the strengths and

- weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analyzing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

In private equity fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realizations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private equity fund. However, as common in the private equity environment, potential exit routes for interests in private funds include, *inter alia*, a sale to other investors, a buyout by the management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its

leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in Euros (EUR).

## **4. SHARE CLASSES**

### **4.1. Investors Shares**

One (1) Class of Investors Shares, namely A Shares (the "**A Shares**"), is available for subscription in the Sub-Fund.

### **4.2. Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

## **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for up to one hundred million Euros (EUR 100,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

## **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of seventeen (17) years as from the first Closing with three (3) possible consecutive extensions of one (1) year each at the sole discretion of the General Partner,

with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's investments, at its sole discretion.

## **7. CAPITAL FUNDING**

### **7.1. *Commitments and Drawdowns***

One sole Investor is permitted to commit to subscribe for A Shares in the Sub-Fund from 30 June 2015 until 31 December 2019.

For the purpose of this Sub-Fund, there will be one (1) closing per year (the "**Closings**", each a "**Closing**"). The Investor will be permitted over a period of five (5) years to commit to subscribe annually fifteen million Euros (EUR 15,000,000,-) minimum (the "**Annual Commitment**").

The first Closing has occurred on 14 July 2015. The General Partner may decide, at its discretion, to advance or postpone the date of each Closing; in such case, the Investor will be informed of the amended date of the Closing and the date on which the corresponding part of its commitment has to be paid.

### **7.2. *Drawdowns***

After each Closing, such portions of the Commitments made by the Investor shall be drawn down in successive installments, as determined by the General Partner. The General Partner will give the Investor a seven (7) Business Day prior notice for each drawdown.

A Shares issued in relation to each drawdown shall be issued fully paid-up at a subscription price of one hundred Euros (EUR 100.-).

The subscription price of A Shares issued must be paid on the relevant drawdown date.

### **7.3. *Return of Drawdowns***

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investor in the event such drawdowns made since each Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### **7.4. *Investment Period & Drawdown Period***

**Investment Period:** The Investment Period will extend from the first Closing until 30 June 2020, with an optional extension of six (6) months at the sole discretion of the General Partner.

The General Partner will invest the Annual Commitment over a period of six (6) months after the respective Closing dates, with an optional extension of six (6) months at the sole discretion of the General Partner.

**Drawdown Period:** Commitments will be called in accordance with section 7.2 until the Sub-Fund's term (i) to fund investments initiated during the Investment Period (ii) for follow-on investments in, or relating to, existing underlying investments, or (iii) to pay ongoing fees and operating expenses of the Company allocated to the Sub-Fund during its remaining term.

## **8. MINIMUM COMMITMENT**

The minimum annual Commitment from the Investor is the Annual Commitment, subject however to the General Partner's right to accept an Annual Commitment from the Investor in a lesser amount.

## **9. REDEMPTIONS**

The Investor may not at its own initiative require the Company to redeem its A Shares.

## **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

## **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investor no later than five (5) months after each quarter end. The quarterly report provides the Investor with updates on the portfolio of investments.

## **12. DISTRIBUTIONS**

### **12.1. *Distributions***

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of A Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of A Shares, the redemption price will be equal to the last Net Asset Value per relevant A Shares calculated by the Administrative Agent.

### **12.2. *Recycling***

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 14 below), except in the situation described below.

The commitments made by the Sub-Fund in its underlying investments may amount up to one hundred and fifteen percent (115%) of the Commitments made by the Investor in the Sub-Fund. The General Partner will use from time to time all or part of the distributions received from the Sub-Fund's investments to fund all or part of the capital calls made by the Sub-Fund's investments.

## **13. RECALL**

Target funds within the portfolio of investments may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions in the cases provided for in the constitutive/issuing documents of the target funds. In such cases the Investor may be requested to fully or partially refund the Sub-Fund of the amounts distributed to him in proportion with

the amounts requested by the target funds, provided however that distributions hereunder will not increase the Investor's undrawn Commitments beyond the amounts initially committed by the Investor.

The Investor may be required to recontribute either to the Sub-Fund (if it is still in existence) or directly to the General Partner for recontribution to the target funds.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

The Investor should inform himself and should take appropriate advice on the legal requirements as to possible tax consequences which he might encounter under the laws of the countries of his citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out hereabove.

#### **14. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

##### **14.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal zero point five percent (0.5%) per annum (plus value added tax, if applicable) on the aggregate of (i) the Net Asset Value plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as of the end of the preceding quarter.

##### **14.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the "**AIFM Remuneration**"), with the exception of the Creation Expenses and the Operating

Expenses as referred to in sections 14.5. respectively 14.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner's service fees.

##### **14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the "**Investment Advisory Fee**") will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

##### **14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the "**Portfolio Investments Expenses**").

##### **14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the "**Creation Expenses**") will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point five percent

(0.5%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **14.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Aggregate Commitments of the Sub-Fund.

##### **14.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **14.6.2. Operating Expenses**

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the “**Operating Expenses**”). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

#### **15. SPECIFIC RISK CONSIDERATIONS**

The Investor is advised to carefully consider the risks of investing in the Sub-Fund and

should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Portfolio valuation risks:** the Investor should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of *inter alia* sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or the Investor will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, the Investor must nevertheless be aware that investments in unregulated underlying funds are more risky

than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Drawdown Period:** Amounts Committed to underlying investments during the Investment Period may be drawn down by such underlying investments over their own drawdown period and the Sub-Funds intends to pass on such drawdown notices to the Investor when they come. This is likely to occur over a period that exceeds the Investment Period, so that the Investor may be required to pay and subscribe the relevant portion of its capital contribution over a significant period of time.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for the interests in such underlying private equity funds, whose transfer may be restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.

## 11. TC27 – ASF7 SUB-FUND

### 1. INVESTMENT OBJECTIVE AND STRATEGY

The TC27 – ASF7 Sub-Fund (the “**Sub-Fund**”) is solely aimed at investing in “ASF VII L.P.” (the “**Target Fund**”).

Besides, for defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

#### 1.1. *The Target Fund*

The Target Fund is a private equity fund established and registered as a limited partnership in Scotland under the Limited Partnerships Act 1907 whose general partner is “ASF VII GP Limited”, a Jersey (Channel Islands) limited company (the “**Target Fund General Partner**”).

The Target Fund has been organised by ARDIAN Investment Switzerland AG (the “**Sponsor**”) and is managed by ARDIAN Investment UK Ltd., an English limited company authorised by the UK Financial Conduct Authority (the “**Target Fund Manager**”). The Target Fund Manager will appoint a pool of advisers and sub-advisers which will notably include ARDIAN US LLC, ARDIAN Germany GmbH, the Sponsor, ARDIAN Italy Srl and ARDIAN Investment Singapore Pte Ltd (altogether the “**Target Fund Advisers**”). The Target Fund General Partner, Target Fund Manager and the Target Fund Advisers are all part of the ARDIAN group of companies (“**ARDIAN**”).

ARDIAN, formerly known as AXA Private Equity, was founded in 1996 with the objective of creating a global leader in third party private equity asset management. As

of 30 June 2014, the Sponsor and its affiliates manage and/or advise fifty billion US Dollars (USD 50,000,000,000.-) of assets for more than two hundred and twenty-five (225) institutional investors worldwide. ARDIAN has developed tier-one expertise in funds of funds, especially in the area of secondary market opportunities where it began developing its secondary funds expertise in 1998 and since then has successfully invested or committed eleven point three billion US Dollars (USD 11,300,000,000.-) in secondary transactions. ARDIAN's secondary market activities provide primary investors with early exit opportunities and liquidity. For investors in secondary funds, ARDIAN's secondary funds represent a unique way to invest in a diversified portfolio: by vintage year, by strategy, by sector, by general partner and geographical area. ARDIAN operates through an experienced team of fifty-five (55) investment professionals on a fully integrated global basis across its three (3) investment platforms: North America, Europe and Asia. The Target Fund will be ARDIAN's seventh generation of secondary funds.

#### 1.2. *Investment Objective and Strategy of the Target Fund*

The purpose of the Target Fund is to acquire limited partnership interests through secondary market acquisitions in buyout and growth equity funds, and direct interests in portfolios of operating companies. The Target Fund will invest in funds where at least fifty percent (50%) of the original commitment has been drawn (on an aggregate basis where a portfolio of funds is acquired) and will seek to achieve diversification across a variety of funds, financial sponsors, vintage years, investment strategies, industry sectors and geographies. The Target Fund will make global investments, with a focus on those funds investing primarily in Europe and North America.



The principal investment objective of the Target Fund is to provide the investors with a high overall rate of return by means of capital growth.

The Target Fund is seeking aggregate commitments from investors of six point five billion US Dollars (USD 6,500,000,000.-) with a maximum of seven billion US Dollars (USD 7,000,000,000.-).

The Target Fund is created to build a broadly diversified portfolio of secondary investments, with a focus on high quality private equity assets. It will benefit from an investing environment fuelled by the amounts of private equity funds raised from 2000 to 2014, which is driving today's secondary market. Institutional seller growth, due to strategic reallocations and to evolving market regulation, continues to support the expansion of the secondary market, alongside new tactical sellers.

Secondary funds offer to investors a particularly favourable risk/return profile for the following reasons:

- **Not a blind pool**

As secondary funds acquire positions in mature funds, the acquired funds are already largely invested in underlying portfolio companies. This gives the buyer a better detailed view of the portfolio at a point where non-performing assets have typically been largely written-off and performing assets are increasing in value, after reducing their acquisition debt and approaching liquidity events. Buyers have the ability, depending on the level of information provided by sellers, general partners and the buyer's own network, to quantify the unrealized value of the portfolio.

- **A highly diversified portfolio**

As the Target Fund will acquire multiple portfolios of limited partnership interests, it will provide a diversified portfolio across vintage years, investment

strategy, geography, general partners and stage of investment and, as a result, will reduce significantly the risk component of the strategy. The investment team is diligent, on behalf of each of its funds, to build a well balanced portfolio.

- **Discount to net asset value**

Acquiring interests at a discount to the stated net asset value provides a natural downside protection, and can also boost the overall performance.

By acquiring mature funds, with significant capital already deployed and with assets potentially revalued, the J-Curve can be reduced or eliminated.

- **Early cash-flows**

As the Target Fund will typically invest in limited partnerships that are already three (3) to eight (8) years into their life cycle, it will start to receive distributions from the acquired interests shortly after purchase. These early distributions are a key driver of the enhanced returns profile of the Target Fund and should provide its investors with regular cash-flows.

### ***1.3. Investment Restrictions of the Target Fund***

Without the consent of at least two thirds (2/3) of the members of the Target Fund advisory committee, the Target Fund Manager will ensure that the Target Fund will not:

(i) invest more than thirty-five percent (35%) of the total commitments in one single transaction, provided however that such percentage may be raised to fifty percent (50%) if the part of the transaction exceeding the thirty-five percent (35%) threshold is intended to be syndicated;

(ii) invest more than twenty percent (20%) of the total commitments in one single investment fund or more than twenty-five

percent (25%) of the total commitments in investments funds managed by the same entity or its affiliates.

(iii) invest more than seven point five percent (7.5%) of total commitments in the course of one single transaction in one single operating company and in any subsidiaries of such operating company, as the case may be held as a direct investment by the Target Fund (other than an investment fund);

For the avoidance of doubt, the investment risk diversification rules referred to in Part I – General Information in relation to the Company and the Sub-Funds, section II. Investment Objectives, Strategy and Restrictions, C. Investment restrictions of this Placement Memorandum will be complied with at the level of the Sub-Fund.

The Target Fund is subject to several other investment restrictions which are more fully described in article 4.8 of the Target Fund limited partnership agreement (“LPA”).

#### **1.4. The Target Fund General Partner and the Management of the Target Fund**

In accordance with the LPA, the Target Fund General Partner shall have exclusive responsibility for the management and control of the business of the Target Fund and the application of the assets of the Target Fund to portfolio investments or satisfying any other commitment of the Target Fund and shall otherwise have full power and authority to bind the Target Fund and to do all things necessary to carry out the purposes of the Target Fund. The Target Fund General Partner shall ensure that the Target Fund shall be managed in accordance with its investment objectives, strategy, process, criteria and restrictions as described in the LPA.

The Target Fund General Partner, acting on behalf of the Target Fund, and the Target

Fund Manager entered into a management agreement, whereby the Target Fund Manager will provide and procure portfolio management and risk management services to the Target Fund, including sourcing, investigating, negotiating, implementing and monitoring the portfolio investments and the investment and divestment decisions. The Target Fund Manager will be responsible for all investment and divestment decisions on behalf of the Target Fund and the management of the assets in relation to the Target Fund. In particular, the Target Fund Manager will be responsible for the approval of investment and divestment opportunities and of restructuring or reorganization measures in respect of existing investments.

The Target Fund Manager shall be the Alternative Investment Fund Manager of the Target Fund as defined in Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers.

#### **1.5. ARDIAN's Track Record**

ARDIAN's dedicated Fund of Funds investment team advises or manages investments in over one thousand one hundred (1,100) private equity funds and over ten thousand (10,000) underlying investments for total assets under management of thirty billion US Dollars (USD 30,000,000,000.-).

Since 1998, ARDIAN has completed ninety-one (91) secondary transactions involving eleven point three billion US Dollars (USD 11,300,000,000.-) of invested and committed funds via their previous six generations of secondary funds (excluding syndications).

As of 30 September 2014, these funds have generated a total net value of twelve point seven billion US Dollars (USD 12,700,000,000.-) yielding an overall internal rate of return (“IRR”) net of fees and expenses and carried interest of twenty-one

point four percent (21.4%).

### Secondary funds track record:

Funds	Vintage	Size (in million)	Net Multiple	Net IRR
ASF I	1999	\$220m	1.92x	40%
ASF II	2001	\$480m	1.63x	22%
ASF III	2004	\$1,040m	1.74x	44%
ASF IV	2006	\$2,854m	1.40x	9%
ASF V	2011	\$5,085m	1.44x	20%
ASF VI	2014	\$6,000m	1.18x	80%

*Figures as of 30 September 2014 / Source: Private placement memorandum of the Target Fund dated January 2015*

### 1.6. Investment Approach of the Target Fund

ARDIAN plans to continue for the Target Fund the same strategy of investment which was successfully applied in the previous funds. This involves maintaining its position in the secondary segment, leveraging on the synergies of ARDIAN's primary fund commitment activities and emphasizing non-auctioned and more sophisticated value-added deals.

ARDIAN's main focus will be on large deals where competition is limited and where it has a significant expertise and advantage. The Target Fund aims at providing a targeted net IRR of eighteen percent (18%) and a net multiple of 1.6x by leveraging the ARDIAN group expertise in building a diversified portfolio of private equity funds. The Target Fund's strategy is to focus on non-auction processes where the portfolios being sold largely consist of buyout funds with underlying assets situated principally in North America and Western Europe.

ARDIAN aims at differentiating itself from other fund of funds players by combining its strong primary and secondary expertise as it applies its unique selection approach to investment projects. The first investment criteria retained is, regardless of pricing considerations, the quality of the assets to

be acquired.

Besides, private equity has demonstrated since the crisis, lower drawdowns, faster recover and lower volatility than traditional equity. It is ARDIAN's belief that the attractive risk adjusted returns offered, should continue to support long term allocations to the asset class, within the context of superior yields against listed markets and, especially, in the context of government bond yields which have been at record low yields for extended periods.

## 2. BORROWING POLICY AND LEVERAGE

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

The Sub-Fund does not intend to use leverage. The exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of AIFMR shall hence not exceed one hundred percent (100%).

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

The circumstances in which the Target Fund may utilize leverage, the types and sources of leverage permitted and the associated risks are set out in the private placement memorandum of the Target Fund, but this does not consist in leverage at the Sub-Fund level in accordance with articles 7 and 8 of AIFMR.

The Target Fund may borrow up to the lesser of (i) twenty percent (20%) of total commitments of the Target Fund (or thirty percent (30%) thereof with advisory

committee of the Target Fund approval) or (ii) 100% of total unfunded commitments of the Target Fund. The Target Fund Manager will not cause each partnership of the Target Fund and its intermediate vehicles to have at all times a consolidated level of bank indebtedness (disregarding for that purpose the underlying portfolio investments) higher than thirty-five percent (35%) of the aggregate commitments to the Target Fund.

### **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in US Dollars (USD).

### **4. SHARE CLASSES**

#### **4.1. *Investors Shares***

Three (3) Classes of Investors Shares, all denominated in US Dollars (USD), are available for subscription in the Sub-Fund, namely:

- A Shares (the “**Class A Shares**”);
- B Shares (the “**Class B Shares**”);
- C Shares (the “**Class C Shares**”),

(altogether the “**Investors Shares**”).

The Class B Shares will be reserved to Investors managed by the AIFM and the Class C Shares will be reserved to Investors having concluded a specific remuneration agreement with any of the entities of the Crédit Agricole Group.

#### **4.2. *Participating Shares***

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

### **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for one hundred

fifty million US Dollars (USD 150,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

### **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of ten (10) years as from the Last Closing (as defined in the first paragraph of section 7.2 below), with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Target Fund, at its sole discretion.

### **7. CAPITAL FUNDING**

#### **7.1. *Commitments and Drawdowns***

Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund from 26 May 2015 until the latest of either (i) on or about the final closing of the Target Fund as determined in the private placement memorandum thereof or (ii) 31 December 2015.

Investors, the Commitments of which are accepted on the first closing (the “**Initial Investors**”), shall be required to pay up to ten percent (10%) of their respective committed amounts no later than ninety (90) Business Days following the notification of the first closing to the Initial Investors, following which Investors Shares are to be issued fully paid-up corresponding to the funded Commitment.

Such Investors Shares shall be issued fully paid at a price of one hundred US Dollars (USD 100.-) each (the “**Subscription Price**”).

## **7.2. Commitments and Drawdowns after the First Closing**

After the first closing, Commitments to subscribe Investors Shares will be accepted from Initial Investors and other investors at such closings (“**Subsequent Closings**” and “**Subsequent Closings Investors**”) as determined by the General Partner during a period terminating on 31 December 2015, unless extended by the General Partner (the “**Last Closing**”). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of Investors Shares and pay up the relevant portion of their Commitments no later than seven (7) Business Days following the notification of the drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to postpone the date of any closing (including the Last Closing); in such case, the Investors will be informed of the amended date of the relevant closing and the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing by a Subsequent Closing Investor:

- (a) the Subsequent Closing Investor shall participate in investments made and fees and expenses (including the Management Fee as defined in the first paragraph of section 14.1 below) incurred by the Sub-Fund prior to its admission and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the first closing, at the Subscription Price;
- (b) the Subsequent Closing Investor shall pay an additional amount equal to five per cent (5%) per annum, calculated from the date on

which the Initial Investors have contributed and paid in their first subscriptions relating to the first closing up to the date of the capital contributions actually made with respect to the Subsequent Closing in question, and such amount shall be payable to the Sub-Fund (the “**Actualization Interest**”).

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the first closing, then the General Partner may change the Subscription Price for Investors Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Investors Shares as of the relevant Subsequent Closing; in which case all such Investors Shares issued on the same closing shall constitute a separate series. In this case, no Actualization Interest will be due.

## **7.3. Drawdowns**

After the first closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the Commitments made by the Investors shall be drawn down in successive instalments, as determined by the General Partner. Such drawdowns may only take place provided their amount is not less than one percent (1%) of each Investor's Commitment. The General Partner will give each Investor a seven (7) Business Day prior notice for each drawdown.

Investors Shares issued in relation to each drawdown made after the first closing shall be issued fully paid-up at a subscription price either (i) equal to the Subscription Price plus, if applicable, the Actualization Interest or (ii) based on the Net Asset Value of such Investors Shares on such drawdown date, at the General Partner's discretion. If Investors Shares are issued at a price based on the Net Asset Value per Share, no

Actualization Interest will be due.

The Subscription Price of the Investors Shares issued after the first closing must be paid within the limits specified in the relevant drawdown notice.

#### **7.4. *Return of Drawdowns***

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since the first closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

#### **7.5. *Commitment Period***

The Commitment Period will extend from the first closing until the Last Closing (the “**Commitment Period**”).

### **8. MINIMUM COMMITMENT**

Commitments may only be accepted from Well-Informed Investors investing a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund. Such minimum Commitment rules are subject however to the General Partner’s right to reject any offer from investors for any reason or to accept Commitments in lesser amounts.

### **9. REDEMPTIONS**

An Investor may not at its own initiative require the Company to redeem its Investors Shares.

### **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

### **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than four (4) months after each quarter end. The quarterly report provides the Investors with updates on the portfolio of investments.

### **12. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Investors Shares or the allocation of the Sub-Fund’s liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Investors Shares, the redemption price will be equal to the last Net Asset Value per relevant Investors Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 14 below).

### **13. RECALL**

The Target Fund may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions in the cases provided for in the constitutive/issuing documents of the Target Fund.

In particular, the Target Fund may at any time recall distributions made to its partners if these distributions are subject to recall or reimbursement from or retribution by the Target Fund to or in connection with any underlying investment. These situations include, but are not limited to, the reception of distributions from an underlying investment or disposition proceeds of an underlying investment within a period of six (6) months; distributions received following a syndication of an underlying investment; the satisfaction of any indemnification, reimbursement, contribution or similar obligation of the Target Fund (including, without limitation, any obligation resulting from applicable law); the satisfaction of any other expense or obligation of the Target Fund; or amounts returned to the limited partners without having been invested.

In such cases the Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the Target Fund, provided however that

distributions hereunder will not increase an Investor's undrawn Commitment beyond the amount initially committed by the relevant Investor.

Investors may be required to recontribute either to the Sub-Fund (if it is still in existence) or directly to the General Partner for retribution to the Target Fund.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out hereabove.

### **14. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

#### **14.1. *Management Fee***

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal:

- with respect to Class A Shares, zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A Shares as of the end of the preceding quarter;

- with respect to Class B Shares, zero percent (0%) per annum;
- with respect to Class C Shares, zero point zero six percent (0.06%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class C Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class C Shares as of the end of the preceding quarter;

The Management Fee will accrue as of the First Closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

#### **14.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the “**AIFM Remuneration**”), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 14.5. respectively 14.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner’s service fees.

#### **14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the “**Investment Advisory Fee**”) will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the

AIFM, would otherwise be entitled.

#### **14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm’s length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund’s investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the “**Portfolio Investments Expenses**”).

#### **14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the “**Creation Expenses**”) will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point five percent (0.5%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **14.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Aggregate Commitments of the Sub-Fund.



#### 14.6.1. The Depositary

The Sub-Fund shall bear the fees and disbursements of the Depositary.

#### 14.6.2. Operating Expenses

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the “**Operating Expenses**”). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

### **15. SPECIFIC RISK CONSIDERATIONS**

Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, the following risks, among all the risks linked to the Target Fund and mentioned in the private placement memorandum of the Main Fund, may be of importance to the Investors:

**Risk of Capital Loss:** An investment in the Target Fund is long term and with no certainty of return. The value of an interest and the distributions in respect of it can fluctuate down as well as up and an Investor may get back less than it contributed to the Target Fund or lose its entire investment.

**Illiquidity of the Interests:** Investors

should be aware of the long-term nature of this investment. There is not now and will not be a public market for the Interests in the Target Fund. The Interests in the Target Fund may not be sold or otherwise transferred without the consent of the Target Fund General Partner and compliance with the LPA. There is no liquid market for the interests and none is expected to develop. Accordingly, an investor may not be able to liquidate its investment in the Target Fund in the event of an emergency or for any other reason, and its interest may not be acceptable as collateral for loans. Such limitations may also adversely affect the price that an investor will be able to obtain for interests in the Target Fund it is able to sell. The Target Fund is closed-ended and investors will not normally have rights to redeem their interests or withdraw capital. In exceptional circumstances the Target Fund Manager may permit a limited partner to reduce or withdraw its capital commitment but only if in its sole discretion the Target Fund Manager determines that such reduction or withdrawal is required to enable the relevant limited partner (or a person holding a direct or indirect interest in the limited partner) to comply with law, regulation or policy.

**Unpredictability of Distributions:** Return of capital and realization of gains, if any, on investments will generally occur only upon the distribution or other disposition by the Portfolio Investments of portfolio company securities, which may not occur for several years after the portfolio investments' initial investment or the Target Fund's acquisition of such portfolio investments. Such distributions are likely to be unpredictable and may occur earlier than or later than anticipated by the managers. Investors should not expect significant returns for a period of years after their investment is made.

**Borrowing by the Fund:** The Target Fund may, from time to time, employ leverage. Whilst the circumstances in which the

Target Fund may borrow will be limited, the extent to which the Target Fund will use leverage may have consequences to the Investors, including, but not limited to: (i) fluctuation in the net assets of the Fund, (ii) use of cash flow (including contributions drawn down from investors) for debt service and related costs and expenses, and (iii) limitation on the flexibility of the Target Fund to make distributions to its Investors or sell assets that are pledged to secure the indebtedness. The Target Fund has the power to secure borrowing on the undrawn commitments of Investors, potentially allowing the lender to issue drawdown notices to investors and to take direct enforcement action against a defaulting investor.

**Illiquidity of the Portfolio Investments:**

Contractual limitations will typically restrict the Target Fund's ability to transfer the portfolio investments without the consent of the applicable managers of those entities. The securities or other financial instruments or obligations of portfolio companies in which a portfolio investment invests may, at any given time, be very thinly traded, have no public market, or be restricted as to their transferability under the laws of the applicable jurisdiction. In some cases, the investments of a portfolio investment may require a substantial amount of time to liquidate. Consequently, there is a significant risk that a portfolio investment will be unable to realize its investment objectives by sale or other disposition of its securities or other assets at attractive prices, or will otherwise be unable to complete any exit strategy with respect to its portfolio companies. These risks can be further increased by changes in the financial condition or business prospects of the portfolio companies, changes in national or international economic conditions, and changes in laws, regulations, fiscal policies or political conditions of countries in which portfolio companies are located or in which they conduct their business.

**Risks inherent in Private Equity**

**Investment:** Private equity investments are subject to the risks associated with the underlying businesses, including market conditions, changes in regulatory requirements, reliance on management at the investment fund and portfolio company levels, interest rate and currency fluctuations, general economic conditions, domestic or foreign political developments, capital market conditions and other factors. There can be no assurance that the future performance of the portfolio companies in which the Target Fund and the Target Fund's portfolio investment funds invest will be positive or result in rates of return that are consistent with historical performance. Past performance may not be an indication of future performance. The Target Fund will not be able to participate in the management and control of the Portfolio Investments and of the companies in which portfolio investments invest.

**Control of Invested Funds:** The Target Fund generally will not have the right to participate in the day-to-day management, control or operations of the underlying funds in which the Target Fund is investing, nor will it have the right to remove the managers thereof. The Target Fund will also not necessarily have the opportunity to evaluate the relevant economic, financial and other information which will be utilized by the underlying funds in which they are investing in their selection, structuring, monitoring and disposition of investments.

**Portfolio Company Risks:** The portfolio investments in which the Target Fund will invest may invest in companies that involve a high degree of business or financial risk. They may be start-ups or in an early stage of development, may be distressed or have operating losses or significant variations in operating results and may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence. The companies may also be experiencing or are expected to experience financial difficulties, which may never be

overcome. In addition, they may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, or may otherwise have a weak financial condition. Portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities and a larger number of qualified managerial and technical personnel. In addition, in the event that the company does not perform as anticipated or incurs unanticipated liabilities, high leverage will magnify the adverse effect on the value of the equity of the company and could result in substantial diminution in or the total loss of an equity investment in the company. The return generated by the relevant portfolio companies will also depend on the level of interest charged under such debt and, consequently, may vary in function of the variations in interest rates.

**Reliance on the Target Fund Manager and Advisers:** The Target Fund is managed and advised by the Target Fund Manager and Advisers. The investors will not make decisions with respect to the management, disposition or other realisation of any investment, or other decisions regarding the Target Fund's business and affairs and will have no opportunity to control or influence the Target Fund's daily management or operations. The success of the Target Fund is substantially dependent on the Target Fund Manager and Advisers and certain key individuals. Should one or more of these individuals become incapacitated or in some way cease to participate in the management of the Target Fund, its performance could be adversely affected.

## 12. TIKA CAPITAL SELECTION I SUB-FUND

### 1. INVESTMENT OBJECTIVE AND STRATEGY

#### 1.1. *Investment Objective and Strategy*

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private equity funds invested in all kinds of private equity situations across the whole private equity spectrum including, but not limited to, venture capital, buyout, mezzanine debt, secondaries, distressed credit, special opportunities or real estate exposures.

Due to the broad focus on the whole private equity spectrum, the Sub-Fund will invest opportunistically in each and every private equity fund with the most interesting proposals without being restricted by fixed allocation guidelines. Nevertheless, the Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio across geographies and underlying strategies.

The Investment Advisor's highly exclusive relationships to top fund managers provides significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest in private equity funds which may have varying terms and structures including, but not limited to limited partnership structures, feeder structures or even evergreen structures.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in Euros (EUR) and in US Dollars (USD), unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

#### 1.2. *Investment Process*

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM.

Through its strong network, the Investment Advisor will assist the AIFM in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds managers;

- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;
- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analyzing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

In private equity fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realizations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private equity fund. However, as common in the private equity environment, potential exit routes for interests in private funds include, *inter alia*, a sale to other investors, a buyout by the management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in Euros (EUR).

## **4. SHARE CLASSES**

### **4.1. Investors Shares**

One (1) Class of Investors Shares, namely A Shares (the "**A Shares**"), is available for subscription in the Sub-Fund.

### **4.2. Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

## **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for up to fifty million Euros (EUR 50,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments

totalling less than, or in excess of, this amount.

## **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of fifteen (15) years as from the Closing with three (3) possible consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's investments, at its sole discretion.

## **7. CAPITAL FUNDING**

### ***7.1. Commitments and Drawdowns***

One sole Investor is permitted to commit to subscribe for A Shares in the Sub-Fund from 30 June 2015 until 31 December 2019.

For the purpose of this Sub-Fund, there will be one (1) closing per year and the date of each annual closing shall be on or about 30 June (the “**Closings**”, each a “**Closing**”). The Investor will be permitted over a period of five (5) years to commit to subscribe annually five million Euros (EUR 5,000,000,-) minimum (the “**Annual Commitment**”).

The General Partner may decide, at its discretion, to advance or postpone the date of each Closing; in such case, the Investor will be informed of the amended date of the Closing and the date on which the corresponding part of its commitment has to be paid.

### ***7.2. Drawdowns***

After each Closing, such portions of the Commitments made by the Investor shall be drawn down in successive installments, as determined by the General Partner. The

General Partner will give the Investor a seven (7) Business Day prior notice for each drawdown.

A Shares issued in relation to each drawdown shall be issued fully paid-up at a subscription price of one hundred Euros (EUR 100.-).

The subscription price of A Shares issued must be paid on the relevant drawdown date.

### ***7.3. Return of Drawdowns***

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investor in the event such drawdowns made since each Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### ***7.4. Investment Period & Drawdown Period***

**Investment Period:** The Investment Period will extend from the first Closing until 30 June 2020, with an optional extension of six (6) months at the sole discretion of the General Partner.

The General Partner will invest the Annual Commitment over a period of six (6) months after the respective Closing dates, with an optional extension of six (6) months at the sole discretion of the General Partner.

**Drawdown Period:** Commitments will be called in accordance with section 7.2 until the Sub-Fund's term (i) to fund investments initiated during the Investment Period (ii) for follow-on investments in, or relating to, existing underlying investments, or (iii) to

pay ongoing fees and operating expenses of the Company allocated to the Sub-Fund during its remaining term.

## **8. MINIMUM COMMITMENT**

The minimum annual Commitment from the Investor is the Annual Commitment, subject however to the General Partner's right to accept an Annual Commitment from the Investor in a lesser amount.

## **9. REDEMPTIONS**

The Investor may not at its own initiative require the Company to redeem its A Shares.

## **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

## **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit

and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investor no later than five (5) months after each quarter end. The quarterly report provides the Investor with updates on the portfolio of investments.

## **12. DISTRIBUTIONS**

### **12.1. Distributions**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of A Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of A Shares, the redemption price will be equal to the last Net Asset Value per relevant A Shares calculated by the Administrative Agent.

### **12.2. Recycling**

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 14 below), except in the situation described below.

The commitments made by the Sub-Fund in its underlying investments may amount up to one hundred and fifteen percent (115%) of the Commitments made by the Investor in the Sub-Fund. The General Partner will use from time to time all or part of the distributions received from the Sub-Fund's investments to fund all or part of the capital calls made by the Sub-Fund's investments.

### **13. RECALL**

Target funds within the portfolio of investments may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions in the cases provided for in the constitutive/issuing documents of the target funds. In such cases the Investor may be requested to fully or partially refund the Sub-Fund of the amounts distributed to him in proportion with the amounts requested by the target funds, provided however that distributions hereunder will not increase the Investor's undrawn Commitments beyond the amounts initially committed by the Investor.

The Investor may be required to recontribute either to the Sub-Fund (if it is still in existence) or directly to the General Partner for recontribution to the target funds.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

The Investor should inform himself and should take appropriate advice on the legal requirements as to possible tax consequences which he might encounter under the laws of the countries of his citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out hereabove.

### **14. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

#### **14.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly in

advance by the Sub-Fund to the General Partner. The Management Fee shall equal:

- until 30 June 2017, zero point three percent (0.3%) per annum (plus value added tax, if applicable) on the aggregate of (i) the Net Asset Value plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as of the end of the preceding quarter; and
- thereafter, zero point four percent (0.4%) per annum (plus value added, if applicable) on the Net Asset Value of the Sub-Fund as of the end of the preceding quarter.

#### **14.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the "**AIFM Remuneration**"), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 14.5. respectively 14.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner's service fees.

#### **14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the "**Investment Advisory Fee**") will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

#### **14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with



respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the "**Portfolio Investments Expenses**").

#### **14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the "**Creation Expenses**") will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point one percent (0.1%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **14.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Aggregate Commitments of the Sub-Fund.

##### **14.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **14.6.2. Operating Expenses**

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary

Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the "**Operating Expenses**"). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

The Investor is advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Portfolio valuation risks:** the Investor should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of *inter alia* sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or the Investor will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent

changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, the Investor must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Drawdown Period:** Amounts Committed to underlying investments during the Investment Period may be drawn down by such underlying investments over their own drawdown period and the Sub-Funds intends to pass on such drawdown notices to the Investor when they come. This is likely to occur over a period that exceeds the Investment Period, so that the Investor may be required to pay and subscribe the

relevant portion of its capital contribution over a significant period of time.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for the interests in such underlying private equity funds, whose transfer may be restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.

<b>13. AT1 SELECTION 2015 SUB-FUND</b>
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## **1. INVESTMENT OBJECTIVE AND STRATEGY**

### ***1.1. Investment Objective and Strategy***

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private equity funds invested in all kinds of private equity situations across the whole private equity spectrum including, but not limited to, venture capital, buyout, mezzanine debt, secondaries, distressed credit, special opportunities or real estate exposures.

Due to the broad focus on the whole private equity spectrum, the Sub-Fund will invest opportunistically in each and every private equity fund with the most interesting proposals without being restricted by fixed allocation guidelines. Nevertheless, the Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio across geographies and underlying strategies.

The Investment Advisor's highly exclusive relationships to top fund managers provides significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest in private equity funds which may have varying terms and structures including, but not limited to limited partnership structures, feeder structures or even evergreen structures.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in Euros (EUR) and in

US Dollars (USD), unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

### ***1.2. Investment Process***

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM.

Through its strong network, the Investment Advisor will assist the AIFM in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds managers;
- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;

- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analyzing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

Private equity funds are passive investments meaning that the General Partner has no influence over exits. The underlying funds' general partners and managers have full discretion over exits and realizations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private equity fund. However, as common in private equity, potential exit routes for interests in private funds include, *inter alia*, a sale to other investors, a buyout by the management team, a sale to a third party or an initial public offering on a capital market.

### **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense

disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

### **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in US Dollars (USD).

### **4. SHARE CLASSES**

#### **4.1. *Investors Shares***

One (1) Class of Investors Shares, namely A Shares (the "**A Shares**"), is available for subscription in the Sub-Fund.

#### **4.2. *Participating Shares***

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

### **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for up to fifty million US Dollars (USD 50,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

## **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of ten (10) years as from the end of the Investment Period as defined in section 7.4 with three (3) possible consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's investments, at its sole discretion.

## **7. CAPITAL FUNDING**

### ***7.1. Commitments and Drawdowns***

One sole Investor (the "Investor") is permitted to commit to subscribe for A Shares in the Sub-Fund as from 30 June 2015.

For the purpose of this Sub-Fund, there may be one (1) or several closings (the "Closings", each a "Closing").

The General Partner will inform the Investor of the Closing dates.

### ***7.2. Drawdowns***

Once investments need to be funded or fees and expenses have to be paid, portions of the Aggregate Commitment made by the Investor shall be drawn down in successive installments, as determined by the General Partner. The General Partner will give the Investor prior notice for each drawdown and the Investor will pay up the relevant portion of their Commitments no later than the date specified on the relevant drawdown notice.

A Shares issued in relation to each drawdown shall be issued fully paid-up at a subscription price of one hundred US Dollars (USD 100.-).

The subscription price of A Shares issued must be paid on the relevant drawdown date.

### ***7.3. Return of Drawdowns***

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investor in the event such drawdowns made since each Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### ***7.4. Investment Period & Drawdown Period***

**Investment Period:** The Investment Period will extend from the first Closing until 31 December 2020, with an optional extension of six (6) months at the sole discretion of the General Partner.

**Drawdown Period:** Commitments will be called in accordance with section 7.2 until the Sub-Fund's term (i) to fund investments initiated during the Investment Period (ii) for follow-on investments in, or relating to, existing underlying investments, or (iii) to pay ongoing fees and operating expenses of the Company allocated to the Sub-Fund during its remaining term.

## **8. OVERCOMMITMENT AND LIQUIDITY MANAGEMENT**

The commitments made by the Sub-Fund in its underlying investments may be higher than the Commitments made by the Investor in the Sub-Fund.

The General Partner will ensure that, at any time of the life of the Sub-Fund, the uncalled Commitments from the underlying investments will not exceed one hundred

and fifty percent (150%) of the aggregate of (i) the Investor's uncalled Commitments plus (ii) the cash and/or liquid assets available for the Sub-Fund.

In that context, the General Partner will also use from time to time all or part of the distributions received from the Sub-Fund's investments to fund all or part of the capital calls made by the Sub-Fund's investments in order to ensure that the Sub-Fund will meet its obligations with regards to uncalled Commitments.

#### **9. MINIMUM COMMITMENT**

Commitments may only be accepted from Eligible Investors investing a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund. Such minimum Commitment rules are subject however to the General Partner's right to reject any offer from the Investor for any reason or to accept a Commitments in lesser amounts.

#### **10. REDEMPTIONS**

The Investor may not at its own initiative require the Company to redeem its A Shares.

#### **11. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General

Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

#### **12. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investor no later than five (5) months after each quarter end. The quarterly report provides the Investor with updates on the portfolio of investments.

#### **13. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of A Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of A Shares, the redemption price will be equal to the last Net Asset Value per relevant A Shares calculated by the Administrative Agent.

The Investor will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 15 below), except in the situation described in section 8.

#### **14. RECALL**

Target funds within the portfolio of investments may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions in the cases provided for in the constitutive/issuing documents of the target funds. In such cases the Investor may be requested to fully or partially refund the Sub-Fund of the amounts distributed to him in proportion with the amounts requested by the target funds, provided however that distributions hereunder will not increase the Investor's undrawn Commitments beyond the amounts initially committed by the Investor.

The Investor may be required to recontribute either to the Sub-Fund (if it is still in existence) or directly to the General Partner for recontribution to the target funds.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (date de clôture de la liquidation).

The Investor should inform himself and should take appropriate advice on the legal requirements as to possible tax consequences which he might encounter under the laws of the countries of his citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out hereabove.

#### **15. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

##### ***15.1. Management Fee***

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal

zero point five percent (0.5%) per annum (plus value added tax, if applicable) on the aggregate of (i) the Net Asset Value plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as of the end of the preceding quarter.

##### ***15.2. AIFM Remuneration***

Any remuneration payable to the AIFM (the "**AIFM Remuneration**"), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 14.5. respectively 14.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner's service fees.

##### ***15.3. Investment Advisory Fee***

Any fees payable to the Investment Advisor (the "**Investment Advisory Fee**") will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

##### ***15.4. Portfolio Investments Expenses***

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses

related to the investments or business of the Sub-Fund (the “**Portfolio Investments Expenses**”).

#### **15.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the “**Creation Expenses**”) will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point five percent (0.5%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **15.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Aggregate Commitments of the Sub-Fund.

##### **15.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **15.6.2. Operating Expenses**

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the “**Operating Expenses**”). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee

payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

#### **16. SPECIFIC RISK CONSIDERATIONS**

The Investor is advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Portfolio valuation risks:** the Investor should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of *inter alia* sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or the Investor will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these



vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, the Investor must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Drawdown Period:** Amounts Committed to underlying investments during the Investment Period may be drawn down by such underlying investments over their own drawdown period and the Sub-Funds intends to pass on such drawdown notices to the Investor when they come. This is likely to occur over a period that exceeds the Investment Period, so that the Investor may be required to pay and subscribe the relevant portion of its capital contribution over a significant period of time.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for the interests in such underlying private equity funds, whose transfer may be

restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.

<b>14. TC28 – LN15 SUB-FUND</b>
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### **1. INVESTMENT OBJECTIVE AND STRATEGY**

The TC28 – LN15 Sub-Fund (the “**Sub-Fund**”) is solely aimed at investing in “Lion Capital Fund IV-A” (formerly Lion Capital 2015 Fund - A, L.P.) (the “**Target Fund**”).

Besides, for defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

#### ***1.1. The Target Fund***

The Target Fund is a private equity fund established and registered as an English limited partnership under the United Kingdom Limited Partnerships Act 1907 whose general partner is Lion Capital LLP, an English limited liability partnership authorised by the UK Financial Conduct Authority acts as the alternative investment fund manager of the Target Fund (the “**Target Fund AIFM**” or “**Lion Capital**”). Lion Capital IV GP Limited (formerly Lion Capital 2015 GP Limited), an English limited liability company is the general partner of the Target Fund (the “**Target Fund General Partner**”).

Lion Capital is a UK independent investment firm founded in 2004 with more than thirty (30) professional staff located in London and Los Angeles and focused exclusively on the investment of private equity capital

The Target Fund is a parallel limited partnership of “Lion Capital 2015 Fund L.P.” and is set up to accommodate legal, tax, regulatory or other non-economic considerations of European investors.

#### ***1.2. Investment Objective and Strategy of the Target Fund***

The Target Fund aims at acquiring businesses in Europe and Northern America with the principal objective of providing its partners with capital appreciation through the acquisition of equity, equity-like and/or debt securities.

The Target Fund will apply and continue Lion Capital’s proven strategy of making control investments in mid and large-sized consumer-oriented businesses primarily in Europe and North America, while aiming to deliver superior risk-adjusted returns through the application of deep investment and operating expertise in the consumer sector.

Lion Capital anticipates for the Target Fund commitments of two billion Euros (EUR 2,000,000,000.-). The Target Fund investment objective shall be carried through a “Flight to Quality” strategy, whereby Lion Capital aims to make approximately two (2) to three (3) investments each year in companies with strong brands, representing differentiated consumer propositions that provide a sustainable source of competitive advantage and resilience through the economic cycle. The Target Fund investments are predicated on the pursuit of significant strategic or operational change, with Lion Capital’s executives playing a leading role in establishing and executing the business development plan for each of its portfolio companies.

Lion Capital seeks to invest in a diversified portfolio of comparatively low volatility assets within which it is well placed to create equity value. Within the consumer sector, Lion Capital believes that strong brands consistently provide the greatest source of sustainable competitive advantage and resilience through the economic cycle, making them the highest quality assets in the sector and the focus of

the Lion Capital's "Flight to Quality" investment approach.

### 1.3. **Investment restrictions of the Target Fund**

The Target Fund shall not, without the prior consent of its advisory board:

(i) acquire an investment in any portfolio company where the aggregate acquisition cost of all investments in such portfolio company exceeds twenty percent (20%) (or thirty percent (30%) for one investment) of total commitments save that until final closing the limit is thirty percent (30%) (or fifty percent (50%) for one investment) of total commitments;

(ii) invest more than ten percent (10%) of total commitments in public securities excluding: (a) portfolio companies which have subsequently floated; (b) securities received as consideration for a sale; (c) publicly traded debt securities; and (d) securities which have the nature of a private equity investment;

(iii) (a) invest more than fifty percent (50%) of total commitments in portfolio companies that have not in the twelve (12) month period prior to investment (directly or indirectly) by the Target Fund had their principal place of business or headquarters or a substantial part of their business situated in Europe or (b) invest more than fifteen (15%) of the total commitments in portfolio companies that have not in the twelve (12) month period prior to investment (directly or indirectly) by the Target Fund had their principal place of business or headquarters or a substantial part of their business situated in Europe, the U.S. or Canada.

### 1.4. **Lion Capital's track record**

Lion Capital has been managing three (3) other similar funds, Lion Capital Fund I ("**Fund I**"), Lion Capital Fund II ("**Fund II**")

and Lion Capital Fund III ("**Fund III**"), by investing over six point four billion Euros (EUR 6,400,000,000.-) in thirty three (33) companies, twenty three (23) of which have been (at least partially) realised for eight point six billion Euros (EUR 8,600,000,000.-) in proceeds.

Previous vintages portfolios show following performance:

Funds	Vintage	Invested Capital	Gross IRR	Net Multiple
<b>Fund I</b>	2004	€795m	31%	2.1x
<b>Fund II</b>	2007	€2'090m	nm*	0.9x
<b>Fund III</b>	2010	€980m	30%	2.0x

*\*not meaningful*

*Figures as of 31 December 2014 / Source: Private Placement Memorandum*

Fund II faced a number of challenges, but despite the difficulties within portfolio, Lion remains focused on extracting the maximum value from the remaining companies.

### 1.5. **Investment approach of the Target Fund**

Central to Lion Capital's strategy is a belief that a highly specialised investment approach can be a source of material and sustained competitive advantage. Since it was founded in 2004, Lion Capital has focused exclusively on investing in branded consumer goods and retail businesses in Europe and North America. Every aspect of the firm's structure, team and approach has been determined in support of this strategy, and Lion Capital has invested in some of the world's best known brands, including Weetabix, Orangina, Jimmy Choo, AllSaints, Bumble Bee, John Varvatos and ghb.

Specialising in a single sector has enabled Lion Capital to develop a distinctive and

successful investment approach, which the firm believes is advantaged across all areas of the investment process and enables Lion Capital to deliver attractive risk-adjusted returns.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

The Sub-Fund does not intend to use leverage. The exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of AIFMR shall hence not exceed one hundred percent (100%).

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

The circumstances in which the Target Fund may utilize leverage, the types and sources of leverage permitted and the associated risks are set out in the private placement memorandum of the Target Fund, but this does not consist in leverage at the Sub-Fund level in accordance with articles 7 and 8 of AIFMR.

As the Target Fund's core investment policy is to acquire control of non-listed companies, leverage that exists at the portfolio company level is not treated as leverage of the Target Fund provided that the Target Fund does not have to bear potential losses beyond its investment in the portfolio company.

The Target Fund, or a wholly owned subsidiary of the Target Fund, may borrow money to effect longer term hedging of non-

Euro and non-US Dollar investments (as applicable) or for any purpose of the Target Fund, provided that:

- (a) the aggregate of borrowings and guarantees issued by the Target Fund that will be outstanding for a period of six (6) months or less, shall not exceed the lower of undrawn loan commitments of the Target Fund and thirty percent (30%) of total commitments of the Target Fund; and
- (b) the aggregate of borrowings and guarantees issued by the Target Fund that will be outstanding for a period of more than six (6) months, shall not exceed the lower of undrawn loan commitments of the Target Fund and ten percent (10%) of total commitments of the Target Fund, provided that the advisory board of the Target Fund must be notified if any such borrowing will be outstanding for longer than twelve (12) months.

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in Euro (EUR).

## **4. SHARE CLASSES**

### **4.1. Investors Shares**

Four (4) Classes of Investors Shares, all denominated in Euros (EUR), are available for subscription in the Sub-Fund, namely:

- A Shares (the "**Class A Shares**") sub-divided into Class A-1 Shares for Investors subscribing below or for two hundred thousand euros (EUR 200'000) and Class A-2 Shares for Investors subscribing

above two hundred thousand euros (EUR 200'000);

- B Shares (the “**Class B Shares**”);
- C Shares (the “**Class C Shares**”);
- D Shares (the “**Class D Shares**”);

(altogether the “**Investors Shares**”).

For the avoidance of doubt, the commitments subscribed by Investors are considered with segregated referenced positions should they subscribe for Investors Shares directly or indirectly.

The following Classes of Investors Shares are, at the sole discretion of the General Partner, reserved to Investors having concluded with any of the entities of the CA Indosuez Wealth Management group (the “**CA Indosuez Wealth Management Group**”) a services agreement or equivalent with respect to private equity investments (the “**Private Equity Agreement**”):

- the Class A Shares;
- the Class B Shares, it being understood that such Class of Shares is reserved to Investors managed by the AIFM;
- the Class C Shares, it being understood that such Class of Shares is reserved to Investors having also concluded a specific remuneration agreement with any of the entities of the CA Indosuez Wealth Management Group (the “**Specific Remuneration Agreement**”).

The following Classes of Investors Shares are reserved to Investors having not concluded with any of the entities of the CA Indosuez Wealth Management Group a Private Equity Agreement:

- the Class D Shares.

Notwithstanding the below paragraph, should an Investor having subscribed to Class C Shares terminates the Specific

Remuneration Agreement, the General Partner may decide, at its sole discretion, to convert its Class C Shares into Class A Shares.

The General Partner may decide, at its sole discretion, to convert Class A Shares, Class B Shares and/or Class C Shares into Class D Shares should an Investor terminates the Private Equity Agreement.

#### **4.2. Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

### **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for forty million Euros (EUR 40,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

### **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of ten (10) years as from the Last Closing (as defined in the first paragraph of section 7.2 below), with two (2) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Target Fund, at its sole discretion.

The investment in the Target Fund may require a substantial length of time to liquidate and there may remain some obligations outstanding for the Target Fund, even if it has closed to liquidation. The liquidation process of the Sub-Fund may consequently require a substantial length of

time subsequent to the making of a decision to liquidate the Sub-Fund.

## **7. CAPITAL FUNDING**

### ***7.1. Commitments and drawdowns***

Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund from 18 December 2015 until the latest of either (i) on or about the final closing of the Target Fund as determined in the private placement memorandum thereof or (ii) 31 December 2016.

Investors, the Commitments of which are accepted on the first closing (the **"Initial Investors"**), shall be required to pay a portion of their respective committed amounts no later than ninety (90) Business Days following the notification of the first closing to the Initial Investors, following which Investors Shares are to be issued fully paid-up at a price of one hundred Euro (EUR 100.-) each (the **"Subscription Price"**) corresponding to the funded Commitment.

### ***7.2. Commitments and Drawdowns after the first closing***

After the first closing, Commitments to subscribe Investors Shares will be accepted from Initial Investors and other investors at such closings (**"Subsequent Closings"** and **"Subsequent Closings Investors"**) as determined by the General Partner during a period terminating on 30 September 2016, unless extended by the General Partner (the **"Last Closing"**). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of Investors Shares and pay up the relevant portion of their Commitments no later than seven (7) Business Days following the notification of the drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to postpone the date of any closing (including the Last Closing); in such case, the Investors will be informed of the amended date of the relevant closing and the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing by a Subsequent Closing Investor:

- (a) the Subsequent Closing Investor shall participate in investments made and fees and expenses (including the Management Fee as defined in the first paragraph of section 14.1 below) incurred by the Sub-Fund prior to its admission and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the first closing, at the Subscription Price;
- (b) the Subsequent Closing Investor shall pay an additional amount equal to five per cent (5%) per annum, calculated from the date on which the Initial Investors have contributed and paid in their first subscriptions relating to the first closing up to the date of the capital contributions actually made with respect to the Subsequent Closing in question, and such amount shall be payable to the Sub-Fund (the **"Actualization Interest"**).

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the first closing, then the General Partner may change the Subscription Price for Investors Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Investors Shares as of the relevant Subsequent Closing; in which case all such Investors Shares issued on the same closing shall constitute a separate

series. In this case, no Actualization Interest will be due.

### **7.3. Drawdowns**

After the first closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the Commitments made by the Investors shall be drawn down in successive instalments, as determined by the General Partner. Such drawdowns may only take place provided their amount is not less than one percent (1%) of each Investor's Commitment. The General Partner will give each Investor a seven (7) Business Day prior notice for each drawdown.

Investors Shares issued in relation to each drawdown made after the first closing shall be issued fully paid-up at a subscription price either (i) equal to the Subscription Price plus, if applicable, the Actualization Interest or (ii) based on the Net Asset Value of such Investors Shares on such drawdown date, at the General Partner's discretion. If Investors Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The Subscription Price of the Investors Shares issued after the first closing shall be paid within the limits specified in the relevant drawdown notice.

### **7.4. Return of Drawdowns**

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since the first closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### **7.5. Commitment Period**

The Commitment Period will extend from the first closing until the Last Closing (the "Commitment Period").

### **8. MINIMUM COMMITMENT**

Commitments may only be accepted from Well-Informed Investors investing a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund. Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept Commitments in lesser amounts.

### **9. REDEMPTIONS AND CONVERSIONS**

An Investor may not at its own initiative require the Company to redeem its Investors Shares.

Investors are not authorised to convert their Investors Shares from this Sub-Fund into another Sub-Fund or from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

The General Partner, however, may decide, under the circumstances described in section 4.1. above or in the best interest of the Investors, to convert Investors Shares from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

## **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

## **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements, which shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than four (4) months after each quarter end. The quarterly report provides the Investors with updates on the portfolio of investments.

## **12. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Investors Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Investors Shares, the redemption price will be equal to the last Net Asset Value per relevant Investors Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 14 below).

## **13. RECALL**

The Target Fund may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions in the cases provided for in the constitutive/issuing documents of the Target Fund.

In particular, the Target Fund may at any time recall distributions made to its partners if these distributions are subject to recall or reimbursement from or retribution by the Target Fund to or in connection with any underlying investment. These situations include, but are not limited to, the reception of distributions from an underlying investment or disposition proceeds of an underlying investment within a period of eighteen (18) months; the satisfaction of any indemnification, reimbursement, contribution or similar obligation of the Target Fund (including, without limitation, any obligation resulting from applicable law); the satisfaction of any other expense or obligation of the Target Fund; or amounts returned to the limited partners without having been invested.

In such cases the Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the Target Fund, provided however that distributions hereunder will not increase an Investor's undrawn Commitment beyond the



amount initially committed by the relevant Investor.

Investors may be required to recontribute either to the Sub-Fund (if it is still in existence) or directly to the General Partner for recontribution to the Target Fund.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out hereabove.

#### **14. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

##### **14.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the “**Management Fee**”), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal:

- with respect to Class A-1 Shares, zero point seventy-five percent (0.75%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-1 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-1 Shares as of the end of the preceding quarter;

- with respect to Class A-2 Shares, zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-2 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-2 Shares as of the end of the preceding quarter;
- with respect to Class B Shares, zero percent (0%) per annum;
- with respect to Class C Shares, zero point zero six percent (0.06%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class C Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class C Shares as of the end of the preceding quarter;
- with respect to Class D shares, zero point eight percent (0.8%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class D Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class D Shares as of the end of the preceding quarter.

The Management Fee will accrue as of the first closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the first closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

#### **14.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the “**AIFM Remuneration**”), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 14.5. respectively 14.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner’s service fees.

#### **14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the “**Investment Advisory Fee**”) will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

#### **14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm’s length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund’s investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the “**Portfolio Investments Expenses**”).

#### **14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the “**Creation Expenses**”) will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point five percent (0.5%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **14.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Aggregate Commitments of the Sub-Fund.

##### **14.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **14.6.2. Operating Expenses**

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the “**Operating Expenses**”). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the

Aggregate Commitments of the Sub-Fund as at that same date.

#### **15. SPECIFIC RISK CONSIDERATIONS**

Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Business risks:** The Target Fund's investment portfolio will consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

**Future and past performances:** The performance of the Lion Capital's investment professionals prior investments is not necessarily indicative of the Target Fund's future results. Whilst the Target Fund General Partner intends for the Target Fund to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that any targeted internal rate of return will be achieved. On any given investment, loss of principal is possible.

**Investment in junior securities:** The securities in which the Target Fund will invest may be among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect the Target Fund's investment once made.

**Illiquidity, lack of current distributions:** An investment in the Target Fund should be viewed as an illiquid investment. It is

uncertain as to when profits, if any, will be realised. Losses on unsuccessful investments may be realised before gains on successful investments are realised. The return of capital and the realisation of gains, if any, generally will occur only upon the partial or complete disposition of an investment. Whilst an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating the Target Fund (including the annual profit share payable to the Target Fund General Partner) may exceed its income, thereby requiring that the difference be paid from the Target Fund's capital, including unfunded commitments.

**Leveraged Investments:** The Target Fund may make use of leverage by incurring or having a portfolio company incur debt to finance a portion of its investment in a given portfolio company. Leverage generally magnifies both the Target Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage by the Target Fund will also result in interest expense and other costs to the Target Fund that may not be covered by distributions made to the Target Fund or appreciation of its investments. The use of leverage also imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of the Target Fund's investments to any deterioration in a company's condition or

industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of the Target Fund's investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, the Target Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Target Fund. Furthermore, should the credit markets be limited or costly at the time the Target Fund determines that it is desirable to sell all or a part of a portfolio company, the Target Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts.

**Reliance on the Target Fund General Partner and portfolio company management:** The Target Fund has no operating history and will be dependent on the Target Fund General Partner. Control over the operation of the Target Fund will be vested with the Target Fund General Partner, and the Target Fund's future profitability will depend largely upon the business and investment acumen of the investment professionals. The loss or reduction of service of one or more of the investment professionals could have an adverse effect on the Target Fund's ability to realise its investment objectives. Limited Partners generally have no right or power to take part in the management of the Target Fund, and as a result, the investment performance of the Target Fund will depend on the actions of the Target Fund General Partner.

**Need for follow-on investments:** Following its initial investment in a given portfolio company, the Target Fund may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company. There is no assurance that the Target Fund will make

follow on investments or that the Target Fund will have sufficient funds to make all or any of such investments. Any decision by the Target Fund not to make follow on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment. Additionally, such failure to make such investments may result in a lost opportunity for the Target Fund to increase its participation in a successful portfolio company.

**Consumer related industries:** Consumer-related industries are typically very competitive and are characterised by a crowded field of competitors. Although there may not be high barriers to entry, long-term market success is subject to a number of factors, many of which lie outside the control of the Target Fund and the Target Fund's portfolio companies. Consumer spending may be disproportionately affected by adverse economic conditions, and consumer spending patterns in the emerging economies in which the Target Fund intends to invest may be difficult to predict. In addition, such portfolio companies may face competition from a number of other, more established market participants, including global companies with much greater financial, marketing, and other resources. Portfolio companies may ultimately be unsuccessful in gaining significant market position or an anticipated market opportunity may not develop as expected. In either case, the Target Fund's investment results may be affected in a materially adverse manner.

**Market conditions:** The capital markets have experienced great volatility and financial turmoil. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) may have a negative effect on market conditions. General fluctuations in the market prices of securities and economic conditions generally may reduce the availability of attractive investment

opportunities for the Target Fund and may affect the Target 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) may also increase the risks inherent in the Target Fund's investments and could have a negative impact on the performance and/or valuation of the portfolio companies. The Target Fund's performance can be affected by deterioration in the capital markets and by market events, such as the onset of the credit crisis in the summer of 2007 or the downgrading of the credit rating of the United States in 2011, 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 may adversely affect the value of investments in portfolio companies and the Target Fund's performance. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of the Target Fund to sell and/or partially dispose of its portfolio company investments. Such adverse effects may include the requirement of the Target Fund to pay break-up, termination or other fees and expenses in the event the Target Fund is not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of the Target Fund to dispose of investments at prices that the Target Fund General Partner believes reflect the fair value of such investments. The impact of market and other economic events may also affect the Target Fund's ability to raise funding to support its investment objective.

<b>15. TC29 – BCA3 SUB-FUND</b>
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### **1. INVESTMENT OBJECTIVE AND STRATEGY**

The TC29 – BCA3 Sub-Fund (the “**Sub-Fund**”) is solely aimed at investing in “Bain Capital Asia Fund III L.P.” (the “**Target Fund**”).

Besides, for defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

#### ***1.1. The Target Fund***

The Target Fund is a private equity fund established as a Cayman Islands exempted limited partnership under the Exempted Limited Partnership Law 2014 of the Cayman Islands whose general partner is Bain Capital Partners Asia III, L.P., a Cayman Islands exempted limited partnership (the “**Target Fund General Partner**”). The Target Fund will be managed by Bain Capital Partners, LLC, a Delaware limited liability company (the “**Target Fund Manager**”) which is fully owned by Bain Capital, LLC (“**Bain Capital**”).

Bain Capital is an independent private equity firm formed in 1984 using a differentiated investment model designed to tackle attractive but complex investment opportunities which enabled them to invest in approximately two hundred and eighty (280) investments across a variety of transaction types, industries and geographies. Bain Capital has successfully implemented this investment approach in Asia since 2006, leveraging the firm’s integrated global network to provide differential insights and capabilities for Asian investments and portfolio companies while

actively investing over 6 billion US Dollars (USD 6,000,000,000.-) across the region.

The Bain Capital Asia team (“**Bain Capital Asia**”) consists of over sixty (60) investment professionals based in Hong Kong, Shanghai, Tokyo and Mumbai.

#### ***1.2. Investment Objective and Strategy of the Target Fund***

The purpose of the Target Fund is to invest in companies based in Greater China, Japan, India and Australia with the flexibility to make investments in companies based in other parts of Asia and the Asia Pacific.

Bain Capital Asia identifies and selects investment opportunities with transformational potential where its large, local team with strategic and operational backgrounds can create value. The firm focuses on investments where it can exercise control or is confident in its governance rights and relationship with the management team and the board. The Bain Capital value-added approach involves working closely with management teams to drive equity value creation through strategic and operational change.

In Asia, Bain Capital continues to see a steady pace of interesting new investment opportunities as well as operating improvement across its portfolio amid a dynamic growth environment. Government changes in each of the major economies in which the firm participates have created new opportunities in key sectors and have opened up capital markets for liquidity events. Bain Capital Asia sees an increasing number of assets available in the market as owners are becoming more willing to sell to experienced private equity sponsors. Bain Capital believes its track record in Asia positions it as a credible partner for spin-offs and carve-outs, as well as traditional buyout and growth investment opportunities.

### 1.3. **Investment restrictions of the Target Fund**

Without the prior approval of the Target Fund's advisory board, no investment may in particular be made by the Target Fund in any one portfolio company in an aggregate amount of more than fifteen percent (15%) of its subscribed capital (or twenty-five percent (25%) of subscribed capital if at least the excess over fifteen percent (15%) of subscribed capital is in an investment intended to be made on a bridge or temporary basis to facilitate consummation of a transaction).

### 1.4. **Bain Capital's Track Record in Asia**

Since 2006, Bain Capital has generated strong performance in Asia, investing over 6 billion US Dollars (USD 6,000,000,000.-) in thirty-four (34) investments with four point five billion US Dollars (USD 4,500,000,000.-) of realizations through May 2015. Fully and partially realized investments have generated a gross multiple of money of 2.2x and a gross internal rate of return ("IRR") of twenty-six percent (26%) through 31 March 2015. Bain Capital believes that its highly effective, value-added investment approach is a key driver behind its consistent performance. This track record, summarized below, is the result of Bain Capital's investment strategy, deep sourcing network and substantial resources in the region.

Funds	Vintage	Invested Capital	Net IRR	Net Multiple
Fund I	2007	\$ 923m	8%	1.4x
Fund II	2012	\$ 1,236m	17%	1.3x

*\*not meaningful*

*Figures as of 31 March 2015 / Source: private placement memorandum of the Target Fund*

### 1.5. **Bain Capital Investment Approach**

Bain Capital's regional Asia investment strategy features three (3) distinct competencies:

- **Focused sourcing** on investments in Asia, within specific sectors where Bain Capital can leverage its industry expertise and local relationships to identify opportunities for differential insights and value creation. Bain Capital has large country-focused teams that, combined with global industry expertise, allow it to create proprietary insights and deal opportunities;
- **Disciplined selection process**, which focuses on strongly defensible market positions and where Bain Capital will have significant competitive advantage, most often as a result of opportunities and/or complexities around significant international operations or aspirations, either cross border or within country markets. Bain Capital also focuses on situations with transformation potential as well as assets which can be acquired at attractive valuations in volatile country markets. Bain Capital prefers companies with strong cash flow and it focuses on growth opportunities where it can help deliver that growth. The firm seeks to exploit secular trends, reducing its exposure to cyclical trends;
- **Unique post-acquisition support** which delivers strong returns from the deployment of Bain Capital's resources to pursue profit opportunities through business transformation. The firm's role can include supporting carve-outs, cost re-engineering, mergers & acquisitions, cross-border expansion, pricing and marketing, business unit expansion and implementation of best industry practices.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

The Sub-Fund does not intend to use leverage. The exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of AIFMR shall hence not exceed one hundred percent (100%).

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

The circumstances in which the Target Fund may utilize leverage, the types and sources of leverage permitted and the associated risks are set out in the private placement memorandum of the Target Fund, but this does not consist in leverage at the Sub-Fund level in accordance with articles 7 and 8 of AIFMR.

The Target Fund may incur leverage for any purpose that the Target Fund General Partner considers appropriate, including without limitation borrowings to fund investments pending take-downs of capital and in connection with credit support. The Target Fund may secure any borrowings by mortgaging, pledging, assigning or otherwise collateralizing any part of the assets of the fund, including the right to receive capital contributions from its limited partners.

Without the prior approval of the Target Fund's advisory board, the Target Fund will not borrow (except for borrowings used to fund investments pending take downs of capital from limited partners) in an amount greater than 15% of its subscribed capital.

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in US Dollars (USD).

## **4. SHARE CLASSES**

### **4.1. Investors Shares**

Four (4) Classes of Investors Shares, all denominated in US Dollars (USD), are available for subscription in the Sub-Fund, namely:

- A Shares (the "**Class A Shares**") sub-divided into Class A-1 Shares for Investors subscribing below or for two hundred thousand US Dollars (USD 200'000) and Class A-2 Shares for Investors subscribing above two hundred thousand US Dollars (USD 200'000);
- B Shares (the "**Class B Shares**");
- C Shares (the "**Class C Shares**");
- D Shares (the "**Class D Shares**");

(altogether the "**Investors Shares**").

For the avoidance of doubt, the commitments subscribed by Investors are considered with segregated referenced positions should they subscribe for Investors Shares directly or indirectly.

The following Classes of Investors Shares are, at the sole discretion of the General Partner, reserved to Investors having concluded with any of the entities of the CA Indosuez Wealth Management group (the "**CA Indosuez Wealth Management Group**") a services agreement or equivalent with respect to private equity investments (the "**Private Equity Agreement**");

- the Class A Shares;



- the Class B Shares, it being understood that such Class of Shares is reserved to Investors managed by the AIFM;
- the Class C Shares, it being understood that such Class of Shares is reserved to Investors having also concluded a specific remuneration agreement with any of the entities of the CA Indosuez Wealth Management Group (the **“Specific Remuneration Agreement”**).

The following Classes of Investors Shares are reserved to Investors having not concluded with any of the entities of the CA Indosuez Wealth Management Group a Private Equity Agreement:

- the Class D Shares.

Notwithstanding the below paragraph, should an Investor having subscribed to Class C Shares terminates the Specific Remuneration Agreement, the General Partner may decide, at its sole discretion, to convert its Class C Shares into Class A Shares.

The General Partner may decide, at its sole discretion, to convert Class A Shares, Class B Shares and/or Class C Shares into Class D Shares should an Investor terminates the Private Equity Agreement.

#### **4.2. Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

#### **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for fifty million US Dollars (USD 50,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments

totalling less than, or in excess of, this amount.

#### **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of ten (10) years as from the Last Closing (as defined in the first paragraph of section 7.2 below), with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Target Fund, at its sole discretion.

The investment in the Target Fund may require a substantial length of time to liquidate and there may remain some obligations outstanding for the Target Fund, even if it has closed to liquidation. The liquidation process of the Sub-Fund may consequently require a substantial length of time subsequent to the making of a decision to liquidate the Sub-Fund.

#### **7. CAPITAL FUNDING**

##### **7.1. Commitments and drawdowns**

Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund from 5 November 2015 until the latest of either (i) on or about the final closing of the Target Fund as determined in the private placement memorandum thereof or (ii) 30 September 2016.

Investors, the Commitments of which are accepted on the first closing (the **“Initial Investors”**), shall be required to pay a portion of their respective committed amounts no later than ninety (90) Business Days following the notification of the first closing to the Initial Investors, following which Investors Shares are to be issued fully paid-up at a price of one hundred US

Dollars (USD 100) each (the “**Subscription Price**”) corresponding to the funded Commitment.

## **7.2. Commitments and drawdowns after the first closing**

After the first closing, Commitments to subscribe Investors Shares will be accepted from Initial Investors and other investors at such closings (“**Subsequent Closings**” and “**Subsequent Closings Investors**”) as determined by the General Partner during a period terminating on 30 September 2016, unless extended by the General Partner (the “**Last Closing**”). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of Investors Shares and pay up the relevant portion of their Commitments no later than seven (7) Business Days following the notification of the drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to postpone the date of any closing (including the Last Closing); in such case, the Investors will be informed of the amended date of the relevant closing and the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing by a Subsequent Closing Investor:

- (a) the Subsequent Closing Investor shall participate in investments made and fees and expenses (including the Management Fee as defined in the first paragraph of section 14.1 below) incurred by the Sub-Fund prior to its admission and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the first closing, at the Subscription Price;

- (b) the Subsequent Closing Investor shall pay an additional amount equal to five per cent (5%) per annum, calculated from the date on which the Initial Investors have contributed and paid in their first subscriptions relating to the first closing up to the date of the capital contributions actually made with respect to the Subsequent Closing in question, and such amount shall be payable to the Sub-Fund (the “**Actualization Interest**”).

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the first closing, then the General Partner may change the Subscription Price for Investors Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Investors Shares as of the relevant Subsequent Closing; in which case all such Investors Shares issued on the same closing shall constitute a separate series. In this case, no Actualization Interest will be due.

## **7.3. Drawdowns**

After the first closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the Commitments made by the Investors shall be drawn down in successive instalments, as determined by the General Partner. Such drawdowns may only take place provided their amount is not less than one percent (1%) of each Investor’s Commitment. The General Partner will give each Investor a seven (7) Business Day prior notice for each drawdown.

Investors Shares issued in relation to each drawdown made after the first closing shall be issued fully paid-up at a subscription price either (i) equal to the Subscription Price plus, if applicable, the Actualization Interest or (ii) based on the Net Asset Value

of such Investors Shares on such drawdown date, at the General Partner's discretion . If Investors Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The Subscription Price of the Investors Shares issued after the first closing shall be paid within the limits specified in the relevant drawdown notice.

#### **7.4. *Return of Drawdowns***

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since the first closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

#### **7.5. *Commitment Period***

The Commitment Period will extend from the first closing until the Last Closing (the "**Commitment Period**").

### **8. MINIMUM COMMITMENT**

Commitments may only be accepted from Well-Informed Investors investing a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund. Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept Commitments in lesser amounts.

### **9. REDEMPTIONS AND CONVERSIONS**

An Investor may not at its own initiative require the Company to redeem its Investors Shares.

Investors are not authorised to convert their Investors Shares from this Sub-Fund into another Sub-Fund or from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

The General Partner, however, may decide, under the circumstances described in section 4.1 above or in the best interest of the Investors, to convert Investors Shares from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

### **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

## **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements, which shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than four (4) months after each quarter end. The quarterly report provides the Investors with updates on the portfolio of investments.

## **12. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Investors Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Investors Shares, the redemption price will be equal to the last Net Asset Value per relevant Investors Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 14 below).

## **13. RECALL**

The Target Fund may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions in the cases provided for in the constitutive/issuing documents of the Target Fund.

In particular, the Target Fund may at any time recall distributions made to its partners if these distributions are subject to recall or reimbursement from or recontribution by the Target Fund to or in connection with any underlying investment. These situations include, but are not limited to, a bridge financing that is refinanced or, the reception of distributions from an underlying investment or disposition proceeds of an underlying investment in an amount not to exceed twenty percent (20%) of the total subscribed capital; the satisfaction of any indemnification, reimbursement, contribution or similar obligation of the Target Fund (including, without limitation, any obligation resulting from applicable law); the satisfaction of any other expense or obligation of the Target Fund; or amounts returned to the limited partners without having been invested.

In such cases the Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the Target Fund, provided however that distributions hereunder will not increase an Investor's undrawn Commitment beyond the amount initially committed by the relevant Investor.

Investors may be required to recontribute either to the Sub-Fund (if it is still in existence) or directly to the General Partner for recontribution to the Target Fund.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and

which might be relevant to any recall of distributions as set out hereabove.

**14. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

**14.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the “**Management Fee**”), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal:

- with respect to Class A-1 Shares, zero point seventy-five percent (0.75%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-1 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-1 Shares as of the end of the preceding quarter;
- with respect to Class A-2 Shares, zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-2 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-2 Shares as of the end of the preceding quarter;
- with respect to Class B Shares, zero percent (0%) per annum;
- with respect to Class C Shares, zero point zero six percent (0.06%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class C Shares plus (ii) the unfunded portion of the Aggregate

- Commitments of the Sub-Fund attributable to Class C Shares as of the end of the preceding quarter;
- with respect to Class D shares, zero point eight percent (0.8%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class D Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class D Shares as of the end of the preceding quarter

The Management Fee will accrue as of the first closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the first closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

**14.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the “**AIFM Remuneration**”), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 14.5. respectively 14.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner’s service fees.

**14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the “**Investment Advisory Fee**”) will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service

fees to which the General Partner or the AIFM, would otherwise be entitled.

#### **14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the "**Portfolio Investments Expenses**").

#### **14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the "**Creation Expenses**") will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling one percent (1%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **14.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Aggregate Commitments of the Sub-Fund.

##### **14.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **14.6.2. Operating Expenses**

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the "**Operating Expenses**"). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

#### **15. SPECIFIC RISK CONSIDERATIONS**

Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Highly competitive market:** The market for attractive private equity investment opportunities in Asia and the Asia Pacific is highly competitive. There is an increasing number of investors seeking to invest in Asia and the Asia Pacific, including other private equity investors, which may reduce the number of suitable investment opportunities available to the Target Fund

and adversely affect the terms upon which investments can be made. Also, the availability of investment opportunities generally will be subject to market conditions. Other investors may make competing offers for investment opportunities that are identified, and even after an agreement in principle has reached with respect to an investment, consummating the transaction is subject to a myriad of uncertainties, only some of which are foreseeable or within the control of the Target Fund. There can be no assurance that the Target Fund will identify and consummate suitable investment opportunities in Asia and the Asia Pacific.

**Illiquidity of investments:** It is anticipated there will be a significant period of time (up to five (5) years or more) before the Target Fund has completed its investments in portfolio companies. Such investments typically take from three (3) to seven (7) years from the date of initial investment to reach a state of maturity when realization of the investment can be achieved. Transaction structures and realization of investment theses typically will not provide for liquidity of the Target Fund's investment prior to that time. In light of the foregoing, it is likely that no significant return from the disposition of the Target Fund's investments will occur until no less than three (3) and possibly more than ten (10) years from the date of closing of the Target Fund.

**Risks relating to emerging markets generally:** The risks of investing into many Asian economies are similar to those of other emerging markets (but may differ or have additional risks due to local factors). Investments in emerging markets will involve certain risks not typically associated with investments in more developed markets. For example, financial turmoil in certain countries in Asia in the late 1990s adversely affected the overall Asian economy. Investors' reactions to events in one country can have adverse effects on the securities of companies and the value of

property and related assets in other countries in which the Target Fund may invest. A significant adverse change in the economy of one country, or a loss of investor confidence in the financial systems of emerging markets and other markets generally, could cause increased volatility in the economy and market of another country and, as a result, have an adverse effect on the investments of the Target Fund. There can be no assurance that financial events of the type that occurred in emerging markets in Asia in 1997 and 1998 will not happen again or will not have an adverse effect on the Target Fund's investments. Events of this nature may adversely affect the economies of Asian countries in both the near and long term.

**Risk of a slowdown or decline of rapid growth:** While the economics of China and certain Asian countries have grown rapidly in recent years and many economic commentators have projected continued future growth, a slowdown or even a decline of the economies of China and such other Asian countries could adversely impact the companies in which the Target Fund invests, reduce the availability of suitable or attractive investment opportunities, and reduce the availability or attractiveness of opportunities to exit investments.

**Currency risk; hedging:** It is expected that some of the Target Fund's investments, and the income received by the Target Fund with respect to such investments, will be denominated in non-U.S. currencies. The Target Fund's books, however, will be maintained, and contributions to and distributions from the Target Fund will generally be made, in US Dollars. Accordingly, changes in currency exchange rates, costs of conversion and exchange control regulations could adversely affect the dollar value of the Target Fund's investments and the amounts of distributions, if any, to be made by the Target Fund. Currency exchange rates have previously and may in the future fluctuate

significantly over short periods of time, and may also be affected unpredictably by intervention by governments or central banks (or the failure to intervene) or by currency controls or political developments in one or more jurisdictions.

The Target Fund likely will, like predecessor funds, engage, but is not required to engage, in currency hedging transactions. There can be no assurance, however, that the Target Fund will engage in such hedging transaction at any given time or from time to time, or that such hedging transactions will be available or be available at a reasonable cost, or that such hedging transactions will be effective and actually eliminate the applicable currency risk. Such hedging transactions may even exacerbate any negative impact on the Target Fund resulting from changes in currency exchange rates. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks. Thus, while the Target Fund may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices or currency exchange rates could result in a poorer overall performance for the Target Fund than if it had not entered into such hedging transactions.

**Projections:** The Target Fund will rely upon projections, forecasts or estimates developed by the Target Fund or a company in which the Target Fund is invested concerning the company's future performance and cash flow. Projections, forecasts and estimates are forward-looking statements and are based upon certain assumptions. Actual events are difficult to predict and beyond the Target Fund's control. Actual events often differ from those assumed. Some important factors which could cause actual results to differ materially from those in any forward-looking statements include changes in interest rates and domestic and foreign business, market, financial or legal conditions, among others. Accordingly, there can be no assurance that estimated returns or projections can be

realized or that actual returns or results will not be materially lower than those estimated therein



<b>16. TC30 – BKF2 SUB-FUND</b>
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### **1. INVESTMENT OBJECTIVE AND STRATEGY**

The TC30 – BKF2 Sub-Fund (the “**Sub-Fund**”) is solely aimed at investing in “Brookfield Strategic Real Estate Partners II-C L.P.” (the “**Target Fund**”).

Besides, for defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

#### **1.1. The Target Fund**

The Target Fund is established in the form of a Delaware limited partnership under the Delaware Revised Uniform Limited Partnership Act and is organised as a parallel investment vehicle to Brookfield Strategic Real Estate Partners II-A L.P. and Brookfield Strategic Real Estate Partners II-B L.P., each established as Delaware limited partnerships.

Brookfield Strategic Real Estate Partners II-A L.P, Brookfield Strategic Real Estate Partners II-B L.P and the Target Fund collectively form the main fund (the “**Main Fund**”). The Target Fund was set-up to accommodate tax and regulatory considerations of non-US investors.

The Target Fund's general partner is Brookfield Strategic Real Estate Partners II GP, LLC, a Delaware limited liability company (the “**Target Fund General Partner**”) which is a wholly owned subsidiary of Brookfield Asset Management Inc. (“**Brookfield**”).

Brookfield is a global alternative asset manager offering investment strategies in

property, infrastructure, renewable energy, private equity, timberlands and agrilands. Brookfield currently has approximately two hundred billion US Dollars (USD 200,000,000,000.-) of assets under management, over seven hundred (700) investment professionals and approximately twenty eight thousand (28,000) employees in one hundred (100) offices and operating locations around the world.

#### **1.2. Investment Objective and Strategy of the Target Fund**

The purpose of the Main Fund is to seek attractive opportunistic risk-adjusted returns by acquiring positions of control or significant influence in real estate assets and real estate companies globally capitalizing on market instabilities and volatility and accessing growth opportunities. The Main Fund may invest through a variety of structures, including direct property acquisitions, equity positions in real estate companies, distressed debt, recapitalizations, toe-hold positions in debt and equity securities as well as opportunistic loan investments.

The Main Fund will seek to continue the successful strategy of Brookfield's opportunistic investment activity by targeting a range of real estate transactions with a significant allocation to large scale / corporate acquisitions and a meaningful allocation to direct assets acquisitions investments. Brookfield will focus on multi-faceted transactions to acquire high quality assets on a value basis. These are typically recapitalizations of over-leveraged companies or properties or other complex transitions whereby Brookfield is able to utilize its structuring capability to acquire assets outside of traditional auction processes. In addition, Brookfield will employ an operations-oriented approach to create value post-acquisition.

Brookfield anticipates that the Main Fund's investments will be well-diversified and

located in markets where Brookfield already has a significant presence, with a focus on primarily investing in North America, Europe, Brazil, Australia and selectively in other markets. Brookfield will target investments in sectors where Brookfield possesses specialized knowledge and competitive advantages, particularly in the office, retail, multifamily, industrial and hospitality sectors.

### **1.3. Investment Restrictions of the Target Fund**

Without the consent of the Target Fund's advisory committee, the Target Fund General Partner shall not invest more than (a) twenty percent (20%) of total commitments in any one investment; (b) twenty percent (20%) of total commitments in investments located primarily outside of North America, Europe, Brazil and Australia; or (c) twenty percent (20%) of total commitments in development transactions.

### **1.4. Brookfield's Track Record**

Brookfield has an established long-term real estate track record and a demonstrated ability of prudently deploying capital in various real estate and economic cycles, having successfully invested over 31 billion US Dollars (USD 31,000,000,000.-) of equity capital in real estate transactions since 1987 (17 billion US Dollars (USD 17,000,000,000.-) over the last five (5) years) through public and private investment vehicles.

Since 2006, Brookfield has launched five (5) opportunistic real estate private funds which have deployed approximately eight point seven billion US Dollars (USD 8,700,000,000.-) to opportunistic real estate transactions. Included in these vehicles are Brookfield Strategic Real Estate Partners I, LP ("**BSREP I**") the direct predecessor to the Target Fund with a similar strategy.

In 2012, Brookfield established BSREP I as an opportunistic real estate fund that invested four billion and four hundred million US Dollars (USD 4,400,000,000.-) of equity into twenty-three (23) transactions involving a variety of opportunistic real estate transactions. As of 31 March 2015, BSREP I has generated a 20% (twenty percent) gross internal rate of return ("**IRR**") and 1.2x gross equity multiple.

### **1.5. Brookfield Investment Approach**

The investment approach of Brookfield is focused on the following:

- Leverage Brookfield group operating platforms and other proprietary sources to source opportunities with the best risk-adjusted returns;
- Invest with a view of acquiring real estate assets and companies at a discount to intrinsic value through recapitalizations and other multi-faceted transactions;
- Concentrate on geographies, sectors and transaction types where Brookfield believes it has informational, operational, financial or other competitive advantages;
- Create value through clearly-defined operational improvement in all aspects of real estate management including leasing, property management and expansion & redevelopment; and
- Focus on value from high-quality assets through certain redevelopment and development initiatives to increase sustainable cash flows and reduce risk, lowering the cost of capital.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

The Sub-Fund does not intend to use leverage. The exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of AIFMR shall hence not exceed one hundred percent (100%).

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

The circumstances in which the Target Fund may utilize leverage, the types and sources of leverage permitted and the associated risks are set out in the confidential private placement memorandum of the Target Fund, but this does not consist in leverage at the Sub-Fund level in accordance with articles 7 and 8 of AIFMR.

The maximum Target Fund leverage is seventy percent (70%) loan-to-value.

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in US Dollars (USD).

## **4. SHARE CLASSES**

### ***4.1. Investors Shares***

Four (4) Classes of Investors Shares, all denominated in US Dollars (USD), are available for subscription in the Sub-Fund, namely:

- A Shares (the “**Class A Shares**”) sub-divided into Class A-1 Shares for Investors subscribing below or for two hundred thousand US Dollars (USD 200’000) and Class A-2 Shares for Investors subscribing above two hundred thousand US Dollars (USD 200’000);
- B Shares (the “**Class B Shares**”);
- C Shares (the “**Class C Shares**”);
- D Shares (the “**Class D Shares**”);

(altogether the “**Investors Shares**”).

For the avoidance of doubt, the commitments subscribed by Investors are considered with segregated referenced positions should they subscribe for Investors Shares directly or indirectly.

The following Classes of Investors Shares are, at the sole discretion of the General Partner, reserved to Investors having concluded with any of the entities of the CA Indosuez Wealth Management group (the “**CA Indosuez Wealth Management Group**”) a services agreement or equivalent with respect to private equity investments (the “**Private Equity Agreement**”):

- the Class A Shares;
- the Class B Shares, it being understood that such Class of Shares is reserved to Investors managed by the AIFM;
- the Class C Shares, it being understood that such Class of Shares is reserved to Investors having also concluded a specific remuneration agreement with any of the entities of the CA Indosuez Wealth Management Group (the “**Specific Remuneration Agreement**”).

The following Classes of Investors Shares are reserved to Investors having not

concluded with any of the entities of the CA Indosuez Wealth Management Group a Private Equity Agreement:

- the Class D Shares.

Notwithstanding the below paragraph, should an Investor having subscribed to Class C Shares terminates the Specific Remuneration Agreement, the General Partner may decide, at its sole discretion, to convert its Class C Shares into Class A Shares.

The General Partner may decide, at its sole discretion, to convert Class A Shares, Class B Shares and/or Class C Shares into Class D Shares should an Investor terminates the Private Equity Agreement.

#### **4.2. *Participating Shares***

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

### **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for one hundred million US Dollars (USD 100,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

### **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of ten (10) years as from the Last Closing (as defined in the first paragraph of section 7.2 below), with two (2) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Target Fund, at its sole discretion.

The investment in the Target Fund may require a substantial length of time to liquidate and there may remain some obligations outstanding for the Target Fund, even if it has closed to liquidation. The liquidation process of the Sub-Fund may consequently require a substantial length of time subsequent to the making of a decision to liquidate the Sub-Fund

## **7. CAPITAL FUNDING**

### **7.1. Commitments and drawdowns**

Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund from 18 December 2015 until the latest of either (i) on or about the final closing of the Target Fund as determined in the confidential private placement memorandum thereof or (ii) 31 December 2016.

Investors, the Commitments of which are accepted on the first closing (the “**Initial Investors**”), shall be required to pay a portion of their respective committed amounts no later than ninety (90) Business Days following the notification of the first closing to the Initial Investors, following which Investors Shares are to be issued fully paid-up at a price of one hundred US Dollars (USD 100) each (the “**Subscription Price**”) corresponding to the funded Commitment.

### **7.2. Commitments and Drawdowns after the First Closing**

After the first closing, Commitments to subscribe Investors Shares will be accepted from Initial Investors and other investors at such closings (“**Subsequent Closings**” and “**Subsequent Closings Investors**”) as determined by the General Partner during a period terminating on 30 September 2016, unless extended by the General Partner (the “**Last Closing**”). Dates of Subsequent Closings will be communicated to the

Investors, which shall be required to subscribe for the relevant number of Investors Shares and pay up the relevant portion of their Commitments no later than seven (7) Business Days following the notification of the drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to postpone the date of any closing (including the Last Closing); in such case, the Investors will be informed of the amended date of the relevant closing and the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing by a Subsequent Closing Investor:

- (a) the Subsequent Closing Investor shall participate in investments made and fees and expenses (including the Management Fee as defined in the first paragraph of section 14.1 below) incurred by the Sub-Fund prior to its admission and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the first closing, at the Subscription Price;
- (b) the Subsequent Closing Investor shall pay an additional amount equal to five per cent (5%) per annum, calculated from the date on which the Initial Investors have contributed and paid in their first subscriptions relating to the first closing up to the date of the capital contributions actually made with respect to the Subsequent Closing in question, and such amount shall be payable to the Sub-Fund (the **"Actualization Interest"**).

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since

the first closing, then the General Partner may change the Subscription Price for Investors Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Investors Shares as of the relevant Subsequent Closing; in which case all such Investors Shares issued on the same closing shall constitute a separate series. In this case, no Actualization Interest will be due.

### **7.3. Drawdowns**

After the first closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the Commitments made by the Investors shall be drawn down in successive instalments, as determined by the General Partner. Such drawdowns may only take place provided their amount is not less than one percent (1%) of each Investor's Commitment. The General Partner will give each Investor a seven (7) Business Day prior notice for each drawdown.

Investors Shares issued in relation to each drawdown made after the first closing shall be issued fully paid-up at a subscription price either (i) equal to the Subscription Price plus, if applicable, the Actualization Interest or (ii) based on the Net Asset Value of such Investors Shares on such drawdown date, at the General Partner's discretion. If Investors Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The Subscription Price of the Investors Shares issued after the first closing shall be paid within the limits specified in the relevant drawdown notice.

### **7.4. Return of Drawdowns**

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since the first closing have been called in excess and

have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

#### **7.5. Commitment Period**

The Commitment Period will extend from the first closing until the Last Closing (the “**Commitment Period**”).

#### **8. MINIMUM COMMITMENT**

Commitments may only be accepted from Well-Informed Investors investing a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund. Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept Commitments in lesser amounts.

#### **9. REDEMPTIONS AND CONVERSIONS**

An Investor may not at its own initiative require the Company to redeem its Investors Shares.

Investors are not authorised to convert their Investors Shares from this Sub-Fund into another Sub-Fund or from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

The General Partner, however, may decide, under the circumstances described in section 4.1 above or in the best interest of the Investors, to convert Investors Shares from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

#### **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

#### **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements, which shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than four (4) months after each quarter end. The quarterly report provides the Investors with updates on the portfolio of investments.

#### **12. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Investors Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Investors Shares, the redemption price will be equal to the last Net Asset Value per relevant Investors Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 14 below).

### **13. RECALL**

The Target Fund may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions in the cases provided for in the constitutive/issuing documents of the Target Fund.

In particular, the Target Fund may at any time recall distributions made to its partners if these distributions are subject to recall or reimbursement from or retribution by the Target Fund to or in connection with any underlying investment. These situations include, but are not limited to, a bridge financing that is refinanced or repaid within eighteen (18) months, the reception of distributions from an underlying investment or disposition proceeds of an underlying investment during the Target Fund commitment period; the satisfaction of any indemnification, reimbursement, contribution or similar obligation of the Target Fund (including, without limitation, any obligation resulting from applicable law); the satisfaction of any other expense or obligation of the Target Fund; or amounts returned to the limited partners without having been invested.

In such cases the Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the Target Fund, provided however that

distributions hereunder will not increase an Investor's undrawn Commitment beyond the amount initially committed by the relevant Investor.

Investors may be required to recontribute either to the Sub-Fund (if it is still in existence) or directly to the General Partner for retribution to the Target Fund.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out hereabove.

### **14. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

#### **14.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal:

- with respect to Class A-1 Shares, zero point seventy-five percent (0.75%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-1 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-1 Shares as of the end of the preceding quarter;

- with respect to Class A-2 Shares, zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-2 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-2 Shares as of the end of the preceding quarter;
- with respect to Class B Shares, zero percent (0%) per annum;
- with respect to Class C Shares, zero point zero six percent (0.06%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class C Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class C Shares as of the end of the preceding quarter;
- with respect to Class D shares, zero point eight percent (0.8%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class D Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class D Shares as of the end of the preceding quarter.

The Management Fee will accrue as of the first closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the first closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

#### **14.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the “**AIFM Remuneration**”), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 14.5. respectively 14.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner’s service fees.

#### **14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the “**Investment Advisory Fee**”) will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

#### **14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm’s length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund’s investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the “**Portfolio Investments Expenses**”).



#### **14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the “**Creation Expenses**”) will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling one percent (1%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **14.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Aggregate Commitments of the Sub-Fund.

##### **14.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **14.6.2. Operating Expenses**

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the “**Operating Expenses**”). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the

Aggregate Commitments of the Sub-Fund as at that same date.

#### **15. SPECIFIC RISK CONSIDERATIONS**

Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Nature of investment:** Investment in the Target Fund requires a long-term commitment with no certainty of return. Investors may lose all or a portion of the value of their investment or receive returns on equity that are less than expected. The Target Fund may make investments in assets and businesses which are experiencing or are expected to experience severe financial difficulties which may never be overcome. There may be little or no near-term cash flow available to the Investors. Because the Target Fund may only make a limited number of investments and because many of the investments may involve a high degree of risk, poor performance by a few of the investments could severely affect the total returns to investors.

**General real estate risks:** All real estate investments, ranging from equity investments to debt investments, are subject to some degree of risk. For example, real estate investments are relatively illiquid and, therefore, will tend to limit the Target Fund's ability to vary the Target Fund's portfolio promptly in response to changes in economic or other conditions. No assurances can be given that the fair market value of any real estate investments held by the Target Fund will not decrease in the future or that the Target Fund will recognize full value for any investment that

the Target Fund is required to sell for liquidity reasons. In addition, the ability of the Target Fund to realize anticipated rental and interest income on its equity and debt investments will depend, among other factors, on the financial reliability of its tenants and borrowers, the location and attractiveness of the properties in which it invests, the supply of comparable space in the areas in which its properties are located and general economic conditions. Other risks include changes in zoning, building, environmental and other governmental laws, changes in operating expenses, changes in real estate tax rates, changes in interest rates, changes in the availability of property relative to demand, changes in costs and terms of mortgage loans, energy prices, changes in the relative popularity of properties, changes in the number of buyers and sellers of properties, the ongoing need for capital improvements, cash-flow risks, construction risks, as well as natural catastrophes, acts of war, terrorism, civil unrest, uninsurable losses and other factors beyond the control of the Target Fund's management.

Additionally, the Target Fund may, in certain instances, be responsible for structural repairs, improvements and general maintenance of real property. The expenditure of any sums in connection therewith beyond those budgeted for by the Target Fund will reduce the cash available for distribution and may require the Target Fund to fund deficits resulting from the operation of a property. No assurance can be given that the Target Fund will have funds available to make such repairs or improvements. These factors and any others that would impede the Target Fund's ability to respond to adverse changes in the performance of its assets could significantly affect the Target Fund's financial condition and operating results.

**Investment performance:** The Target Fund will make investments based upon analyses of current returns and estimates and

projections of internal rates of return that may be available in potential investments. Investors have no assurance that the Target Fund's investments will yield the returns expected by the Target Fund's management. It is possible that the Target Fund will not be able to acquire assets at favorable prices or on favorable terms and conditions, thereby reducing expected returns. Acquisitions and debt investments entail risks that investments may not perform in accordance with expectations and that anticipated costs of improvements to bring an acquired property up to standards established for the market position intended for that property may exceed budgeted amounts, as well as general investment risks associated with any new real estate investment. The Target Fund may not be successful in identifying suitable assets that meet its investment criteria or in consummating acquisitions or investments on satisfactory terms. Failures in identifying or consummating investments on satisfactory terms could reduce the number of investments that are completed and slow the Target Fund's growth. In addition, subsequent to the Target Fund's acquisition of a particular investment, management may adjust targeted returns to reflect changes in market conditions. There can be no assurance that the Target Fund will make a profit on its investments or recover any part of its invested capital during any anticipated period of time.

<b>17. ANNECY SELECTION 2015-2018 SUB-FUND</b>
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*d'investissement en capital à risque* (SICAR) also managed by the AIFM.

## **1. INVESTMENT OBJECTIVE AND STRATEGY**

### **1.1. Investment Objective and Strategy**

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private equity funds invested in all kinds of private equity situations across the whole private equity spectrum including, but not limited to, venture capital, buyout, mezzanine debt, secondaries, distressed credit, special opportunities or real estate exposures.

Due to the broad focus on the whole private equity spectrum, the Sub-Fund will invest opportunistically in each and every private equity fund with the most interesting proposals without being restricted by fixed allocation guidelines. Nevertheless, the Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio across geographies and underlying strategies.

The Investment Advisor's highly exclusive relationships to top fund managers provide significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest directly in private equity funds which may have varying terms and structures including, but not limited to limited partnership structures, feeder structures or even evergreen structures, limited partnership structures and/or indirectly through the sub-funds of the Company and/or of Tiera Capital S.C.A., SICAR, a *société en commandite par actions* qualifying as a *société*

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in Euros (EUR) and in US Dollars (USD), unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

### **1.2. Investment Process**

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM.

Through its strong network, the Investment Advisor will assist the AIFM in generating a

solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds managers;
- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;
- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analyzing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

In private equity fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realizations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private equity fund. However, as common in the private equity environment, potential exit routes for interests in private funds include, *inter alia*, a sale to other investors, a buyout by the

management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in US Dollars (USD).

## **4. SHARE CLASSES**

### **4.1. Investors Shares**

One (1) Class of Investors Shares, namely A Shares (the "**A Shares**"), is available for subscription in the Sub-Fund.

### **4.2. Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

## **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for up to one hundred and fifty million US Dollars (USD 150,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

## **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of ten (10) years as from the end of the Investment Period as defined in section 7.4. with three (3) possible consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's investments, at its sole discretion.

## **7. CAPITAL FUNDING**

### ***7.1. Commitments and Drawdowns***

The sole Investor and any relative or affiliate of the Investor as the case may be (altogether the “Investors”) are permitted to commit to subscribe for A Shares in the Sub-Fund as from 16 December 2015.

For the purpose of this Sub-Fund, there will be one (1) or several closings per year (the “Closings”, each a “Closing”). The Investors will be permitted to commit to subscribe over a maximum period of six (6) years.

The General Partner will inform the Investors of the Closing dates.

### ***7.2. Drawdowns***

After each Closing, such portions of the Commitments made by the Investors shall be drawn down in successive installments,

as determined by the General Partner. The General Partner will give the Investors a seven (7) Business Day prior notice for each drawdown.

Class A Shares issued in relation to each drawdown shall be issued fully paid-up at a subscription price of one hundred US Dollars (USD 100.-).

The subscription price of A Shares issued must be paid on the relevant drawdown date.

### ***7.3. Return of Drawdowns***

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since each Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### ***7.4. Investment Period & Drawdown Period***

**Investment Period:** The Investment Period will extend from the first Closing until 31 December 2020, with an optional extension of six (6) months at the sole discretion of the General Partner.

**Drawdown Period:** Commitments will be called in accordance with section 7.2 until the Sub-Fund's term (i) to fund investments initiated during the Investment Period (ii) for follow-on investments in, or relating to, existing underlying investments, or (iii) to pay ongoing fees and operating expenses of the Company allocated to the Sub-Fund during its remaining term.

## **8. OVERCOMMITMENT AND LIQUIDITY MANAGEMENT**

The commitments made by the Sub-Fund in its underlying investments may be higher than the Commitments made by the Investors in the Sub-Fund.

The General Partner will ensure that, at any time of the life of the Sub-Fund, the uncalled Commitments from the underlying investments will not exceed one hundred and fifty percent (150%) of the aggregate of (i) the Investors' uncalled Commitments plus (ii) the cash and/or liquid assets available for the Sub-Fund.

In that context, the General Partner will also use from time to time all or part of the distributions received from the Sub-Fund's investments to fund all or part of the capital calls made by the Sub-Fund's investments in order to ensure that the Sub-Fund will meet its obligations with regards to uncalled Commitments.

## **9. REDEMPTIONS**

The Investors may not at their own initiative require the Company to redeem its A Shares.

## **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

## **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The quarterly report provides the Investors with updates on the portfolio of investments.

## **12. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of A Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of A Shares, the redemption price will be equal to the last Net Asset Value per relevant A Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 14 below), except in the situation described in section 8.

### **13. RECALL**

Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them:

- (i) to fund such portion of a reimbursement obligation of the Sub-Fund towards a target fund within the portfolio of investments as provided for in the constitutive/contractual documents of such target fund; or
- (ii) to fund such portion of the Sub-Fund's commitment that would exceed the outstanding Commitments;

provided however that distributions hereunder will not increase the Investors' undrawn Commitments beyond the amounts initially committed by the Investors.

The Investors may be required to recontribute either to the Sub-Fund or directly to the General Partner for recontribution to the target funds.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

The Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out here above.

### **14. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

#### **14.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal zero point seventy-five percent (0.75%) per annum (plus value added tax, if applicable) on the the Net Asset Value of the Sub-Fund as of the end of the preceding quarter, such amount being reduced by the net asset value of all entities managed by the AIFM dedicated to co-investments held in portfolio as of the end of the preceding quarter.

#### **14.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the "**AIFM Remuneration**"), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 14.5. respectively 14.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner's service fees.

#### **14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the "**Investment Advisory Fee**") will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

#### **14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed

investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the "**Portfolio Investments Expenses**").

#### **14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the "**Creation Expenses**") will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point five percent (0.5%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **14.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Aggregate Commitments of the Sub-Fund.

##### **14.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **14.6.2. Operating Expenses**

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the "**Operating Expenses**"). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date .

#### **15. SPECIFIC RISK CONSIDERATIONS**

The Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Portfolio valuation risks:** the Investors should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of *inter alia* sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive



to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or the Investors will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, the Investors must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Drawdown Period:** Amounts Committed to underlying investments during the Investment Period may be drawn down by

such underlying investments over their own drawdown period and the Sub-Fund intends to pass on such drawdown notices to the Investors when they come. This is likely to occur over a period that exceeds the Investment Period, so that the Investors may be required to pay and subscribe the relevant portion of their capital contribution over a significant period of time.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for the interests in such underlying private equity funds, whose transfer may be restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.

<p align="center"><b>18. TC31 – SKY6 SUB-FUND</b></p>
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### **1. INVESTMENT OBJECTIVE AND STRATEGY**

The TC31 – SKY6 Sub-Fund (the “**Sub-Fund**”) is solely aimed at investing in “Bain Capital Distressed and Special Situations 2016 (EU), L.P.” (formerly Sankaty Credit Opportunities VI-EU, L.P.) (the “**Target Fund**”).

Besides, for defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

#### **1.1. The Target Fund**

The Target Fund is established as a Luxembourg *société en commandite spéciale* under the 1915 Law and registered with the Luxembourg Register of Commerce and Companies under number B 199.083.

The Target Fund intends to invest substantially all of its available capital in Bain Capital Distressed and Special Situations 2016 (EU Master), L.P. (formerly Sankaty Credit Opportunities VI-EU (Master), L.P.), a Luxembourg *société en commandite spéciale* under the 1915 Law and registered with the Luxembourg Register of Commerce and Companies under number B 199.085 (the “**Master Fund**” and, together with the Target Fund, the “**Funds**”).

The general partner of the Funds is Bain Capital Distressed and Special Situations 2016 Investors (EU), L.P. (formerly Sankaty Credit Opportunities Investors VI-EU, L.P.), a Luxembourg *société en commandite simple* registered with the Luxembourg Register of Commerce and Companies.

Bain Capital Investments (Europe) Limited (formerly Sankaty Advisors Europe Limited), an English limited company authorised and regulated by the UK Financial Conduct Authority, is the alternative investment fund manager (“**Bain Capital Investments**” or the “**AIFM**”) of the Funds.

Bain Capital Investments is one of the largest and most established distressed debt investors globally. Bain Capital Investments is an independently managed affiliate of Bain Capital, LLC and has approximately twenty-five point four billion US Dollars (USD 25,400,000,000.-) in committed assets under management as of 31 December 2014. Bain Capital Investments currently has over one hundred (100) investment professionals, who are composed of industry and restructuring experts as well as dedicated opportunistic teams. Bain Capital Investments has invested across the full spectrum of credit strategies, including leveraged loans, high yield bonds, structured products, distressed debt, special situations, private lending, non-performing loans and equities.

#### **1.2. Investment Objective and Strategy of the Master Fund**

The Master Fund aims at providing superior risk-adjusted returns by opportunistically investing in:

- **Distressed securities:** the Master Fund seeks investments in debt securities in relation to troubled companies trading at a deep discount and offering long-term fundamental value or healthy companies with inappropriate capital structures; and
- **Special situations:** the Master Fund seeks investments in equity and equity-like rooted through Sankaty’s team dedicated to opportunistic credit and turning around businesses.

Bain Capital Investments believes that the market environment currently presents investment opportunities as regulatory constraints are continuing to force the deleveraging of banks through asset sales. They believe many European markets are still in the early stages of divestiture of levered exposures. Through all credit cycles, companies with unique situations require capital solutions from established financial experts. Over the years, Sankaty has provided a number of companies with additional capital during difficult or transitional periods.

### 1.3. **Investment restrictions of the Master Fund**

The Master Fund shall not, without the prior consent of the Master Fund's advisory board:

(i) invest more than five percent (5%) of the Master Fund's assets (on a combined basis) in the securities of a single issuer or more than ten percent (10%) of the Master Fund's assets (on a combined basis) provided that, at the time of such investment, the Master Fund does not hold securities of two (2) or more issuers that are each in excess of five percent (5%) of the Master Fund's assets;

(ii) make investments in follow-on opportunities if the aggregate purchase price of all outstanding follow-on investments exceeds ten percent (10%) of the Master Fund's aggregate capital commitments at the time of such investment.

### 1.4. **Bain Capital Investments' Track Record**

The Master Fund is the sixth generation of funds in Bain Capital Investments' credit opportunities investment program. Their first four (4) funds were co-mingled investment strategies with investments targeting distressed and special situations, but also additional asset classes such as middle

market lending and structured products. Since 2002, Bain Capital Investments' credit opportunities funds have invested more than nine billion US Dollars (USD 9,000,000,000.-) in distressed securities and special situations investments. These investments generated a 21% gross internal rate of return ("IRR") and a multiple of money ("MoM") of 1.4x as at 31 December 2014.

Previous vintages portfolios show the following performance:

Funds	Vintage	Invested Capital	Gross IRR	Gross MoM
<b>Fund I</b>	2002	\$940m	24%	1.3x
<b>Fund II</b>	2005	\$1,651m	14%	1.3x
<b>Fund III</b>	2007	\$2,346m	14%	1.3x
<b>Fund IV Onshore</b>	2008	\$1,879m	35%	1.4x
<b>Fund IV Offshore</b>	2008	\$2,162m	36%	1.5x
<b>Fund V Onshore</b>	2012	\$631m	12%	1.1x
<b>Fund V Offshore</b>	2012	\$769m	14%	1.2x
<b>TOTAL</b>		<b>\$9,415m</b>	<b>21%</b>	<b>1.4x</b>

*Figures as of 31 December 2014 restricted to distressed and special situations assets / Source: Private Placement Memorandum of the Master Fund.*

### 1.5. **Investment Approach of the Master Fund**

The investment objective of the Master Fund is to provide superior risk-adjusted returns to the investors by opportunistically investing in global distressed securities and special situations. Bain Capital Investments will seek to achieve this objective by:

- **Capitalizing on the significant experience and expertise of Sankaty's large team** that has developed industry and market expertise over many cycles and geographies. Their global platform of industry experts and restructuring professionals partner to find opportunities in all market

environments. Different from many other credit investors, the Sankaty's team is able to trade in large cap distressed situations;

- **Isolating specific opportunities that match Sankaty's strengths.** Their long-tenured team has seen many cycles through both the overall credit markets and industry-specific trends and opportunities. They have developed differential sourcing and domain expertise in many industries, which they expect will allow them to be appropriately opportunistic across the core levered credit markets;
- **Leveraging Sankaty's Track Record of providing customized capital solutions to companies** that are unable to access liquid markets. Over the years, Sankaty has provided a number of companies with additional capital during difficult or transitional periods. They also provide rescue financings or liquidity solutions to companies that cannot access traditional capital markets due to unique circumstances. Sankaty believe that their dual emphasis on deep due diligence and appropriate structuring helps them mitigate downside risk. Sankaty's investment analysts have demonstrated their ability to differentiate between companies with temporary, solvable problems and those plagued by deeper fundamental issues with no discernible solutions.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense

disbursements when liquid funds are not readily available.

The Sub-Fund does not intend to use leverage. The exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of AIFMR shall hence not exceed one hundred percent (100%).

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

The circumstances in which the Master Fund may utilize leverage, the types and sources of leverage permitted and the associated risks are set out in the private placement memorandum of the Master Fund, but this does not consist in leverage at the Sub-Fund level in accordance with articles 7 and 8 of AIFMR.

Where the Master Fund incurs liabilities as a result of utilizing leverage, investors' capital commitments may be drawn down to satisfy such liabilities.

The AIFM of the Master Fund has set the following maximum levels of leverage which it may employ on behalf of the Master Fund:

- ten percent (10%) when calculated on the gross method as set out in Article 7 of AIFMR; and
- ten percent (10%) when calculated on the commitment method as set out in Article 8 of AIFMR.

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in US Dollars (USD).

#### **4. SHARE CLASSES**

##### **4.1. Investors Shares**

Four (4) Classes of Investors Shares, all denominated in US Dollars (USD), are available for subscription in the Sub-Fund, namely:

- A Shares (the “**Class A Shares**”) sub-divided into Class A-1 Shares for Investors subscribing below or for two hundred thousand US Dollars (USD 200'000) and Class A-2 Shares for Investors subscribing above two hundred thousand US Dollars (USD 200'000);
- B Shares (the “**Class B Shares**”);
- C Shares (the “**Class C Shares**”);
- D Shares (the “**Class D Shares**”);

(altogether the “**Investors Shares**”).

For the avoidance of doubt, the commitments subscribed by Investors are considered with segregated referenced positions should they subscribe for Investors Shares directly or indirectly.

The following Classes of Investors Shares are, at the sole discretion of the General Partner, reserved to Investors having concluded with any of the entities of the CA Indosuez Wealth Management group (the “**CA Indosuez Wealth Management Group**”) a services agreement or equivalent with respect to private equity investments (the “**Private Equity Agreement**”):

- the Class A Shares;
- the Class B Shares, it being understood that such Class of Shares is reserved to Investors managed by the AIFM;
- the Class C Shares, it being understood that such Class of Shares is reserved to Investors

having also concluded a specific remuneration agreement with any of the entities of the CA Indosuez Wealth Management Group (the “**Specific Remuneration Agreement**”).

The following Classes of Investors Shares are reserved to Investors having not concluded with any of the entities of the CA Indosuez Wealth Management Group a Private Equity Agreement:

- the Class D Shares.

Notwithstanding the below paragraph, should an Investor having subscribed to Class C Shares terminates the Specific Remuneration Agreement, the General Partner may decide, at its sole discretion, to convert its Class C Shares into Class A Shares.

The General Partner may decide, at its sole discretion, to convert Class A Shares, Class B Shares and/or Class C Shares into Class D Shares should an Investor terminates the Private Equity Agreement.

##### **4.2. Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

#### **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for fifty million US Dollars (USD 50,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

#### **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of eight (8) years as from the Last

Closing (as defined in the first paragraph of section 7.2 below), with two (2) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Target Fund, at its sole discretion.

The investment in the Target Fund may require a substantial length of time to liquidate and there may remain some obligations outstanding for the Target Fund, even if it has closed to liquidation. The liquidation process of the Sub-Fund may consequently require a substantial length of time subsequent to the making of a decision to liquidate the Sub-Fund.

## **7. CAPITAL FUNDING**

### **7.1. Commitments and drawdowns**

Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund from 16 December 2015 until the latest of either (i) on or about the final closing of the Target Fund as determined in the confidential private placement memorandum thereof or (ii) 30 September 2016.

Investors, the Commitments of which are accepted on the first closing (the “**Initial Investors**”), shall be required to pay a portion of their respective committed amounts no later than ninety (90) Business Days following the notification of the first closing to the Initial Investors, following which Investors Shares are to be issued fully paid-up at a price of one hundred US Dollars (USD 100) each (the “**Subscription Price**”) corresponding to the funded Commitment.

### **7.2. Commitments and Drawdowns after the First Closing**

After the first closing, Commitments to subscribe Investors Shares will be accepted from Initial Investors and other investors at such closings (“**Subsequent Closings**” and “**Subsequent Closings Investors**”) as determined by the General Partner during a period terminating on 30 September 2016, unless extended by the General Partner (the “**Last Closing**”). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of Investors Shares and pay up the relevant portion of their Commitments no later than seven (7) Business Days following the notification of the drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to postpone the date of any closing (including the Last Closing); in such case, the Investors will be informed of the amended date of the relevant closing and the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing by a Subsequent Closing Investor:

- (a) the Subsequent Closing Investor shall participate in investments made and fees and expenses (including the Management Fee as defined in the first paragraph of section 14.1 below) incurred by the Sub-Fund prior to its admission and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the first closing, at the Subscription Price;
- (b) the Subsequent Closing Investor shall pay an additional amount equal to five per cent (5%) per annum, calculated from the date on

which the Initial Investors have contributed and paid in their first subscriptions relating to the first closing up to the date of the capital contributions actually made with respect to the Subsequent Closing in question, and such amount shall be payable to the Sub-Fund (the “**Actualization Interest**”).

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the first closing, then the General Partner may change the Subscription Price for Investors Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Investors Shares as of the relevant Subsequent Closing; in which case all such Investors Shares issued on the same closing shall constitute a separate series. In this case, no Actualization Interest will be due.

### **7.3. Drawdowns**

After the first closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the Commitments made by the Investors shall be drawn down in successive instalments, as determined by the General Partner. Such drawdowns may only take place provided their amount is not less than one percent (1%) of each Investor’s Commitment. The General Partner will give each Investor a seven (7) Business Day prior notice for each drawdown.

Investors Shares issued in relation to each drawdown made after the first closing shall be issued fully paid-up at a subscription price either (i) equal to the Subscription Price plus, if applicable, the Actualization Interest or (ii) based on the Net Asset Value of such Investors Shares on such drawdown date, at the General Partner’s discretion. If Investors Shares are issued at a price

based on the Net Asset Value per Share, no Actualization Interest will be due.

The Subscription Price of the Investors Shares issued after the first closing shall be paid within the limits specified in the relevant drawdown notice.

### **7.4. Return of Drawdowns**

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since the first closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### **7.5. Commitment Period**

The Commitment Period will extend from the first closing until the Last Closing (the “**Commitment Period**”).

## **8. MINIMUM COMMITMENT**

Commitments may only be accepted from Well-Informed Investors investing a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund. Such minimum commitment rules are subject however to the General Partner’s right to reject any offer from investors for any reason or to accept Commitments in lesser amounts.

## **9. REDEMPTIONS AND CONVERSIONS**

An Investor may not at its own initiative require the Company to redeem its Investors Shares.

Investors are not authorised to convert their Investors Shares from this Sub-Fund into another Sub-Fund or from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

The General Partner, however, may decide, under the circumstances described in section 4.1. above or in the best interest of the Investors, to convert Investors Shares from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

#### **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

#### **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements, which shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is

made available to the Investors no later than four (4) months after each quarter end. The quarterly report provides the Investors with updates on the portfolio of investments.

#### **12. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Investors Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Investors Shares, the redemption price will be equal to the last Net Asset Value per relevant Investors Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 14 below).

#### **13. RECALL**

The Target Fund may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions in the cases provided for in the constitutive/issuing documents of the Target Fund.

In particular, the Target Fund may at any time recall distributions made to its partners if these distributions are subject to recall or reimbursement from or recontribution by the Target Fund to or in connection with any underlying investment. These situations include, but are not limited to, the satisfaction of any indemnification, reimbursement, contribution or similar obligation of the Target Fund (including, without limitation, any obligation resulting from applicable law); the satisfaction of any



other expense or obligation of the Target Fund; or amounts returned to the limited partners without having been invested.

In such cases the Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the Target Fund, provided however that distributions hereunder will not increase an Investor's undrawn Commitment beyond the amount initially committed by the relevant Investor.

Investors may be required to recontribute either to the Sub-Fund (if it is still in existence) or directly to the General Partner for recontribution to the Target Fund.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out hereabove.

#### **14. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

##### **14.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal:

- with respect to Class A-1 Shares, zero point seventy-five percent

(0.75%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-1 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-1 Shares as of the end of the preceding quarter;

- with respect to Class A-2 Shares, zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-2 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-2 Shares as of the end of the preceding quarter;
- with respect to Class B Shares, zero percent (0%) per annum;
- with respect to Class C Shares, zero point zero six percent (0.06%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class C Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class C Shares as of the end of the preceding quarter;
- with respect to Class D shares, zero point eight percent (0.8%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class D Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class D Shares as of the end of the preceding quarter.

The Management Fee will accrue as of the first closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management

Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the first closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

#### **14.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the “**AIFM Remuneration**”), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 14.5. respectively 14.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner’s service fees.

#### **14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the “**Investment Advisory Fee**”) will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

#### **14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm’s length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund’s investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses

related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the “**Portfolio Investments Expenses**”).

#### **14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the “**Creation Expenses**”) will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point five percent (0.5%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **14.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Aggregate Commitments of the Sub-Fund.

##### **14.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **14.6.2. Operating Expenses**

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the “**Operating Expenses**”). All of the above Operating Expenses will as a rule be paid by the AIFM.

To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

## **15. SPECIFIC RISK CONSIDERATIONS**

Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**General:** The Master Fund's investments will generally consist of debt obligations, securities and assets that have significant risks as a result of business, financial, market or legal uncertainties. There can be no assurance that the AIFM or the portfolio manager will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on the Master Fund's investments. Prices of the Master Fund's investments are often volatile, and a variety of other factors that are inherently difficult to predict, such as domestic or international economic and political developments, are likely to affect the results of the Master Fund's activities and the value of the Master Fund's investments significantly. The Master Fund's performance over a particular period may not necessarily be indicative of the results that may be expected in future periods.

**Fees:** The investment by the Sub-Fund in the Master Fund through the Feeder Fund may result in a duplication of some costs and expenses which will be charged to the Sub-Fund. For Shareholders of the Sub-Fund, the accumulation of these costs may

cause higher costs and expenses than the costs and expenses that would have been charged to the Sub-Fund if the latter had invested directly.

**General market and credit risks of debt securities:** Debt portfolios are subject to credit and interest rate risk. "Credit risk" refers to the likelihood that an issuer will default in the payment of principal and/or interest on an instrument. Financial strength and solvency of an issuer are the primary factors influencing credit risk. In addition, subordination, lack or inadequacy of collateral or credit enhancement for a debt instrument likely will affect its credit risk. Credit risk typically changes over the life of an instrument, and securities which are rated by rating agencies are often reviewed and are subject to downgrade. "Interest rate risk" refers to the risks associated with market changes in interest rates. Factors that generally affect market interest rates include, without limitation, inflation, slow or stagnant economic growth or recession, unemployment, money supply and the monetary policies of the Federal Reserve Board and central banks throughout the world, international disorders and instability in domestic and foreign financial markets. Interest rate changes affect the value of a debt instrument indirectly (especially in the case of fixed rate securities) and directly (especially in the case of instruments whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed rate debt instrument and falling interest rates will have a positive effect on price. The Master Fund expects that it will periodically experience imbalances in the interest rate sensitivities of its assets and liabilities and the relationships of various interest rates to each other. In a changing interest rate environment, if the Master Fund does not manage this risk effectively, then the Master Fund's performance could be adversely affected. In addition, the Master Fund's investments are generally expected to include subordinated or unsecured debt investments issued with a fixed yield; thus,

credit risk and interest rate risk are often greater than those generally applicable to other types of debt investments.

The credit markets have experienced an unprecedented degree of dislocation since 2007. The AIFM and the portfolio manager seek to capitalize on opportunities created by this dislocation, but this strategy carries significant risk of substantial loss if the market dislocation continues or is exacerbated by other events, such as the failure of significant financial institutions or hedge funds, dislocations in other investment markets, or extrinsic events.

**Potential illiquidity of Master Fund investments:**

The lack of an established, liquid secondary market for some of the Master Fund investments will sometimes have an adverse effect on the market value of the Master Fund investments and on the Master Fund's ability to dispose of them. Additionally, if the Master Fund's investments are subject to certain transfer restrictions this will also contribute to illiquidity. Finally, Master Fund assets that are typically traded in a liquid market will likely become more illiquid if the applicable trading market tightens as a result of a significant macro-economic shock or for any other reason. Therefore, no assurance can be given that, if the Master Fund is determined to dispose of a particular investment held by the Master Fund, it could dispose of such investment at the prevailing market price. Illiquidity adversely affects the price and timing of liquidation of the Master Fund's investments.

**Financially troubled companies:** From time to time, the Master Fund expects to invest in the obligations of companies that are financially troubled and that are either engaged in a reorganization or expect to file for bankruptcy. Investments in financially troubled companies involve significantly greater risk than investments in non-troubled companies, and the repayment of obligations of financially troubled companies is subject to significant uncertainties. Such

companies generally are more vulnerable to real or perceived economic changes, political changes or adverse industry developments, and if their financial condition deteriorates, accurate financial and business information will generally be limited or unavailable. In addition, securities of such companies are typically thinly traded and there will likely be no established secondary or public market. There is no assurance that the Master Fund will correctly evaluate the value of the assets collateralizing the Master Fund's loans or the prospects for a successful reorganization or similar action. The Master Fund also expects to invest in the securities and obligations of distressed and bankrupt issuers, including debt obligations that are in covenant or payment default. The Master Fund will likely also make investments that become distressed due to factors outside the control of the AIFM or portfolio manager. Such investments generally are considered speculative and there is no assurance that there will be sufficient collateral to cover the value of the loans and/or other investments purchased by the Master Fund or that there will be a successful reorganization or similar action of the company or investment which becomes distressed. The repayment of defaulted obligations is subject to significant uncertainties. Troubled company investments require active monitoring and, at times, require significant participation in business strategy or reorganization proceedings by the AIFM or portfolio manager.

<b>19. TC32 – CDC4 SUB-FUND</b>
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### **1. INVESTMENT OBJECTIVE AND STRATEGY**

The TC32 – CDC4 Sub-Fund (the “**Sub-Fund**”) is solely aimed at investing in “Colony Distressed Credit and Special Situations Fund IV Feeder B, L.P.” (the “**Target Fund**”).

Besides, for defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

#### **1.1. The Target Fund**

The Target Fund is established as a Cayman Islands exempted limited partnership under the Exempted Limited Partnership Law (2014 Revision) of the Cayman Islands, as amended from time to time, whose general partner is ColonyGP Credit IV Feeder, LLC, a Delaware limited liability company.

The sole and exclusive purpose of the Target Fund is to (i) acquire and hold (directly or indirectly through equity and/or debt investments in one or more of its direct or indirect subsidiaries) a limited partnership interest in “Colony Distressed Credit and Special Situations Fund IV, L.P.”, a Delaware limited partnership (the “**Master Fund**”), and (ii) exercise directly or indirectly rights, remedies and claims with respect to the limited partnership interest in the Master Fund.

The Target Fund may engage in any other activities permitted by law and related or incidental to those referred to above, as further described in the amended and restated agreement of exempted limited

partnership of the Target Fund.

The Target Fund was set-up to accommodate tax and regulatory considerations of European investors who wish to invest in the Master Fund. The Master Fund has been formed by Colony Capital Acquisitions, LLC, a Delaware limited liability company and Colony Capital Credit IV, LLC, a Delaware limited liability company (the “**Master Fund General Partner**”). The terms of the governing documents of the Target Fund are substantially similar to the Master Fund governing documents, except to the extent necessary or appropriate to address tax and regulatory considerations.

The Master Fund General Partner acts as the alternative investment fund manager (the “**AIFM**”) of the Master Fund.

Colony Capital, LLC (“**Colony**”), registered as investment adviser under the U.S. Investment Advisers Act of 1940, will provide the Master Fund General Partner with the personnel, facilities and other resources it reasonably requires to manage the business and affairs of the Master Fund.

#### **1.2. Investment Objective and Strategy of the Master Fund**

The Master Fund will target attractive risk-adjusted rates of return from investment opportunities related to the disruption in the global credit markets. The Master Fund expects to invest in a diversified portfolio of investments, primarily consisting of direct or indirect exposure to debt or preferred equity instruments secured by real estate or issued by real estate-related entities and real-estate related assets being divested by governmental institutions, commercial banks, other financial entities or distressed sellers or through bankruptcy, foreclosure, short sales or similar distressed proceedings.

The Master Fund will seek to continue Colony's twenty-four (24) year distressed investment track record by capitalising on the ongoing dislocation in the real estate capital markets with a primary focus on Western European opportunities and a secondary focus on U.S. opportunities. The Master Fund is targeting more specifically the following types of investments:

- the acquisition of individual as well as portfolios of performing, sub-performing and/or non-performing loans and real estate owned assets;
- the origination of high yield debt and similar financing facilities including mezzanine debt and preferred equity; and
- the investment in other special or distressed situations and real estate opportunities where Colony can utilise its knowledge, infrastructure and expertise to seek attractive risk-adjusted returns.

### **1.3. Investment restrictions of the Master Fund**

The total capital contributions made to the Master Fund and invested by the Master Fund in any one single loan, borrower or company, including capital contributions made as bridge loans, may not exceed twenty percent (20%) of the commitments, subject to certain exceptions described in the amended and restated agreement of limited partnership of the Master Fund; provided that, with the approval of the advisory committee of the Master Fund, the Master Fund General Partner may cause the Master Fund to contribute all or any portion of its assets to one or more third party capitalized investment pools or publicly-traded entities or their affiliates in consideration for cash and/or marketable securities.

The Master Fund General Partner may not (i) invest more than twenty percent (20%) of aggregate commitments outside of the United States and Europe.

Investment limitation percentages, including in special or distressed investments, instruments, assets or liabilities, may be increased with the prior approval of the Master Fund's advisory committee.

### **1.4. Colony's Track Record**

Since the 1990's, Colony has established several closed-end investment funds primarily focused on equity investments in real estate and operating businesses significantly dependent on real estate. As the global economy suffered a significant downturn beginning in late 2007 and commercial real estate fundamentals began to deteriorate, Colony leveraged its prior experiences to capitalize on distressed real estate debt opportunities.

The Master Fund is the successor fund to three (3) funds dedicated to a similar investment strategy. Colony raised approximately two point nine billion US Dollars (USD 2,900,000,000.-) in eighty-five (85) transactions generating as at 31 March 2015 a gross internal rate of return ("IRR") of seventeen percent (17%) and a multiple of money ("MoM") of 1.4x.

Previous vintages portfolios show the following performance:

Funds	Vintage	Invested Capital	Gross IRR	Gross MoM
<b>Fund I</b>	2008	\$ 984m	17%	1.7x
<b>Fund II</b>	2012	\$ 1,017m	16%	1.3x
<b>Fund III</b>	2014	\$ 1,264m	12%	1.1x

*Figures as of 31 March 2015 / Source: Private Placement Memorandum of the Master Fund*

### **1.5. Colony's Investment Approach**

The investment approach of Colony is focused on the following:

- capitalizing on asset level underwriting experience and market analytics to identify investments with pricing dislocations and attractive risk-return profiles that can be purchased at meaningful discounts to Colony's estimates of intrinsic value;
- creating capital appreciation opportunities by resolving sub-performing or non-performing loans through repositioning, restructuring and active management of those assets;
- seeking to acquire assets held for sale that are undervalued as a result of the scarcity of credit available for financing commercial real estate;
- retaining control, where possible, over the formulation and execution of the management strategies with respect to Colony's assets, including the restructuring of non-performing or sub-performing loans, the negotiation of discounted pay-offs or other modification of the terms governing a loan, and the foreclosure and intense management of assets underlying non-performing loans in order to reposition them for profitable disposition; and
- structuring transactions with a prudent amount of leverage, if any, appropriate for the risk of the underlying asset's cash flows, and attempting to match the structure and duration of any financing with the underlying asset's cash flows, including through the use of hedges, as appropriate.

### **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

The Sub-Fund does not intend to use leverage. The exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of AIFMR shall hence not exceed one hundred percent (100%).

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

The circumstances in which the Master Fund may utilize leverage, the types and sources of leverage permitted and the associated risks are set out in the confidential private placement memorandum of the Master Fund, but this does not consist in leverage at the Sub-Fund level in accordance with articles 7 and 8 of AIFMR.

The Master Fund may enter into a credit facility from time to time in order to enable the Master Fund to pay operating expenses or to provide for acquisition financing or refinancing in furtherance of the Master Fund's business, provided that the aggregate outstanding principal amount of indebtedness of the Master Fund and the aggregate principal amount of all full recourse guarantees issued by the Master Fund in connection with an investment shall not at any time in the aggregate exceed twenty percent (20%) of the aggregate commitments to the Master Fund.

Additionally, the Master Fund may borrow money and issue evidences of indebtedness (1) in connection with trade payables and trade accounts with vendors, (2) for swaps,

derivatives and other hedging instruments relating to foreign exchange, interest rate or similar non-speculative matters, (3) as stand-by letters of credit in the ordinary course in connection with the investments, (4) as customary guarantees of indebtedness incurred in connection with investments, or (5) as approved by the advisory committee of the Master Fund.

### **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in US Dollars (USD).

### **4. SHARE CLASSES**

#### **4.1. Investors Shares**

Four (4) Classes of Investors Shares, all denominated in US Dollars (USD), are available for subscription in the Sub-Fund, namely:

- A Shares (the “**Class A Shares**”) sub-divided into Class A-1 Shares for Investors subscribing below or for two hundred thousand US Dollars (USD 200'000) and Class A-2 Shares for Investors subscribing above two hundred thousand US Dollars (USD 200'000);
- B Shares (the “**Class B Shares**”);
- C Shares (the “**Class C Shares**”);
- D Shares (the “**Class D Shares**”);

(altogether the “**Investors Shares**”).

For the avoidance of doubt, the commitments subscribed by Investors are considered with segregated referenced positions should they subscribe for Investors Shares directly or indirectly.

The following Classes of Investors Shares are, at the sole discretion of the General

Partner, reserved to Investors having concluded with any of the entities of the CA Indosuez Wealth Management group (the “**CA Indosuez Wealth Management Group**”) a services agreement or equivalent with respect to private equity investments (the “**Private Equity Agreement**”):

- the Class A Shares;
- the Class B Shares, it being understood that such Class of Shares is reserved to Investors managed by the AIFM;
- the Class C Shares, it being understood that such Class of Shares is reserved to Investors having also concluded a specific remuneration agreement with any of the entities of the CA Indosuez Wealth Management Group (the “**Specific Remuneration Agreement**”).

The following Classes of Investors Shares are reserved to Investors having not concluded with any of the entities of the CA Indosuez Wealth Management Group a Private Equity Agreement:

- the Class D Shares.

Notwithstanding the below paragraph, should an Investor having subscribed to Class C Shares terminates the Specific Remuneration Agreement, the General Partner may decide, at its sole discretion, to convert its Class C Shares into Class A Shares.

The General Partner may decide, at its sole discretion, to convert Class A Shares, Class B Shares and/or Class C Shares into Class D Shares should an Investor terminates the Private Equity Agreement.

#### **4.2. Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.



## **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for one hundred million US Dollars (USD 100,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

## **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of eight (8) years as from the Last Closing (as defined in the first paragraph of section 7.2 below), with two (2) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Target Fund, at its sole discretion.

The investment in the Target Fund may require a substantial length of time to liquidate and there may remain some obligations outstanding for the Target Fund, even if it has closed to liquidation. The liquidation process of the Sub-Fund may consequently require a substantial length of time subsequent to the making of a decision to liquidate the Sub-Fund.

## **7. CAPITAL FUNDING**

### ***7.1. Commitments and Drawdowns***

Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund from 18 December 2015 until the latest of either (i) on or about the final closing of the Target Fund as determined in the confidential private placement memorandum thereof or (ii) 31 December 2016.

Investors, the Commitments of which are accepted on the first closing (the “**Initial Investors**”), shall be required to pay a portion of their respective committed amounts no later than ninety (90) Business Days following the notification of the first closing to the Initial Investors, following which Investors Shares are to be issued fully paid-up at a price of one hundred US Dollars (USD 100) each (the “**Subscription Price**”) corresponding to the funded Commitment.

### ***7.2. Commitments and Drawdowns after the First Closing***

After the first closing, Commitments to subscribe Investors Shares will be accepted from Initial Investors and other investors at such closings (“**Subsequent Closings**” and “**Subsequent Closings Investors**”) as determined by the General Partner during a period terminating on 31 December 2016, unless extended by the General Partner (the “**Last Closing**”). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of Investors Shares and pay up the relevant portion of their Commitments no later than seven (7) Business Days following the notification of the drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to postpone the date of any closing (including the Last Closing); in such case, the Investors will be informed of the amended date of the relevant closing and the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing by a Subsequent Closing Investor:

- (a) the Subsequent Closing Investor shall participate in investments made and fees and expenses (including the Management Fee as defined in the first paragraph of

section 14.1 below) incurred by the Sub-Fund prior to its admission and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the first closing, at the Subscription Price;

- (b) the Subsequent Closing Investor shall pay an additional amount equal to five per cent (5%) per annum, calculated from the date on which the Initial Investors have contributed and paid in their first subscriptions relating to the first closing up to the date of the capital contributions actually made with respect to the Subsequent Closing in question, and such amount shall be payable to the Sub-Fund (the **"Actualization Interest"**).

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the first closing, then the General Partner may change the Subscription Price for Investors Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Investors Shares as of the relevant Subsequent Closing; in which case all such Investors Shares issued on the same closing shall constitute a separate series. In this case, no Actualization Interest will be due.

### **7.3. Drawdowns**

After the first closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the Commitments made by the Investors shall be drawn down in successive instalments, as determined by the General Partner. Such drawdowns may only take place provided their amount is not less than one percent (1%) of each Investor's Commitment. The General Partner will give each Investor a

seven (7) Business Day prior notice for each drawdown.

Investors Shares issued in relation to each drawdown made after the first closing shall be issued fully paid-up at a subscription price either (i) equal to the Subscription Price plus, if applicable, the Actualization Interest or (ii) based on the Net Asset Value of such Investors Shares on such drawdown date, at the General Partner's discretion. If Investors Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The Subscription Price of the Investors Shares issued after the first closing shall be paid within the limits specified in the relevant drawdown notice.

### **7.4. Return of Drawdowns**

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since the first closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### **7.5. Commitment Period**

The Commitment Period will extend from the first closing until the Last Closing (the **"Commitment Period"**).

## **8. MINIMUM COMMITMENT**

Commitments may only be accepted from Well-Informed Investors investing a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund. Such

minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept Commitments in lesser amounts.

#### **9. REDEMPTIONS AND CONVERSIONS**

An Investor may not at its own initiative require the Company to redeem its Investors Shares.

Investors are not authorised to convert their Investors Shares from this Sub-Fund into another Sub-Fund or from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

The General Partner, however, may decide, under the circumstances described in section 4.1. above or in the best interest of the Investors, to convert Investors Shares from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

#### **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

#### **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements, which shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than four (4) months after each quarter end. The quarterly report provides the Investors with updates on the portfolio of investments.

#### **12. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Investors Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Investors Shares, the redemption price will be equal to the last Net Asset Value per relevant Investors Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 14 below).

#### **13. RECALL**

The Target Fund may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions in the cases provided for in the constitutive/issuing documents of the Target Fund. In such

cases the Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the Target Fund, provided however that distributions hereunder will not increase an Investor's undrawn Commitment beyond the amount initially committed by the relevant Investor.

Investors may be required to recontribute either to the Sub-Fund (if it is still in existence) or directly to the General Partner for recontribution to the Target Fund.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out hereabove.

#### **14. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

##### **14.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal:

- with respect to Class A-1 Shares, zero point seventy-five percent (0.75%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-1 Shares plus (ii) the unfunded portion of the

Aggregate Commitments of the Sub-Fund attributable to Class A-1 Shares as of the end of the preceding quarter;

- with respect to Class A-2 Shares, zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-2 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-2 Shares as of the end of the preceding quarter;
- with respect to Class B Shares, zero percent (0%) per annum;
- with respect to Class C Shares, zero point zero six percent (0.06%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class C Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class C Shares as of the end of the preceding quarter;
- with respect to Class D shares, zero point eight percent (0.8%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class D Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class D Shares as of the end of the preceding quarter

The Management Fee will accrue as of the first closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the first closing to

the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

#### **14.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the “**AIFM Remuneration**”), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 14.5. respectively 14.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner’s service fees.

#### **14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the “**Investment Advisory Fee**”) will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

#### **14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm’s length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund’s investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the “**Portfolio Investments Expenses**”).

#### **14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the “**Creation Expenses**”) will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point five percent (0.5%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **14.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Aggregate Commitments of the Sub-Fund.

##### **14.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **14.6.2. Operating Expenses**

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the “**Operating Expenses**”). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-

Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

#### **15. SPECIFIC RISK CONSIDERATIONS**

Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Nature of investment:** Investment in the Target Fund requires a long-term commitment with no certainty of return. Investors may lose all or a portion of the value of their investment or receive returns on equity that are less than expected. The Master Fund may make investments in assets and businesses which are experiencing or are expected to experience severe financial difficulties which may never be overcome. There may be little or no near-term cash flow available to the investors. Because the Master Fund may only make a limited number of investments and because many of the investments may involve a high degree of risk, poor performance by a few of the investments could severely affect the total returns to investors.

**General real estate risks:** All real estate investments, ranging from equity investments to debt investments, are subject to some degree of risk. For example, real estate investments are relatively illiquid and, therefore, will tend to limit the Master Fund's ability to vary the Master Fund's portfolio promptly in response to changes in economic or other conditions. No assurances can be given that the fair market value of any real estate investments held by the Master Fund will not decrease in the future or that the Master

Fund will recognize full value for any investment that the Master Fund is required to sell for liquidity reasons. In addition, the ability of the Master Fund to realize anticipated rental and interest income on its equity and debt investments will depend, among other factors, on the financial reliability of its tenants and borrowers, the location and attractiveness of the properties in which it invests, the supply of comparable space in the areas in which its properties are located and general economic conditions. Other risks include changes in zoning, building, environmental and other governmental laws, changes in operating expenses, changes in real estate tax rates, changes in interest rates, changes in the availability of property relative to demand, changes in costs and terms of mortgage loans, energy prices, changes in the relative popularity of properties, changes in the number of buyers and sellers of properties, the ongoing need for capital improvements, cash-flow risks, construction risks, as well as natural catastrophes, acts of war, terrorism, civil unrest, uninsurable losses and other factors beyond the control of the Master Fund's management.

Additionally, the Master Fund may, in certain instances, be responsible for structural repairs, improvements and general maintenance of real property. The expenditure of any sums in connection therewith beyond those budgeted for by the Master Fund will reduce the cash available for distribution and may require the Master Fund to fund deficits resulting from the operation of a property. No assurance can be given that the Master Fund will have funds available to make such repairs or improvements. These factors and any others that would impede the Master Fund's ability to respond to adverse changes in the performance of its assets could significantly affect the Master Fund's financial condition and operating results.

**Investment performance:** The Master Fund will make investments based upon

analyses of current returns and estimates and projections of internal rates of return that may be available in potential investments. Investors have no assurance that the Master Fund's investments will yield the returns expected by the Master Fund's management. It is possible that the Master Fund will not be able to acquire assets at favorable prices or on favorable terms and conditions, thereby reducing expected returns. Acquisitions and debt investments entail risks that investments may not perform in accordance with expectations and that anticipated costs of improvements to bring an acquired property up to standards established for the market position intended for that property may exceed budgeted amounts, as well as general investment risks associated with any new real estate investment. The Master Fund may not be successful in identifying suitable assets that meet its investment criteria or in consummating acquisitions or investments on satisfactory terms. Failures in identifying or consummating investments on satisfactory terms could reduce the number of investments that are completed and slow the Master Fund's growth. In addition, subsequent to the Master Fund's acquisition of a particular investment, management may adjust targeted returns to reflect changes in market conditions. There can be no assurance that the Master Fund will make a profit on its investments or recover any part of its invested capital during any anticipated period of time.

## 20. SECONDARY OPPORTUNITIES 2015 SUB-FUND

### 1. INVESTMENT OBJECTIVE AND STRATEGY

#### 1.1. *Investment Objective and Strategy*

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in (i) top quality private equity secondary funds and/or (ii) through the acquisition of limited partnership interests in private equity funds on the secondary market, invested in all kinds of private equity situations across the whole private equity spectrum including, but not limited to, venture capital, buyout, mezzanine debt, secondaries, distressed, special opportunities or real estate exposures.

Due to the broad focus on the whole private equity spectrum, the Sub-Fund will invest opportunistically in each and every private equity fund with the most interesting proposals without being restricted by fixed allocation guidelines. Nevertheless, the Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio.

The Investment Advisor's highly exclusive relationships with top fund managers provides significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest in private equity funds which may have varying terms and structures including, but not limited, to limited partnership structures.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its

liquid assets in Euros (EUR) and in US Dollars (USD), unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

#### 1.2. *Investment Process*

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM and to the General Partner.

Through its strong network and experience on the secondary market, the Investment Advisor will assist the AIFM and the General Partner in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds;



- Maintaining relationships with the network of private equity investors to create proprietary secondary transactions;
- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;
- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches;
- Leveraging its portfolio of secondary funds managers to access secondary co-investment opportunities; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM and to the General Partner, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analysing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

The investments in private equity funds are passive investments meaning that the Board has no influence over exits. In private equity fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realisations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private

equity fund. However, as common in the private equity environment, potential exit routes for interests in private funds include, inter alia, a sale to other investors, a buyout by the management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in US Dollars (USD).

## **4. SHARE CLASSES**

### **4.1. Investors Shares**

Four (4) Classes of Investors Shares, all denominated in US Dollars (USD), are available for subscription in the Sub-Fund, namely:

- A Shares (the “**Class A Shares**”) sub-divided into Class A-1 Shares for Investors subscribing below or for two hundred thousand US

Dollars (USD 200'000) and Class A-2 Shares for Investors subscribing above two hundred thousand US Dollars (USD 200'000);

- B Shares (the “**Class B Shares**”);
- C Shares (the “**Class C Shares**”);
- D Shares (the “**Class D Shares**”);

(altogether the “**Investors Shares**”).

For the avoidance of doubt, the commitments subscribed by Investors are considered with segregated referenced positions should they subscribe for Investors Shares directly or indirectly.

The following Classes of Investors Shares are, at the sole discretion of the General Partner, reserved to Investors having concluded with any of the entities of the CA Indosuez Wealth Management group (the “**CA Indosuez Wealth Management Group**”) a services agreement or equivalent with respect to private equity investments (the “**Private Equity Agreement**”):

- the Class A Shares;
- the Class B Shares, it being understood that such Class of Shares is reserved to Investors managed by the AIFM;
- the Class C Shares, it being understood that such Class of Shares is reserved to Investors having also concluded a specific remuneration agreement with any of the entities of the CA Indosuez Wealth Management Group (the “**Specific Remuneration Agreement**”).

The following Classes of Investors Shares are reserved to Investors having not concluded with any of the entities of the CA Indosuez Wealth Management Group a Private Equity Agreement:

- the Class D Shares.

Notwithstanding the below paragraph, should an Investor having subscribed to Class C Shares terminates the Specific Remuneration Agreement, the General Partner may decide, at its sole discretion, to convert its Class C Shares into Class A Shares.

The General Partner may decide, at its sole discretion, to convert Class A Shares, Class B Shares and/or Class C Shares into Class D Shares should an Investor terminates the Private Equity Agreement.

#### **4.2. Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

#### **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for fifty million US Dollars (USD 50,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

#### **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of thirteen (13) years as from the Last Closing (as defined in the first paragraph of section 7.2 below), with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's investments, at its sole discretion.

The investment in the Target Fund may require a substantial length of time to liquidate and there may remain some obligations outstanding for the Target Fund,

even if it has closed to liquidation. The liquidation process of the Sub-Fund may consequently require a substantial length of time subsequent to the making of a decision to liquidate the Sub-Fund.

## **7. CAPITAL FUNDING**

### **7.1. Commitments and Drawdowns**

Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund from 18 December 2015 until 31 December 2016.

Investors, the Commitments of which are accepted on the first closing (the “**Initial Investors**”), shall be required to pay a portion of their respective committed amounts no later than ninety (90) Business Days following the notification of the first closing to the Initial Investors, following which Investors Shares are to be issued fully paid-up at a price of one hundred US Dollars (USD 100) each (the “**Subscription Price**”) corresponding to the funded Commitment.

### **7.2. Commitments and Drawdowns after the First Closing**

After the first closing, Commitments to subscribe Investors Shares will be accepted from Initial Investors and other investors at such closings (“**Subsequent Closings**” and “**Subsequent Closings Investors**”) as determined by the General Partner during a period terminating on 30 September 2016, unless extended by the General Partner (the “**Last Closing**”). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of Investors Shares and pay up the relevant portion of their Commitments no later than seven (7) Business Days following the notification of the drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to postpone the date of any closing (including the Last Closing); in such case, the Investors will be informed of the amended date of the relevant closing and the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing by a Subsequent Closing Investor:

- (a) the Subsequent Closing Investor shall participate in investments made and fees and expenses (including the Management Fee as defined in the first paragraph of section 14.1 below) incurred by the Sub-Fund prior to its admission and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the first closing, at the Subscription Price;
- (b) the Subsequent Closing Investor shall pay an additional amount equal to five per cent (5%) per annum, calculated from the date on which the Initial Investors have contributed and paid in their first subscriptions relating to the first closing up to the date of the capital contributions actually made with respect to the Subsequent Closing in question, and such amount shall be payable to the Sub-Fund (the “**Actualization Interest**”).

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the first closing, then the General Partner may change the Subscription Price for Investors Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Investors Shares as of the relevant Subsequent Closing; in which case all such Investors Shares issued on the same closing shall constitute a separate

series. In this case, no Actualization Interest will be due.

### **7.3. Drawdowns**

After the first closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the Commitments made by the Investors shall be drawn down in successive instalments, as determined by the General Partner. Such drawdowns may only take place provided their amount is not less than one percent (1%) of each Investor's Commitment. The General Partner will give each Investor a seven (7) Business Day prior notice for each drawdown.

Investors Shares issued in relation to each drawdown made after the first closing shall be issued fully paid-up at a subscription price either (i) equal to the Subscription Price plus, if applicable, the Actualization Interest or (ii) based on the Net Asset Value of such Investors Shares on such drawdown date, at the General Partner's discretion. If Investors Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The Subscription Price of the Investors Shares issued after the first closing shall be paid within the limits specified in the relevant drawdown notice.

### **7.4. Return of Drawdowns**

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since the first closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### **7.5. Commitment Period**

The Commitment Period will extend from the first closing until the Last Closing (the "Commitment Period").

### **8. MINIMUM COMMITMENT**

Commitments may only be accepted from Well-Informed Investors investing a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund. Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept Commitments in lesser amounts.

### **9. REDEMPTIONS AND CONVERSIONS**

An Investor may not at its own initiative require the Company to redeem its Investors Shares.

Investors are not authorised to convert their Investors Shares from this Sub-Fund into another Sub-Fund or from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

The General Partner, however, may decide, under the circumstances described in section 4.1 above or in the best interest of the Investors, to convert Investors Shares from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

### **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar

quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

## **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements, which shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The quarterly report provides the Investors with updates on the portfolio of investments.

## **12. DISTRIBUTIONS**

### **12.1. *Distributions***

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Investors Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Investors Shares, the redemption price will be equal to the last Net Asset Value per

relevant Investors Shares calculated by the Administrative Agent.

### **12.2. *Recycling***

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 14 below), except in the situation described below.

The commitments made by the Sub-Fund in its underlying investments may amount up to one hundred and fifteen percent (115%) of the Commitments made by the Investors in the Sub-Fund. The General Partner will use from time to time all or part of the distributions received from the Sub-Fund's investments to fund all or part of the capital calls made by the Sub-Fund's investments.

## **13. RECALL**

Target funds within the portfolio of investments may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions in the cases provided for in the constitutive/issuing documents of the target funds. In such cases the Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the target funds, provided however that distributions hereunder will not increase the Investors' undrawn Commitments beyond the amounts initially committed by the Investors. Investors may be required to recontribute either to the Sub-Fund (if it is still in existence) or directly to the General Partner for recontribution to the Target Fund.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

Investors should inform themselves and

should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out hereabove.

#### **14. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

##### **14.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the “**Management Fee**”), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal:

- with respect to Class A-1 Shares, zero point seventy-five percent (0.75%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-1 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-1 Shares as of the end of the preceding quarter;
- with respect to Class A-2 Shares, zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-2 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-2 Shares as of the end of the preceding quarter;
- with respect to Class B Shares, zero percent (0%) per annum;
- with respect to Class C Shares, zero point zero six percent (0.06%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class C Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class C Shares as of the end of the preceding quarter;
- with respect to Class D shares, zero point eight percent (0.8%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class D Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class D Shares as of the end of the preceding quarter.

The Management Fee will accrue as of the first closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the first closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

##### **14.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the “**AIFM Remuneration**”), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 14.5. respectively 14.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner’s service fees.

### **14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the “**Investment Advisory Fee**”) will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

### **14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the “**Portfolio Investments Expenses**”).

### **14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the “**Creation Expenses**”) will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point five percent (0.5%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in

each year as determined by the General Partner on an equitable basis.

### **14.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Aggregate Commitments of the Sub-Fund.

#### **14.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

#### **14.6.2. Operating Expenses**

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the “**Operating Expenses**”). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

## **15. SPECIFIC RISK CONSIDERATIONS**

Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Risk of capital loss:** An investment in private equity is long term and with no certainty of return. The value of an interest and the distributions in respect of them can fluctuate down as well as up and an Investor may get back less than it contributed to the Sub-Fund or lose its entire investment.

**Portfolio valuation risks:** Prospective investors should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of inter alia sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or any Investor will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, investors must nevertheless be aware that investments in unregulated underlying funds are more risky

than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for the interests in such underlying private equity funds, whose transfer may be restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.

**Unpredictability of distributions:** Return of capital and realization of gains, if any, on investments will generally occur only upon the distribution or other disposition by the Sub-Fund's underlying private equity funds of portfolio company securities, which may not occur for several years after the Sub-Fund's initial investments. Such distributions are likely to be unpredictable and may occur earlier than or later than anticipated by the managers. Investors should not expect significant returns for a period of years after their investment is made.

**Control of invested funds:** The private equity funds generally will not have the right



to participate in the day-to-day management, control or operations of the underlying funds in which they are investing, nor will they have the right to remove the managers thereof. The private equity funds will also not necessarily have the opportunity to evaluate the relevant economic, financial and other information which will be utilized by the underlying funds in which they are investing in their selection, structuring, monitoring and disposition of investments.

consequently, may vary in function of the variations in interest rates.

**Portfolio company risks:** The portfolio investments in which the private equity funds will invest may invest in companies that involve a high degree of business or financial risk. They may be start-ups or in an early stage of development, may be distressed or have operating losses or significant variations in operating results and may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence. The companies may also be experiencing or are expected to experience financial difficulties, which may never be overcome. In addition, they may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, or may otherwise have a weak financial condition. Portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities and a larger number of qualified managerial and technical personnel. In addition, in the event that the company does not perform as anticipated or incurs unanticipated liabilities, high leverage will magnify the adverse effect on the value of the equity of the company and could result in substantial diminution in or the total loss of an equity investment in the company. The return generated by the relevant portfolio companies will also depend on the level of interest charged under such debt and,

<b>21. EIGHTSTONE SELECTION 2016 SUB-FUND</b>
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## **1. INVESTMENT OBJECTIVE AND STRATEGY**

### **1.1. Investment Objective and Strategy**

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private equity funds invested in all kinds of private equity situations across the whole private equity spectrum including, but not limited to, venture capital, buyout, mezzanine debt, secondaries, distressed, special opportunities or real estate exposures.

Due to the broad focus on the whole private equity spectrum, the Sub-Fund will invest opportunistically in each and every private equity fund with the most interesting proposals without being restricted by fixed allocation guidelines. Nevertheless, the Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio.

The Investment Advisor's highly exclusive relationships to top fund managers provides significant competitive advantages including the access to exclusive investment opportunities.

#### **• Types of Investments**

The Sub-Fund will invest directly in private equity funds which may have varying terms and structures including, but not limited, to limited partnership structures and/or indirectly through the sub-funds of the Company and/or of Tiera Capital S.C.A., SICAR, a *société en commandite par actions* qualifying as a *société d'investissement en capital à risque* (SICAR) also managed by the AIFM.

#### **• Financial Instruments and Assets**

The Sub-Fund intends to hold its assets in Euros (EUR) and in US Dollars (USD), unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

### **1.2. Investment Process**

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM and to the General Partner.

Through its strong network and experience on the secondary market, the Investment Advisor will assist the AIFM and the General Partner in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds;
- Maintaining relationships with the network of private equity investors to create proprietary secondary transactions;
- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;
- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches;
- Leveraging its portfolio of secondary funds managers to access secondary co-investment opportunities; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM and to the General Partner, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analysing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

The investments in private equity funds are passive investments meaning that the Board has no influence over exits. In private equity

fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realisations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private equity fund. However, as common in the private equity environment, potential exit routes for interests in private funds include, inter alia, a sale to other investors, a buyout by the management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund. for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in US Dollars (USD).

## **4. SHARE CLASSES**

### **4.1. Investors Shares**

One (1) Class of Investors Shares, denominated in US Dollars (USD), is

available for subscription in the Sub-Fund (the “**Investors Shares**”).

#### **4.2. Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

### **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for twenty million US Dollars (USD 20,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

### **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of thirteen (13) years as from the Last Closing (as defined in the first paragraph of section 7.2 below), with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's investments, at its sole discretion.

### **7. CAPITAL FUNDING**

#### **7.1. Commitments and Drawdowns**

Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund from 18 December 2015 until 30 June 2017.

Investors, the Commitments of which are accepted on the first closing (the “**Initial Investors**”), shall be required to pay a portion of their respective committed amounts no later than ninety (90) Business

Days following the notification of the first closing to the Initial Investors, following which Investors Shares are to be issued fully paid-up at a price of one hundred US Dollars (USD 100) each (the “**Subscription Price**”) corresponding to the funded Commitment.

#### **7.2. Commitments and Drawdowns after the First Closing**

After the first closing, Commitments to subscribe Investors Shares will be accepted from Initial Investors and other investors at such closings (“**Subsequent Closings**” and “**Subsequent Closings Investors**”) as determined by the General Partner during a period terminating on 31 March 2017, unless extended by the General Partner (the “**Last Closing**”). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of Investors Shares and pay up the relevant portion of their Commitments no later than seven (7) Business Days following the notification of the drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to postpone the date of any closing (including the Last Closing); in such case, the Investors will be informed of the amended date of the relevant closing and the date on which the relevant portion of their Commitment has to be paid.

The Subsequent Closing Investor shall participate in investments made and fees and expenses (including the Management Fee as defined in the first paragraph of section 14.1 below) incurred by the Sub-Fund prior to its admission and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the first closing, at the Subscription Price.

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the first closing, then the General Partner may change the Subscription Price for Investors Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Investors Shares as of the relevant Subsequent Closing; in which case all such Investors Shares issued on the same closing shall constitute a separate series.

### **7.3. Drawdowns**

After the first closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the Commitments made by the Investors shall be drawn down in successive instalments, as determined by the General Partner. Such drawdowns may only take place provided their amount is not less than one percent (1%) of each Investor's Commitment. The General Partner will give each Investor a seven (7) Business Day prior notice for each drawdown.

Investors Shares issued in relation to each drawdown made after the first closing shall be issued fully paid-up at a subscription price either (i) equal to the Subscription Price or (ii) based on the Net Asset Value of such Investors Shares on such drawdown date, at the General Partner's discretion.

The Subscription Price of the Investors Shares issued after the first closing shall be paid within the limits specified in the relevant drawdown notice.

### **7.4. Return of Drawdowns**

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since the first closing have been called in excess and have not been used by the Sub-Fund to fund capital

calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### **7.5. Commitment Period**

The Commitment Period will extend from the first closing until 31 March 2017, with an optional extension of six (6) months at the sole discretion of the General Partner (the "Commitment Period").

## **8. MINIMUM COMMITMENT**

Commitments may only be accepted from Well-Informed Investors investing a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund. Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept Commitments in lesser amounts.

## **9. REDEMPTIONS AND CONVERSIONS**

An Investor may not at its own initiative require the Company to redeem its Investors Shares.

Investors are not authorised to convert their Investors Shares from this Sub-Fund into another Sub-Fund.

## **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the

General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

## **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements at the end of each financial year (31 December) and will provide to the Sub-Fund's Investors audited financial statements within six (6) months after the end of each financial year.

The financial statements shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The quarterly report provides the Investors with updates on the portfolio of investments.

## **12. DISTRIBUTIONS**

### ***12.1. Distributions***

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Investors Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Investors Shares, the redemption price will be equal to the last Net Asset Value per relevant Investors Shares calculated by the Administrative Agent.

### ***12.2. Recycling***

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 14 below), except in the situation described below.

The commitments made by the Sub-Fund in its underlying investments may amount up to one hundred and fifteen percent (115%) of the Commitments made by the Investors in the Sub-Fund. The General Partner will use from time to time all or part of the distributions received from the Sub-Fund's investments to fund all or part of the capital calls made by the Sub-Fund's investments.

## **13. RECALL**

Target funds within the portfolio of investments may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions in the cases provided for in the constitutive/issuing documents of the target funds. In such cases the Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the target funds, provided however that distributions hereunder will not increase the Investors' undrawn Commitments beyond the amounts initially committed by the Investors.

The Investors may be required to recontribute either to the Sub-Fund (if it is still in existence) or directly to the General Partner for recontribution to the target funds.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

The Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their respective citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out here above.

#### **14. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

##### **14.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the “**Management Fee**”), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal:

- until 30 June 2017: zero point two percent (0.2%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to the Investors Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to the Investors Shares as of the end of the preceding quarter ; and
- thereafter: zero point three percent (0,3%) per annum (plus value added tax, if applicable) on the Net Asset Value of the Sub-Fund attributable to the Investors Shares as of the end of the preceding quarter.

The Management Fee will accrue as of the first closing and will be calculated by

reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due from the first closing to the date of payment.

##### **14.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the “**AIFM Remuneration**”), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 14.5. respectively 14.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner’s service fees.

##### **14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the “**Investment Advisory Fee**”) will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

##### **14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm’s length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund’s investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all

litigation and indemnification expenses related to the investments or business of the Sub-Fund (the "**Portfolio Investments Expenses**").

#### **14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the "**Creation Expenses**") will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point five percent (0.5%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **14.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Aggregate Commitments of the Sub-Fund.

##### **14.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **14.6.2. Operating Expenses**

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the "**Operating Expenses**"). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-

Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

### **15. SPECIFIC RISK CONSIDERATIONS**

Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Risk of capital loss:** An investment in private equity is long term and with no certainty of return. The value of an interest and the distributions in respect of them can fluctuate down as well as up and an Investor may get back less than it contributed to the Sub-Fund or lose its entire investment.

**Portfolio valuation risks:** Prospective investors should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of inter alia sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or any Investor will realize with respect to such investment. The valuation methods may be altered from time



to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, investors must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for the interests in such underlying private equity funds, whose transfer may be restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of

time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.

**Unpredictability of distributions:** Return of capital and realization of gains, if any, on investments will generally occur only upon the distribution or other disposition by the Sub-Fund's underlying private equity funds of portfolio company securities, which may not occur for several years after the Sub-Fund's initial investments. Such distributions are likely to be unpredictable and may occur earlier than or later than anticipated by the managers. Investors should not expect significant returns for a period of years after their investment is made.

**Control of invested funds:** The private equity funds generally will not have the right to participate in the day-to-day management, control or operations of the underlying funds in which they are investing, nor will they have the right to remove the managers thereof. The private equity funds will also not necessarily have the opportunity to evaluate the relevant economic, financial and other information which will be utilized by the underlying funds in which they are investing in their selection, structuring, monitoring and disposition of investments.

**Portfolio company risks:** The portfolio investments in which the private equity funds will invest may invest in companies that involve a high degree of business or financial risk. They may be start-ups or in an early stage of development, may be distressed or have operating losses or significant variations in operating results and may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence. The companies may also experiencing or are expected to experience financial difficulties, which may never be overcome. In addition, they may require substantial additional capital to support their operations, to finance

expansion or to maintain their competitive position, or may otherwise have a weak financial condition. Portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities and a larger number of qualified managerial and technical personnel. In addition, in the event that the company does not perform as anticipated or incurs unanticipated liabilities, high leverage will magnify the adverse effect on the value of the equity of the company and could result in substantial diminution in or the total loss of an equity investment in the company. The return generated by the relevant portfolio companies will also depend on the level of interest charged under such debt and, consequently, may vary in function of the variations in interest rates.

<p><b>22. EUROPEAN PRIVATE EQUITY OPPORTUNITIES 2016 SUB-FUND</b></p>
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## **1. INVESTMENT OBJECTIVE AND STRATEGY**

### **1.1. *Investment Objective and Strategy***

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private equity funds mainly invested in European headquartered companies across diverse strategies including, but not limited to leveraged buyout transactions, growth capital transactions and special situations.

The Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio.

The Investment Advisor's highly exclusive relationships to top fund managers provides significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest directly in private equity funds which may have varying terms and structures including, but not limited to limited partnership structures and/or indirectly through the sub-funds of the Company and/or of Tiera Capital S.C.A., SICAR, a *société en commandite par actions* qualifying as a *société d'investissement en capital à risque* (SICAR) also managed by the AIFM.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in Euros (EUR), unless otherwise decided by the

AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

### **1.2. *Investment Process***

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM and to the General Partner.

Through its strong network, the Investment Advisor will assist the AIFM and the General Partner in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds;
- Maintaining relationships with the network of private equity investors

to create proprietary secondary transactions;

- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;
- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches;
- Leveraging its portfolio of secondary funds managers to access secondary co-investment opportunities; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM and to the General Partner, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analyzing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

The investments in private equity funds are passive investments meaning that the Board has no influence over exits. In private equity fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realizations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private equity fund. However, as common in the

private equity environment, potential exit routes for interests in private funds include, *inter alia*, a sale to other investors, a buyout by the management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in Euros (EUR).

## **4. SHARE CLASSES**

### **4.1 Investors Shares**

Four (4) Classes of Investors Shares, all denominated in Euros (EUR), are available for subscription in the Sub-Fund, namely:

- A Shares (the “**Class A Shares**”);
- B Shares (the “**Class B Shares**”);
- C Shares (the “**Class C Shares**”);
- D Shares (the “**Class D Shares**”).

For the avoidance of doubt, the commitments subscribed by Investors are considered with segregated referenced positions should they subscribe for Investors Shares directly or indirectly.

The following Classes of Investors Shares are, at the sole discretion of the General Partner, reserved to Investors having concluded with any of the entities of CA Indosuez Wealth Management (“**CA Indosuez Wealth Management**”) a services agreement or equivalent with respect to private equity investments (the “**Private Equity Agreement**”):

- the Class A Shares;
- the Class B Shares, it being understood that such Class of Shares is reserved to Investors managed by the AIFM;
- the Class C Shares, it being understood that such Class of Shares is reserved to Investors having also concluded a specific remuneration agreement with any of the entities of CA Indosuez Wealth Management (the “**Specific Remuneration Agreement**”).

The following Classes of Investors Shares are reserved to Investors having not concluded with any of the entities of CA Indosuez Wealth Management a Private Equity Agreement:

- the Class D Shares.

Notwithstanding the below paragraph, should an Investor having subscribed to Class C Shares terminates the Specific Remuneration Agreement, the General Partner may decide, at its sole discretion, to convert its Class C Shares into Class A Shares.

The General Partner may decide, at its sole discretion, to convert Class A Shares, Class

B Shares and/or Class C Shares into Class D Shares should an Investor terminates the Private Equity Agreement.

#### **4.2 Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

#### **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for thirty million Euros (EUR 30,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

#### **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of thirteen (13) years as from the Last Closing (as defined in the first paragraph of section 7.2 below), with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's investments, at its sole discretion.

The investment in a target fund may require a substantial length of time to liquidate and there may remain some obligations outstanding for a target fund, even if it has closed to liquidation. The liquidation process of the Sub-Fund may consequently require a substantial length of time subsequent to the making of a decision to liquidate the Sub-Fund.

## **7. CAPITAL FUNDING**

### **7.1. *Commitments and drawdowns***

Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund from 6 April 2016 until 30 June 2017, unless extended by the General Partner at its sole discretion.

Investors, the Commitments of which are accepted on the first closing (the “**Initial Investors**”), shall be required to pay a portion of their respective committed amounts no later than ninety (90) Business Days following the notification of the first closing to the Initial Investors, following which Investors Shares are to be issued fully paid-up corresponding to the funded Commitment.

Such Investors Shares shall be issued fully paid at a price of one hundred Euros (EUR 100) each (the “**Subscription Price**”).

### **7.2. *Commitments and Drawdowns after the First Closing***

After the first closing, Commitments to subscribe Investors Shares will be accepted from Initial Investors and other investors at such closings (“**Subsequent Closings**” and “**Subsequent Closings Investors**”) as determined by the General Partner during a period terminating on 31 March 2017, unless extended by the General Partner (the “**Last Closing**”). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of Investors Shares and pay up the relevant portion of their Commitments no later than seven (7) Business Days following the notification of the drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to postpone the date of any closing (including the Last Closing); in such case, the Investors will be informed of the

amended date of the relevant closing and the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing by a Subsequent Closing Investor:

- (a) the Subsequent Closing Investor shall participate in investments made and fees and expenses (including the Management Fee as defined in the first paragraph of section 14.1 below) incurred by the Sub-Fund prior to its admission and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the first closing, at the Subscription Price;
- (b) the Subsequent Closing Investor shall pay an additional amount equal to five per cent (5%) per annum, calculated from the date on which the Initial Investors have contributed and paid in their first subscriptions relating to the first closing up to the date of the capital contributions actually made with respect to the Subsequent Closing in question, and such amount shall be payable to the Sub-Fund (the “**Actualization Interest**”).

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the first closing, then the General Partner may change the Subscription Price for Investors Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Investors Shares as of the relevant Subsequent Closing; in which case all such Investors Shares issued on the same closing shall constitute a separate series. In this case, no Actualization Interest will be due.

### **7.3. Drawdowns**

After the first closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the Commitments made by the Investors shall be drawn down in successive installments, as determined by the General Partner. The General Partner will give each Investor a seven (7) Business Day prior notice for each drawdown.

Investors Shares issued in relation to each drawdown made after the first closing shall be issued fully paid-up at a subscription price equal, at the General Partner's discretion, either (i) to the Subscription Price plus, if applicable, the Actualization Interest or (ii) to the Net Asset Value of such Investors Shares on such drawdown date. If Investors Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The Subscription Price of the Investors Shares issued after the first closing must be paid within the limits specified in the relevant drawdown notice.

### **7.4. Return of Drawdowns**

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since the first closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### **7.5. Commitment Period**

The Commitment Period will extend from the first closing until the Last Closing (the "Commitment Period").

## **8. MINIMUM COMMITMENT**

Commitments may only be accepted from Well-Informed Investors investing a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund.

Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept Commitments in lesser amounts.

## **9. REDEMPTIONS AND CONVERSIONS**

An Investor may not at its own initiative require the Company to redeem its Investors Shares.

Investors are not authorised to convert their Investors Shares from this Sub-Fund into another Sub-Fund or from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

The General Partner, however, may decide, under the circumstances described in section 4.1 above or in the best interest of the Investors, to convert Investors Shares from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

## **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

## **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The quarterly report provides the Investors with updates on the portfolio of investments.

## **12. DISTRIBUTIONS**

### ***12.1. Distributions***

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Investors Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Investors Shares, the redemption price will

be equal to the last Net Asset Value per relevant Investors Shares calculated by the Administrative Agent.

## ***12.2. Recycling***

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 14 below), except in the situation described below.

The commitments made by the Sub-Fund in its underlying investments may amount to up to one hundred and fifteen percent (115%) of the Commitments made by the Investors in the Sub-Fund. The General Partner will use from time to time all or part of the distributions received from the Sub-Fund's investments to fund all or part of the capital calls made by the Sub-Fund's investments.

## **13. RECALL**

Target funds within the portfolio of investments may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions in the cases provided for in the constitutive/issuing documents of the target funds. In such cases Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the target funds, provided however that distributions hereunder will not increase Investors' undrawn Commitments beyond the amounts initially committed by Investors.

Investors may be required to recontribute either to the Sub-Fund (if it is still in existence) or directly to the General Partner for recontribution to the target funds.



The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out hereabove.

#### **14. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

##### **14.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the “**Management Fee**”), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal to:

- with respect to Class A Shares, zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A Shares as of the end of the preceding quarter;
- with respect to Class B Shares, zero percent (0%) per annum;
- with respect to Class C Shares, zero point zero six percent (0.06%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class C Shares plus (ii) the unfunded portion of the Aggregate

Commitments of the Sub-Fund attributable to Class C Shares as of the end of the preceding quarter;

- with respect to Class D shares, zero point eight percent (0.8%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class D Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class D Shares as of the end of the preceding quarter.

The Management Fee will accrue as of the first closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the first closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

##### **14.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the “**AIFM Remuneration**”), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 14.5. respectively 14.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner’s service fees.

##### **14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the “**Investment Advisory Fee**”) will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees

shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

#### **14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the "**Portfolio Investments Expenses**").

#### **14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the "**Creation Expenses**") will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point three percent (0.3%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **14.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Aggregate

Commitments of the Sub-Fund.

##### **14.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **14.6.2. Operating Expenses**

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the "**Operating Expenses**"). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

#### **15. SPECIFIC RISK CONSIDERATIONS**

Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Risk of capital loss:** An investment in private equity is long term and with no certainty of return. The value of an interest and the distributions in respect of them can fluctuate down as well as up and an Investor may get back less than it contributed to the Sub-Fund or lose its entire investment.

**Portfolio valuation risks:** Prospective investors should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of inter alia sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or any Investor will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, investors must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising

the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for the interests in such underlying private equity funds, whose transfer may be restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.

**Unpredictability of distributions:** Return of capital and realization of gains, if any, on investments will generally occur only upon the distribution or other disposition by the Sub-Fund's underlying private equity funds of portfolio company securities, which may not occur for several years after the Sub-Fund's initial investments. Such distributions are likely to be unpredictable and may occur earlier than or later than anticipated by the managers. Investors should not expect significant returns for a period of years after their investment is made.

**Control of invested funds:** The private equity funds generally will not have the right to participate in the day-to-day management, control or operations of the underlying funds in which they are investing, nor will they have the right to remove the managers thereof. The private equity funds will also not necessarily have the opportunity to evaluate the relevant economic, financial and other information

which will be utilized by the underlying funds in which they are investing in their selection, structuring, monitoring and disposition of investments.

**Portfolio company risks:** The portfolio investments in which the private equity funds will invest may invest in companies that involve a high degree of business or financial risk. They may be start-ups or in an early stage of development, may be distressed or have operating losses or significant variations in operating results and may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence. The companies may also be experiencing or are expected to experience financial difficulties, which may never be overcome. In addition, they may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, or may otherwise have a weak financial condition. Portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities and a larger number of qualified managerial and technical personnel. In addition, in the event that the company does not perform as anticipated or incurs unanticipated liabilities, high leverage will magnify the adverse effect on the value of the equity of the company and could result in substantial diminution in or the total loss of an equity investment in the company. The return generated by the relevant portfolio companies will also depend on the level of interest charged under such debt and, consequently, may vary in function of the variations in interest rates.

<p><b>23. ASIAN PRIVATE EQUITY OPPORTUNITIES 2016 SUB-FUND</b></p>
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## **1. INVESTMENT OBJECTIVE AND STRATEGY**

### **1.1. Investment Objective and Strategy**

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private equity funds mainly invested in Asian headquartered companies across diverse strategies including, but not limited to leveraged buyout transactions, growth capital transactions and special situations.

The Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio.

The Investment Advisor's highly exclusive relationships to top fund managers provides significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest in private equity funds which may have varying terms and structures including, but not limited to limited partnership structures, or even evergreen structures.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in US Dollars (USD), unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may

invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

### **1.2. Investment Process**

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM and to the General Partner.

Through its strong network, the Investment Advisor will assist the AIFM and the General Partner in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds;
- Maintaining relationships with the network of private equity investors to create proprietary secondary transactions;
- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;

- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches;
- Leveraging its portfolio of secondary funds managers to access secondary co-investment opportunities; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM and to the General Partner, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analyzing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

The investments in private equity funds are passive investments meaning that the Board has no influence over exits. In private equity fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realizations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private equity fund. However, as common in the private equity environment, potential exit routes for interests in private funds include, inter alia, a sale to other investors, a buyout by the management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in US Dollars (USD).

## **4. SHARE CLASSES**

### **4.1 Investors Shares**

Four (4) Classes of Investors Shares, all denominated in US Dollars (USD), are available for subscription in the Sub-Fund, namely:

- A Shares (the “**Class A Shares**”);
- B Shares (the “**Class B Shares**”);
- C Shares (the “**Class C Shares**”);
- D Shares (the “**Class D Shares**”).

For the avoidance of doubt, the commitments subscribed by Investors are considered with segregated referenced positions should they subscribe for Investors Shares directly or indirectly.

The following Classes of Investors Shares are, at the sole discretion of the General Partner, reserved to Investors having concluded with any of the entities of CA Indosuez Wealth Management (“**CA Indosuez Wealth Management**”) a services agreement or equivalent with respect to private equity investments (the “**Private Equity Agreement**”):

- the Class A Shares;
- the Class B Shares, it being understood that such Class of Shares is reserved to Investors managed by the AIFM;
- the Class C Shares, it being understood that such Class of Shares is reserved to Investors having also concluded a specific remuneration agreement with any of the entities of CA Indosuez Wealth Management (the “**Specific Remuneration Agreement**”).

The following Classes of Investors Shares are reserved to Investors having not concluded with any of the entities of CA Indosuez Wealth Management a Private Equity Agreement:

- the Class D Shares.

Notwithstanding the below paragraph, should an Investor having subscribed to Class C Shares terminates the Specific Remuneration Agreement, the General Partner may decide, at its sole discretion, to convert its Class C Shares into Class A Shares.

The General Partner may decide, at its sole discretion, to convert Class A Shares, Class B Shares and/or Class C Shares into Class D Shares should an Investor terminates the Private Equity Agreement.

## **4.2 Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

## **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for thirty million US Dollars (USD 30,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

## **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of thirteen (13) years as from the Last Closing (as defined in the first paragraph of section 7.2 below), with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's investments, at its sole discretion.

The investment in a target fund may require a substantial length of time to liquidate and there may remain some obligations outstanding for a target fund, even if it has closed to liquidation. The liquidation process of the Sub-Fund may consequently require a substantial length of time subsequent to the making of a decision to liquidate the Sub-Fund.

## **7. CAPITAL FUNDING**

### **7.1. Commitments and Drawdowns**

Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund from 6 April 2016 until 30 June 2017

unless extended by the General Partner at its sole discretion.

Investors, the Commitments of which are accepted on the first closing (the “**Initial Investors**”), shall be required to pay a portion of their respective committed amounts no later than ninety (90) Business Days following the notification of the first closing to the Initial Investors, following which Investors Shares are to be issued fully paid-up corresponding to the funded Commitment.

Such Investors Shares shall be issued fully paid at a price of one hundred US Dollars (USD 100) each (the “**Subscription Price**”).

## **7.2. Commitments and Drawdowns after the First Closing**

After the first closing, Commitments to subscribe Investors Shares will be accepted from Initial Investors and other investors at such closings (“**Subsequent Closings**” and “**Subsequent Closings Investors**”) as determined by the General Partner during a period terminating on 31 March 2017, unless extended by the General Partner (the “**Last Closing**”). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of Investors Shares and pay up the relevant portion of their Commitments no later than seven (7) Business Days following the notification of the drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to postpone the date of any closing (including the Last Closing); in such case, the Investors will be informed of the amended date of the relevant closing and the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing by a Subsequent Closing Investor:

- (a) the Subsequent Closing Investor shall participate in investments made and fees and expenses (including the Management Fee as defined in the first paragraph of section 14.1 below) incurred by the Sub-Fund prior to its admission and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the first closing, at the Subscription Price;
- (b) the Subsequent Closing Investor shall pay an additional amount equal to five per cent (5%) per annum, calculated from the date on which the Initial Investors have contributed and paid in their first subscriptions relating to the first closing up to the date of the capital contributions actually made with respect to the Subsequent Closing in question, and such amount shall be payable to the Sub-Fund (the “**Actualization Interest**”).

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the first closing, then the General Partner may change the Subscription Price for Investors Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Investors Shares as of the relevant Subsequent Closing; in which case all such Investors Shares issued on the same closing shall constitute a separate series. In this case, no Actualization Interest will be due.

## **7.3. Drawdowns**

After the first closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the Commitments made by the Investors shall be drawn down in successive installments,



as determined by the General Partner. The General Partner will give each Investor a seven (7) Business Day prior notice for each drawdown.

Investors Shares issued in relation to each drawdown made after the first closing shall be issued fully paid-up at a subscription price equal, at the General Partner's discretion, either (i) to the Subscription Price plus, if applicable, the Actualization Interest or (ii) to the Net Asset Value of such Investors Shares on such drawdown date. If Investors Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The Subscription Price of the Investors Shares issued after the first closing must be paid within the limits specified in the relevant drawdown notice.

#### **7.4. *Return of Drawdowns***

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since the first closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

#### **7.5. *Commitment period***

The Commitment Period will extend from the first closing until the Last Closing (the "**Commitment Period**").

#### **8. MINIMUM COMMITMENT**

Commitments may only be accepted from Well-Informed Investors investing a minimum amount of, or equivalent to one

hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund.

Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept Commitments in lesser amounts.

#### **9. REDEMPTIONS AND CONVERSIONS**

An Investor may not at its own initiative require the Company to redeem its Investors Shares.

Investors are not authorised to convert their Investors Shares from this Sub-Fund into another Sub-Fund or from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

The General Partner, however, may decide, under the circumstances described in section 4.1 above or in the best interest of the Investors, to convert Investors Shares from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

#### **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

## **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The quarterly report provides the Investors with updates on the portfolio of investments.

## **12. DISTRIBUTIONS**

### ***12.1. Distributions***

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Investors Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Investors Shares, the redemption price will be equal to the last Net Asset Value per relevant Investors Shares calculated by the Administrative Agent.

### ***12.2. Recycling***

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant

to section 14 below), except in the situation described below.

The commitments made by the Sub-Fund in its underlying investments may amount to up to one hundred and fifteen percent (115%) of the Commitments made by the Investors in the Sub-Fund. The General Partner will use from time to time all or part of the distributions received from the Sub-Fund's investments to fund all or part of the capital calls made by the Sub-Fund's investments.

## **13. RECALL**

Target funds within the portfolio of investments may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions in the cases provided for in the constitutive/issuing documents of the target funds. In such cases Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the target funds, provided however that distributions hereunder will not increase Investors' undrawn Commitments beyond the amounts initially committed by Investors.

Investors may be required to recontribute either to the Sub-Fund (if it is still in existence) or directly to the General Partner for recontribution to the target funds.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out hereabove.

**14. MANAGEMENT FEE, AIFM  
REMUNERATION, INVESTMENT ADVISORY  
FEE AND OTHER EXPENSES**

**14.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the “**Management Fee**”), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal to:

- with respect to Class A Shares, zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A Shares as of the end of the preceding quarter;
- with respect to Class B Shares, zero percent (0%) per annum;
- with respect to Class C Shares, zero point zero six percent (0.06%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class C Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class C Shares as of the end of the preceding quarter;
- with respect to Class D shares, zero point eight percent (0.8%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class D Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class D Shares as of the end of the preceding quarter.

The Management Fee will accrue as of the first closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the first closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

**14.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the “**AIFM Remuneration**”), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 14.5. respectively 14.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner’s service fees.

**14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the “**Investment Advisory Fee**”) will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

**14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm’s length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund’s

investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the “**Portfolio Investments Expenses**”).

#### **14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the “**Creation Expenses**”) will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point three percent (0.3%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **14.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Aggregate Commitments of the Sub-Fund.

##### **14.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **14.6.2. Operating Expenses**

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or

attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the “**Operating Expenses**”). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

### **15. SPECIFIC RISK CONSIDERATIONS**

Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Risk of capital loss:** An investment in private equity is long term and with no certainty of return. The value of an interest and the distributions in respect of them can fluctuate down as well as up and an Investor may get back less than it contributed to the Sub-Fund or lose its entire investment.

**Portfolio valuation risks:** Prospective investors should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of inter alia sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive

to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or any Investor will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, investors must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for

the interests in such underlying private equity funds, whose transfer may be restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.

**Unpredictability of distributions:** Return of capital and realization of gains, if any, on investments will generally occur only upon the distribution or other disposition by the Sub-Fund's underlying private equity funds of portfolio company securities, which may not occur for several years after the Sub-Fund's initial investments. Such distributions are likely to be unpredictable and may occur earlier than or later than anticipated by the managers. Investors should not expect significant returns for a period of years after their investment is made.

**Control of invested funds:** The private equity funds generally will not have the right to participate in the day-to-day management, control or operations of the underlying funds in which they are investing, nor will they have the right to remove the managers thereof. The private equity funds will also not necessarily have the opportunity to evaluate the relevant economic, financial and other information which will be utilized by the underlying funds in which they are investing in their selection, structuring, monitoring and disposition of investments.

**Portfolio company risks:** The portfolio investments in which the private equity funds will invest may invest in companies that involve a high degree of business or financial risk. They may be start-ups or in an early stage of development, may be distressed or have operating losses or significant variations in operating results and may be engaged in a rapidly changing business with products subject to a

substantial risk of obsolescence. The companies may also be experiencing or are expected to experience financial difficulties, which may never be overcome. In addition, they may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, or may otherwise have a weak financial condition. Portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities and a larger number of qualified managerial and technical personnel. In addition, in the event that the company does not perform as anticipated or incurs unanticipated liabilities, high leverage will magnify the adverse effect on the value of the equity of the company and could result in substantial diminution in or the total loss of an equity investment in the company. The return generated by the relevant portfolio companies will also depend on the level of interest charged under such debt and, consequently, may vary in function of the variations in interest rates.

<p><b>24. GLOBAL CREDIT OPPORTUNITIES</b>  <b>2016</b>  <b>SUB-FUND</b></p>
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Dollars (USD), unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

## **1. INVESTMENT OBJECTIVE AND STRATEGY**

### **1.1. Investment Objective and Strategy**

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private debt funds.

The Sub-Fund will seek to build, to the extent possible, a well-balanced diversified portfolio of private debt funds targeting credit instruments of companies headquartered in Europe, North America and Asia.

The eligible private debt funds will mainly target investment in debt instruments including, but not limited to senior, second-lien, unitranche, mezzanine loans from leveraged buyout transactions and other special or distressed situations. The private debt funds will focus on the primary and secondary market.

The Investment Advisor's highly exclusive relationships to top private debt fund managers provides significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest in private debt funds which may have varying terms and structures including, but not limited to limited partnership structures, or even evergreen structures.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in Euro (EUR) and US

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

### **1.2. Investment Process**

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM and to the General Partner.

Through its strong network, the Investment Advisor will assist the AIFM and the General Partner in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds;
- Maintaining relationships with the network of private equity investors to create proprietary secondary transactions;

- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;
- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches;
- Leveraging its portfolio of secondary funds managers to access secondary co-investment opportunities; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM and to the General Partner, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analyzing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

The investments in private debt funds are passive investments meaning that the Board has no influence over exits. In private debt fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realizations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private debt fund.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in Euros (EUR).

## **4. SHARE CLASSES**

### **4.1 Investors Shares**

Four (4) Classes of Investors Shares, all denominated in Euros (EUR), are available for subscription in the Sub-Fund, namely:

- A Shares (the “**Class A Shares**”);
- B Shares (the “**Class B Shares**”);
- C Shares (the “**Class C Shares**”);
- D Shares (the “**Class D Shares**”).

For the avoidance of doubt, the commitments subscribed by Investors are considered with segregated referenced positions should they subscribe for Investors Shares directly or indirectly.



The following Classes of Investors Shares are, at the sole discretion of the General Partner, reserved to Investors having concluded with any of the entities of CA Indosuez Wealth Management (“**CA Indosuez Wealth Management**”) a services agreement or equivalent with respect to private equity investments (the “**Private Equity Agreement**”):

- the Class A Shares;
- the Class B Shares, it being understood that such Class of Shares is reserved to Investors managed by the AIFM;
- the Class C Shares, it being understood that such Class of Shares is reserved to Investors having also concluded a specific remuneration agreement with any of the entities of CA Indosuez Wealth Management (the “**Specific Remuneration Agreement**”).

The following Classes of Investors Shares are reserved to Investors having not concluded with any of the entities of CA Indosuez Wealth Management a Private Equity Agreement:

- the Class D Shares.

Notwithstanding the below paragraph, should an Investor having subscribed to Class C Shares terminates the Specific Remuneration Agreement, the General Partner may decide, at its sole discretion, to convert its Class C Shares into Class A Shares.

The General Partner may decide, at its sole discretion, to convert Class A Shares, Class B Shares and/or Class C Shares into Class D Shares should an Investor terminates the Private Equity Agreement.

## **4.2 Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

## **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for thirty million Euros (EUR 30,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

## **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of thirteen (13) years as from the Last Closing (as defined in the first paragraph of section 7.2 below), with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's investments, at its sole discretion.

The investment in a target fund may require a substantial length of time to liquidate and there may remain some obligations outstanding for a target fund, even if it has closed to liquidation. The liquidation process of the Sub-Fund may consequently require a substantial length of time subsequent to the making of a decision to liquidate the Sub-Fund.

## **7. CAPITAL FUNDING**

### **7.1. Commitments and Drawdowns**

Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund from 6 April 2016 until 30 June 2017,

unless extended by the General Partner at its sole discretion.

Investors, the Commitments of which are accepted on the first closing (the “**Initial Investors**”), shall be required to pay a portion of their respective committed amounts no later than ninety (90) Business Days following the notification of the first closing to the Initial Investors, following which Investors Shares are to be issued fully paid-up corresponding to the funded Commitment.

Such Investors Shares shall be issued fully paid at a price of one hundred Euros (EUR 100) each (the “**Subscription Price**”).

## **7.2. Commitments and Drawdowns after the First Closing**

After the first closing, Commitments to subscribe Investors Shares will be accepted from Initial Investors and other investors at such closings (“**Subsequent Closings**” and “**Subsequent Closings Investors**”) as determined by the General Partner during a period terminating on 31 March 2017, unless extended by the General Partner (the “**Last Closing**”). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of Investors Shares and pay up the relevant portion of their Commitments no later than seven (7) Business Days following the notification of the drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to postpone the date of any closing (including the Last Closing); in such case, the Investors will be informed of the amended date of the relevant closing and the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing by a Subsequent Closing Investor:

- (a) the Subsequent Closing Investor shall participate in investments made and fees and expenses (including the Management Fee as defined in the first paragraph of section 14.1 below) incurred by the Sub-Fund prior to its admission and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the first closing, at the Subscription Price;
- (b) the Subsequent Closing Investor shall pay an additional amount equal to five per cent (5%) per annum, calculated from the date on which the Initial Investors have contributed and paid in their first subscriptions relating to the first closing up to the date of the capital contributions actually made with respect to the Subsequent Closing in question, and such amount shall be payable to the Sub-Fund (the “**Actualization Interest**”).

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the first closing, then the General Partner may change the Subscription Price for Investors Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Investors Shares as of the relevant Subsequent Closing; in which case all such Investors Shares issued on the same closing shall constitute a separate series. In this case, no Actualization Interest will be due.

## **7.3. Drawdowns**

After the first closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the Commitments made by the Investors shall be drawn down in successive installments,

as determined by the General Partner. The General Partner will give each Investor a seven (7) Business Day prior notice for each drawdown.

Investors Shares issued in relation to each drawdown made after the first closing shall be issued fully paid-up at a subscription price equal, at the General Partner's discretion, either (i) to the Subscription Price plus, if applicable, the Actualization Interest or (ii) to the Net Asset Value of such Investors Shares on such drawdown date. If Investors Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The Subscription Price of the Investors Shares issued after the first closing must be paid within the limits specified in the relevant drawdown notice.

#### **7.4. *Return of Drawdowns***

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since the first closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

#### **7.5. *Commitment period***

The Commitment Period will extend from the first closing until the Last Closing (the "**Commitment Period**").

#### **8. MINIMUM COMMITMENT**

Commitments may only be accepted from Well-Informed Investors investing a minimum amount of, or equivalent to one

hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund.

Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept Commitments in lesser amounts.

#### **9. REDEMPTIONS AND CONVERSIONS**

An Investor may not at its own initiative require the Company to redeem its Investors Shares.

Investors are not authorised to convert their Investors Shares from this Sub-Fund into another Sub-Fund or from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

The General Partner, however, may decide, under the circumstances described in section 4.1 above or in the best interest of the Investors, to convert Investors Shares from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

#### **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

## **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The quarterly report provides the Investors with updates on the portfolio of investments.

## **12. DISTRIBUTIONS**

### ***12.1. Distributions***

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Investors Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Investors Shares, the redemption price will be equal to the last Net Asset Value per relevant Investors Shares calculated by the Administrative Agent.

### ***12.2. Recycling***

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant

to section 14 below), except in the situation described below.

The commitments made by the Sub-Fund in its underlying investments may amount to up to one hundred and fifteen percent (115%) of the Commitments made by the Investors in the Sub-Fund. The General Partner will use from time to time all or part of the distributions received from the Sub-Fund's investments to fund all or part of the capital calls made by the Sub-Fund's investments.

## **13. RECALL**

Target funds within the portfolio of investments may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions in the cases provided for in the constitutive/issuing documents of the target funds. In such cases Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the target funds, provided however that distributions hereunder will not increase Investors' undrawn Commitments beyond the amounts initially committed by Investors.

Investors may be required to recontribute either to the Sub-Fund (if it is still in existence) or directly to the General Partner for recontribution to the target funds.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out hereabove.

**14. MANAGEMENT FEE, AIFM  
REMUNERATION, INVESTMENT ADVISORY  
FEE AND OTHER EXPENSES**

**14.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the “**Management Fee**”), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal to:

- with respect to Class A Shares, zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A Shares as of the end of the preceding quarter;
- with respect to Class B Shares, zero percent (0%) per annum;
- with respect to Class C Shares, zero point zero six percent (0.06%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class C Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class C Shares as of the end of the preceding quarter;
- with respect to Class D shares, zero point eight percent (0.8%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class D Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund

attributable to Class D Shares as of the end of the preceding quarter.

The Management Fee will accrue as of the first closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the first closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

**14.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the “**AIFM Remuneration**”), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 14.5. respectively 14.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner’s service fees.

**14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the “**Investment Advisory Fee**”) will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

**14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm’s length basis; (b) all expenses incurred with

respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the "**Portfolio Investments Expenses**").

#### **14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the "**Creation Expenses**") will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point three percent (0.3%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **14.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Aggregate Commitments of the Sub-Fund.

##### **14.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **14.6.2. Operating Expenses**

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing

fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the "**Operating Expenses**"). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

#### **15. SPECIFIC RISK CONSIDERATIONS**

Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Risk of capital loss:** An investment in private equity is long term and with no certainty of return. The value of an interest and the distributions in respect of them can fluctuate down as well as up and an Investor may get back less than it contributed to the Sub-Fund or lose its entire investment.

**Portfolio valuation risks:** Prospective investors should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of inter alia sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may

contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or any Investor will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, investors must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for the interests in such underlying private equity funds, whose transfer may be restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.

**Unpredictability of distributions:** Return of capital and realization of gains, if any, on investments will generally occur only upon the distribution or other disposition by the Sub-Fund's underlying private equity funds of portfolio company securities, which may not occur for several years after the Sub-Fund's initial investments. Such distributions are likely to be unpredictable and may occur earlier than or later than anticipated by the managers. Investors should not expect significant returns for a period of years after their investment is made.

**Control of invested funds:** The private equity funds generally will not have the right to participate in the day-to-day management, control or operations of the underlying funds in which they are investing, nor will they have the right to remove the managers thereof. The private equity funds will also not necessarily have the opportunity to evaluate the relevant economic, financial and other information which will be utilized by the underlying funds in which they are investing in their selection, structuring, monitoring and disposition of investments.

**Portfolio company risks:** The portfolio investments in which the private equity funds will invest may invest in companies that involve a high degree of business or financial risk. They may be start-ups or in an early stage of development, may be distressed or have operating losses or

significant variations in operating results and may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence. The companies may also be experiencing or are expected to experience financial difficulties, which may never be overcome. In addition, they may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, or may otherwise have a weak financial condition. Portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities and a larger number of qualified managerial and technical personnel. In addition, in the event that the company does not perform as anticipated or incurs unanticipated liabilities, high leverage will magnify the adverse effect on the value of the equity of the company and could result in substantial diminution in or the total loss of an equity investment in the company. The return generated by the relevant portfolio companies will also depend on the level of interest charged under such debt and, consequently, may vary in function of the variations in interest rates.



<p><b>25. GLOBAL PRIVATE MARKETS OPPORTUNITIES 2016 - USD SUB-FUND</b></p>
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## **1. INVESTMENT OBJECTIVE AND STRATEGY**

### **1.1. *Investment Objective and Strategy***

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private equity, private equity real estate and private debt funds.

The Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio to be exposed directly or indirectly to private debt funds, private equity funds and private equity real estate funds targeting credit and equity investments of companies and assets located in Europe, North America and Asia.

The Investment Advisor's highly exclusive relationships to top fund managers provides significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest directly in private equity funds, private equity real estate funds and private debt funds which may have varying terms and structures including, but not limited to limited partnership structures and/or indirectly through the sub-funds of the Company and/or of Tiera Capital S.C.A., SICAR, a *société en commandite par actions* qualifying as a *société d'investissement en capital à risque* (SICAR) also managed by the AIFM.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in Euros (EUR) and US Dollars (USD), unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

### **1.2. *Investment Process***

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity and private debt market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM and to the General Partner.

Through its strong network, the Investment Advisor will assist the AIFM and the General Partner in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds;

- Maintaining relationships with the network of private equity investors to create proprietary secondary transactions;
- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;
- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches;
- Leveraging its portfolio of secondary funds managers to access secondary co-investment opportunities; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM and to the General Partner, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analyzing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

The investments in private equity funds and private debt funds are passive investments meaning that the Board has no influence over exits. In private equity and private debt investments, the general partners and managers of the underlying funds have full discretion regarding exits and realizations of portfolio companies. As a result, the exit

from such investments may be closely linked to the term of each such funds. However, as common in the private equity environment, potential exit routes for interests in private funds include, *inter alia*, a sale to other investors, a buyout by the management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in US Dollars (USD).

## **4. SHARE CLASSES**

### **4.1 Investors Shares**

Four (4) Classes of Investors Shares, all denominated in US Dollars (USD), are available for subscription in the Sub-Fund, namely:

- A Shares (the “**Class A Shares**”);
- B Shares (the “**Class B Shares**”);

- C Shares (the “**Class C Shares**”);
- D Shares (the “**Class D Shares**”).

For the avoidance of doubt, the commitments subscribed by Investors are considered with segregated referenced positions should they subscribe for Investors Shares directly or indirectly.

The following Classes of Investors Shares are, at the sole discretion of the General Partner, reserved to Investors having concluded with any of the entities of CA Indosuez Wealth Management (“**CA Indosuez Wealth Management**”) a services agreement or equivalent with respect to private equity investments (the “**Private Equity Agreement**”):

- the Class A Shares;
- the Class B Shares, it being understood that such Class of Shares is reserved to Investors managed by the AIFM;
- the Class C Shares, it being understood that such Class of Shares is reserved to Investors having also concluded a specific remuneration agreement with any of the entities of CA Indosuez Wealth Management (the “**Specific Remuneration Agreement**”).

The following Classes of Investors Shares are reserved to Investors having not concluded with any of the entities of CA Indosuez Wealth Management a Private Equity Agreement:

- the Class D Shares.

Notwithstanding the below paragraph, should an Investor having subscribed to Class C Shares terminates the Specific Remuneration Agreement, the General Partner may decide, at its sole discretion, to convert its Class C Shares into Class A Shares.

The General Partner may decide, at its sole discretion, to convert Class A Shares, Class B Shares and/or Class C Shares into Class D Shares should an Investor terminates the Private Equity Agreement.

#### **4.2 Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

#### **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for thirty million US Dollars (USD 30,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

#### **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of fourteen (14) years as from the Last Closing (as defined in the first paragraph of section 7.2 below), with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund’s investments, at its sole discretion.

The investment in a target fund may require a substantial length of time to liquidate and there may remain some obligations outstanding for a target fund, even if it has closed to liquidation. The liquidation process of the Sub-Fund may consequently require a substantial length of time subsequent to the making of a decision to liquidate the Sub-Fund.

## **7. CAPITAL FUNDING**

### **7.1. Commitments and Drawdowns**

Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund from 6 April 2016 until 30 June 2017, unless extended by the General Partner at its sole discretion.

Investors, the Commitments of which are accepted on the first closing (the “**Initial Investors**”), shall be required to pay a portion of their respective committed amounts no later than ninety (90) Business Days following the notification of the first closing to the Initial Investors, following which Investors Shares are to be issued fully paid-up corresponding to the funded Commitment.

Such Investors Shares shall be issued fully paid at a price of one hundred US Dollars (USD 100) each (the “**Subscription Price**”).

### **7.2. Commitments and Drawdowns after the First Closing**

After the first closing, Commitments to subscribe Investors Shares will be accepted from Initial Investors and other investors at such closings (“**Subsequent Closings**” and “**Subsequent Closings Investors**”) as determined by the General Partner during a period terminating on 30 June 2017, unless extended by the General Partner (the “**Last Closing**”). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of Investors Shares and pay up the relevant portion of their Commitments no later than seven (7) Business Days following the notification of the drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to postpone the date of any closing (including the Last Closing); in such case, the Investors will be informed of the

amended date of the relevant closing and the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing by a Subsequent Closing Investor:

- (a) the Subsequent Closing Investor shall participate in investments made and fees and expenses (including the Management Fee as defined in the first paragraph of section 14.1 below) incurred by the Sub-Fund prior to its admission and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the first closing, at the Subscription Price;
- (b) the Subsequent Closing Investor shall pay an additional amount equal to five per cent (5%) per annum, calculated from the date on which the Initial Investors have contributed and paid in their first subscriptions relating to the first closing up to the date of the capital contributions actually made with respect to the Subsequent Closing in question, and such amount shall be payable to the Sub-Fund (the “**Actualization Interest**”).

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the first closing, then the General Partner may change the Subscription Price for Investors Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Investors Shares as of the relevant Subsequent Closing; in which case all such Investors Shares issued on the same closing shall constitute a separate series. In this case, no Actualization Interest will be due.

### **7.3. Drawdowns**

After the first closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the Commitments made by the Investors shall be drawn down in successive installments, as determined by the General Partner. The General Partner will give each Investor a seven (7) Business Day prior notice for each drawdown.

Investors Shares issued in relation to each drawdown made after the first closing shall be issued fully paid-up at a subscription price equal, at the General Partner's discretion, either (i) to the Subscription Price plus, if applicable, the Actualization Interest or (ii) to the Net Asset Value of such Investors Shares on such drawdown date. If Investors Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The Subscription Price of the Investors Shares issued after the first closing must be paid within the limits specified in the relevant drawdown notice.

### **7.4. Return of Drawdowns**

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since the first closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### **7.5. Commitment period**

The Commitment Period will extend from the first closing until the Last Closing (the "Commitment Period").

## **8. MINIMUM COMMITMENT**

Commitments may only be accepted from Well-Informed Investors investing a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund.

Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept Commitments in lesser amounts.

## **9. REDEMPTIONS AND CONVERSIONS**

An Investor may not at its own initiative require the Company to redeem its Investors Shares.

Investors are not authorised to convert their Investors Shares from this Sub-Fund into another Sub-Fund or from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

The General Partner, however, may decide, under the circumstances described in section 4.1 above or in the best interest of the Investors, to convert Investors Shares from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

## **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

## **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The quarterly report provides the Investors with updates on the portfolio of investments.

## **12. DISTRIBUTIONS**

### ***12.1. Distributions***

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Investors Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Investors Shares, the redemption price will

be equal to the last Net Asset Value per relevant Investors Shares calculated by the Administrative Agent.

## ***12.2. Recycling***

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 14 below), except in the situation described below.

The commitments made by the Sub-Fund in its underlying investments may amount to up to one hundred and fifteen percent (115%) of the Commitments made by the Investors in the Sub-Fund. The General Partner will use from time to time all or part of the distributions received from the Sub-Fund's investments to fund all or part of the capital calls made by the Sub-Fund's investments.

## **13. RECALL**

Target funds within the portfolio of investments may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions in the cases provided for in the constitutive/issuing documents of the target funds. In such cases Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the target funds, provided however that distributions hereunder will not increase Investors' undrawn Commitments beyond the amounts initially committed by Investors.

Investors may be required to recontribute either to the Sub-Fund (if it is still in existence) or directly to the General Partner for recontribution to the target funds.

The above mentioned recallable distributions shall not continue beyond the

effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*)

Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out hereabove.

#### **14. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

##### **14.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the “**Management Fee**”), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal to:

- with respect to Class A Shares, zero point eight percent (0.8%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A Shares as of the end of the preceding quarter;
- with respect to Class B Shares, zero percent (0%) per annum;
- with respect to Class C Shares, zero point zero six percent (0.06%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class C Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund

attributable to Class C Shares as of the end of the preceding quarter;

- with respect to Class D shares, one percent (1.0%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class D Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class D Shares as of the end of the preceding quarter.

The Management Fee will accrue as of the first closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the first closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

##### **14.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the “**AIFM Remuneration**”), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 14.5. respectively 14.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner’s service fees.

##### **14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the “**Investment Advisory Fee**”) will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service

fees to which the General Partner or the AIFM, would otherwise be entitled.

#### **14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the "**Portfolio Investments Expenses**").

#### **14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the "**Creation Expenses**") will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point three percent (0.3%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **14.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Aggregate Commitments of the Sub-Fund.

##### **14.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **14.6.2. Operating Expenses**

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the "**Operating Expenses**"). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

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**Risk of capital loss:** An investment in private equity is long term and with no certainty of return. The value of an interest and the distributions in respect of them can fluctuate down as well as up and an Investor may get back less than it contributed to the Sub-Fund or lose its entire investment.

**Portfolio valuation risks:** Prospective investors should acknowledge that the



portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of inter alia sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or any Investor will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, investors must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depositary and/or central administration functions. Furthermore, the legal

infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for the interests in such underlying private equity funds, whose transfer may be restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.

**Unpredictability of distributions:** Return of capital and realization of gains, if any, on investments will generally occur only upon the distribution or other disposition by the Sub-Fund's underlying private equity funds of portfolio company securities, which may not occur for several years after the Sub-Fund's initial investments. Such distributions are likely to be unpredictable and may occur earlier than or later than anticipated by the managers. Investors should not expect significant returns for a period of years after their investment is made.

**Control of invested funds:** The private equity funds generally will not have the right to participate in the day-to-day management, control or operations of the underlying funds in which they are investing, nor will they have the right to remove the managers thereof. The private equity funds will also not necessarily have the opportunity to evaluate the relevant economic, financial and other information which will be utilized by the underlying funds in which they are investing in their selection,

structuring, monitoring and disposition of investments.

**Portfolio company risks:** The portfolio investments in which the private equity funds will invest may invest in companies that involve a high degree of business or financial risk. They may be start-ups or in an early stage of development, may be distressed or have operating losses or significant variations in operating results and may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence. The companies may also be experiencing or are expected to experience financial difficulties, which may never be overcome. In addition, they may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, or may otherwise have a weak financial condition. Portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities and a larger number of qualified managerial and technical personnel. In addition, in the event that the company does not perform as anticipated or incurs unanticipated liabilities, high leverage will magnify the adverse effect on the value of the equity of the company and could result in substantial diminution in or the total loss of an equity investment in the company. The return generated by the relevant portfolio companies will also depend on the level of interest charged under such debt and, consequently, may vary in function of the variations in interest rates.

<p><b>26. GLOBAL PRIVATE MARKETS OPPORTUNITIES 2018 - USD SUB-FUND</b></p>
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## **1. INVESTMENT OBJECTIVE AND STRATEGY**

### **1.1. *Investment Objective and Strategy***

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private equity, private equity real estate and private debt funds.

The Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio to be exposed directly or indirectly to private debt funds, private equity funds and private equity real estate funds targeting credit and equity investments of companies and assets located in Europe, North America and Asia.

The Investment Advisor's highly exclusive relationships to top fund managers provides significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest directly in private equity funds, private equity real estate funds and private debt funds which may have varying terms and structures including, but not limited to limited partnership structures and/or indirectly through the sub-funds of the Company and/or of Tiera Capital S.C.A., SICAR, a *société en commandite par actions* qualifying as a *société d'investissement en capital à risque* (SICAR) also managed by the AIFM.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in Euros (EUR) and US Dollars (USD), unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

### **1.2. *Investment Process***

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity and private debt market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM and to the General Partner.

Through its strong network, the Investment Advisor will assist the AIFM and the General Partner in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds;

- Maintaining relationships with the network of private equity investors to create proprietary secondary transactions;
- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;
- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches;
- Leveraging its portfolio of secondary funds managers to access secondary co-investment opportunities; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM and to the General Partner, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analyzing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

The investments in private equity funds and private debt funds are passive investments meaning that the Board has no influence over exits. In private equity and private debt investments, the general partners and managers of the underlying funds have full discretion regarding exits and realizations of portfolio companies. As a result, the exit

from such investments may be closely linked to the term of each such funds. However, as common in the private equity environment, potential exit routes for interests in private funds include, *inter alia*, a sale to other investors, a buyout by the management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in US Dollars (USD).

## **4. SHARE CLASSES**

### **4.1 Investors Shares**

Four (4) Classes of Investors Shares, all denominated in US Dollars (USD), are available for subscription in the Sub-Fund, namely:

- A Shares (the “**Class A Shares**”);
- B Shares (the “**Class B Shares**”);

- C Shares (the “**Class C Shares**”);
- D Shares (the “**Class D Shares**”).

For the avoidance of doubt, the commitments subscribed by Investors are considered with segregated referenced positions should they subscribe for Investors Shares directly or indirectly.

The following Classes of Investors Shares are, at the sole discretion of the General Partner, reserved to Investors having concluded with any of the entities of CA Indosuez Wealth Management (“**CA Indosuez Wealth Management**”) a services agreement or equivalent with respect to private equity investments (the “**Private Equity Agreement**”):

- the Class A Shares;
- the Class B Shares, it being understood that such Class of Shares is reserved to Investors managed by the AIFM;
- the Class C Shares, it being understood that such Class of Shares is reserved to Investors having also concluded a specific remuneration agreement with any of the entities of CA Indosuez Wealth Management (the “**Specific Remuneration Agreement**”).

The following Classes of Investors Shares are reserved to Investors having not concluded with any of the entities of CA Indosuez Wealth Management a Private Equity Agreement:

- the Class D Shares.

Notwithstanding the below paragraph, should an Investor having subscribed to Class C Shares terminates the Specific Remuneration Agreement, the General Partner may decide, at its sole discretion, to convert its Class C Shares into Class A Shares.

The General Partner may decide, at its sole discretion, to convert Class A Shares, Class B Shares and/or Class C Shares into Class D Shares should an Investor terminates the Private Equity Agreement.

#### **4.2 Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

#### **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for thirty million US Dollars (USD 30,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

#### **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of fourteen (14) years as from the Last Closing (as defined in the first paragraph of section 7.2 below), with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund’s investments, at its sole discretion.

The investment in a target fund may require a substantial length of time to liquidate and there may remain some obligations outstanding for a target fund, even if it has closed to liquidation. The liquidation process of the Sub-Fund may consequently require a substantial length of time subsequent to the making of a decision to liquidate the Sub-Fund.

## **7. CAPITAL FUNDING**

### **7.1. Commitments and Drawdowns**

Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund from 18 May 2018 until 30 June 2019, unless extended by the General Partner at its sole discretion.

Investors, the Commitments of which are accepted on the first closing (the “**Initial Investors**”), shall be required to pay a portion of their respective committed amounts no later than ninety (90) Business Days following the notification of the first closing to the Initial Investors, following which Investors Shares are to be issued fully paid-up corresponding to the funded Commitment.

Such Investors Shares shall be issued fully paid at a price of one hundred US Dollars (USD 100) each (the “**Subscription Price**”).

### **7.2. Commitments and Drawdowns after the First Closing**

After the first closing, Commitments to subscribe Investors Shares will be accepted from Initial Investors and other investors at such closings (“**Subsequent Closings**” and “**Subsequent Closings Investors**”) as determined by the General Partner during a period terminating on 30 June 2019, unless extended by the General Partner (the “**Last Closing**”). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of Investors Shares and pay up the relevant portion of their Commitments no later than the date specified in the relevant drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to postpone the date of any closing (including the Last Closing); in such case, the Investors will be informed of the amended date of the relevant closing and

the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing by a Subsequent Closing Investor:

- (a) the Subsequent Closing Investor shall participate in investments made and fees and expenses (including the Management Fee as defined in the first paragraph of section 14.1 below) incurred by the Sub-Fund prior to its admission and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the first closing, at the Subscription Price;
- (b) the Subsequent Closing Investor shall pay an additional amount equal to two per cent (2%) per annum, calculated from the date on which the Initial Investors have contributed and paid in their first subscriptions relating to the first closing up to the date of the capital contributions actually made with respect to the Subsequent Closing in question, and such amount shall be payable to the Sub-Fund (the “**Actualization Interest**”).

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the first closing, then the General Partner may change the Subscription Price for Investors Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Investors Shares as of the relevant Subsequent Closing; in which case all such Investors Shares issued on the same closing shall constitute a separate series. In this case, no Actualization Interest will be due.

### **7.3. Drawdowns**

After the first closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the Commitments made by the Investors shall be drawn down in successive installments, as determined by the General Partner. The General Partner will give each Investor prior notice for each drawdown.

Investors Shares issued in relation to each drawdown made after the first closing shall be issued fully paid-up at a subscription price equal, at the General Partner's discretion, either (i) to the Subscription Price plus, if applicable, the Actualization Interest or (ii) to the Net Asset Value of such Investors Shares on such drawdown date. If Investors Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The Subscription Price of the Investors Shares issued after the first closing must be paid within the limits specified in the relevant drawdown notice.

### **7.4. Return of Drawdowns**

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since the first closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### **7.5. Commitment period**

The Commitment Period will extend from the first closing until the Last Closing (the "**Commitment Period**").

## **8. MINIMUM COMMITMENT**

Commitments may only be accepted from Eligible Investors investing a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund.

Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept Commitments in lesser amounts.

## **9. REDEMPTIONS AND CONVERSIONS**

An Investor may not at its own initiative require the Company to redeem its Investors Shares.

Investors are not authorised to convert their Investors Shares from this Sub-Fund into another Sub-Fund or from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

The General Partner, however, may decide, under the circumstances described in section 4.1 above or in the best interest of the Investors, to convert Investors Shares from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

## **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the

NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

## **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The quarterly report provides the Investors with updates on the portfolio of investments.

## **12. DISTRIBUTIONS**

### ***12.1. Distributions***

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Investors Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Investors Shares, the redemption price will be equal to the last Net Asset Value per relevant Investors Shares calculated by the Administrative Agent.

## ***12.2. Recycling***

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 14 below), except in the situation described below.

The commitments made by the Sub-Fund in its underlying investments may amount to up to one hundred and thirty percent (130%) of the Commitments made by the Investors in the Sub-Fund. The General Partner will use from time to time all or part of the distributions received from the Sub-Fund's investments to fund all or part of the capital calls made by the Sub-Fund's investments.

## **13. RECALL**

Target funds within the portfolio of investments may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions in the cases provided for in the constitutive/issuing documents of the target funds. In such cases Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the target funds, provided however that distributions hereunder will not increase Investors' undrawn Commitments beyond the amounts initially committed by Investors.

Investors may be required to recontribute either to the Sub-Fund (if it is still in existence) or directly to the General Partner for recontribution to the target funds.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax



consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out hereabove.

**14. MANAGEMENT FEE, AIFM  
REMUNERATION, INVESTMENT ADVISORY  
FEE AND OTHER EXPENSES**

**14.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the “**Management Fee**”), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal to:

- with respect to Class A Shares, zero point ninety five percent (0.95%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A Shares as of the end of the preceding quarter;
- with respect to Class B Shares, zero percent (0%) per annum;
- with respect to Class C Shares, zero point twelve percent (0.12%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class C Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class C Shares as of the end of the preceding quarter;
- with respect to Class D shares, one point twenty five percent (1.25%) per annum (plus value added tax, if

applicable) on the aggregate of (i) Net Asset Value attributable to Class D Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class D Shares as of the end of the preceding quarter.

The Management Fee will accrue as of the first closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the first closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

**14.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the “**AIFM Remuneration**”), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 14.5. respectively 14.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner’s service fees.

**14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the “**Investment Advisory Fee**”) will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

#### **14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the "**Portfolio Investments Expenses**").

#### **14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the "**Creation Expenses**") will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point three percent (0.3%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **14.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Aggregate Commitments of the Sub-Fund.

##### **14.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **14.6.2. Operating Expenses**

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the "**Operating Expenses**"). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

#### **15. DEFAULTING INVESTORS**

The provisions provided for under Part I, section VIII. "Shares of the Company", subsection D. "Defaulting Investors" of this private placement memorandum dated May 2018 are applicable to this Sub-Fund. The information notice of this private placement memorandum dated May 2018 are not applicable to this Sub-Fund.

#### **16. SPECIFIC RISK CONSIDERATIONS**

Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the

Sub-Fund's investment objectives and strategy:

**Risk of capital loss:** An investment in private equity is long term and with no certainty of return. The value of an interest and the distributions in respect of them can fluctuate down as well as up and an Investor may get back less than it contributed to the Sub-Fund or lose its entire investment.

**Portfolio valuation risks:** Prospective investors should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of inter alia sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or any Investor will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial

investment contributed, investors must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for the interests in such underlying private equity funds, whose transfer may be restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.

**Unpredictability of distributions:** Return of capital and realization of gains, if any, on investments will generally occur only upon the distribution or other disposition by the Sub-Fund's underlying private equity funds of portfolio company securities, which may not occur for several years after the Sub-Fund's initial investments. Such distributions are likely to be unpredictable and may occur earlier than or later than anticipated by the managers. Investors should not expect significant returns for a period of years after their investment is made.

**Control of invested funds:** The private equity funds generally will not have the right to participate in the day-to-day management, control or operations of the underlying funds in which they are investing, nor will they have the right to remove the managers thereof. The private equity funds will also not necessarily have the opportunity to evaluate the relevant economic, financial and other information which will be utilized by the underlying funds in which they are investing in their selection, structuring, monitoring and disposition of investments.

and, consequently, may vary in function of the variations in interest rates.

**Portfolio company risks:** The portfolio investments in which the private equity funds will invest may invest in companies that involve a high degree of business or financial risk. They may be start-ups or in an early stage of development, may be distressed or have operating losses or significant variations in operating results and may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence. The companies may also be experiencing or are expected to experience financial difficulties, which may never be overcome. In addition, they may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, or may otherwise have a weak financial condition. Portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities and a larger number of qualified managerial and technical personnel. In addition, in the event that the company does not perform as anticipated or incurs unanticipated liabilities, high leverage will magnify the adverse effect on the value of the equity of the company and could result in substantial diminution in or the total loss of an equity investment in the company. The return generated by the relevant portfolio companies will also depend on the level of interest charged under such debt

<b>27. PRESV SELECTION SUB-FUND</b>
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(SICAR) also managed by the AIFM.

## **1. INVESTMENT OBJECTIVE AND STRATEGY**

### ***1.1. Investment Objective and Strategy***

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private equity funds invested in all kinds of private equity situations across the whole private equity spectrum including, but not limited to, venture capital, buyout, mezzanine debt, secondaries, distressed credit, special opportunities or real estate exposures.

Due to the broad focus on the whole private equity spectrum, the Sub-Fund will invest opportunistically in each and every private equity fund with the most interesting proposals without being restricted by fixed allocation guidelines. Nevertheless, the Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio across geographies and underlying strategies.

The Investment Advisor's highly exclusive relationships to top fund managers provide significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest directly in private equity funds which may have varying terms and structures including, but not limited to limited partnership structures, feeder structures or even evergreen structures, limited partnership structures and/or indirectly through the sub-funds of the Company and/or of Tiera Capital S.C.A., SICAR, a société en commandite par actions qualifying as a société d'investissement en capital à risque

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in Euros (EUR) and in US Dollars (USD), unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

### ***1.2. Investment Process***

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM.

Through its strong network, the Investment Advisor will assist the AIFM in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds managers;
- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;
- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analyzing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

In private equity fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realizations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private equity fund. However, as common in the private equity environment, potential exit routes for interests in private funds include, *inter alia*, a sale to other investors, a buyout by the

management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in Euros (EUR).

## **4. SHARE CLASSES**

### **4.1. Investor Shares**

One (1) Class of Investor Shares, namely A Shares (the "**A Shares**"), is available for subscription in the Sub-Fund.

### **4.2. Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

## **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for up to twenty million Euros (EUR 20,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

## **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of ten (10) years as from the end of the Investment Period (as defined in section 7.4 below) with three (3) possible consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's investments, at its sole discretion.

## **7. CAPITAL FUNDING**

### ***7.1. Commitments and Drawdowns***

One sole Investor is permitted to commit to subscribe for A Shares in the Sub-Fund from 2 November 2016 until 31 December 2019.

For the purpose of this Sub-Fund, one (1) closing per year (the "**Closing**") may occur. The Investor will be permitted over a period of four (4) years to commit to subscribe annually five million Euros (EUR 5,000,000.-) (the "**Annual Commitment**").

The General Partner has however the right to accept an annual Commitment from the Investor in a higher or lesser amount.

The General Partner may decide, at its discretion, to advance or postpone the date of each Closing; in such case, the Investor will be informed of the amended date of the

Closing and the date on which the corresponding part of its commitment has to be paid.

### ***7.2. Drawdowns***

After each Closing, such portions of the Commitments made by the Investor shall be drawn down in successive installments, as determined by the General Partner. The General Partner will give the Investor a seven (7) Business Day prior notice for each drawdown.

Class A Shares issued in relation to each drawdown shall be issued fully paid-up at a subscription price of one hundred Euros (EUR 100.-).

The subscription price of A Shares issued must be paid on the relevant drawdown date.

### ***7.3. Return of Drawdowns***

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investor in the event such drawdowns made since each Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### ***7.4. Investment Period & Drawdown Period***

**Investment Period:** The Investment Period will extend from the first Closing until 31 December 2020, with an optional extension of six (6) months at the sole discretion of the General Partner.

The General Partner will invest the Annual Commitment over a period of twelve (12) months after the respective Closing dates,

with an optional extension of six (6) months at the sole discretion of the General Partner.

**Drawdown Period:** Commitments will be called in accordance with section 7.2 until the Sub-Fund's term (i) to fund investments initiated during the Investment Period (ii) for follow-on investments in, or relating to, existing underlying investments, or (iii) to pay ongoing fees and operating expenses of the Company allocated to the Sub-Fund during its remaining term.

#### **8. OVERCOMMITMENT AND LIQUIDITY MANAGEMENT**

The commitments made by the Sub-Fund in its underlying investments may be higher than the Commitments made by the Investor in the Sub-Fund.

The General Partner will ensure that, at any time of the life of the Sub-Fund, the uncalled Commitments from the underlying investments will not exceed one hundred and eighty percent (180%) of the aggregate of (i) the Investor's uncalled Commitments plus (ii) the cash and/or liquid assets available for the Sub-Fund.

In that context, the General Partner will also use from time to time all or part of the distributions received from the Sub-Fund's investments to fund all or part of the capital calls made by the Sub-Fund's investments in order to ensure that the Sub-Fund will meet its obligations with regards to uncalled Commitments.

#### **9. REDEMPTIONS**

The Investor may not at its own initiative require the Company to redeem its A Shares.

#### **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

#### **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investor no later than five (5) months after each quarter end. The quarterly report provides the Investor with updates on the portfolio of investments.

#### **12. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of A Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.



Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of A Shares, the redemption price will be equal to the last Net Asset Value per relevant A Shares calculated by the Administrative Agent.

The Investor will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 14 below), except in the situation described in section 8.

### **13. RECALL**

The Investor may be requested to fully or partially refund the Sub-Fund of the amounts distributed to him:

- (i) to fund such portion of a reimbursement obligation of the Sub-Fund towards a target fund within the portfolio of investments as provided for in the constitutive/contractual documents of such target fund; or
- (ii) to fund such portion of the Sub-Fund's commitment that would exceed the outstanding Commitments;

provided however that distributions hereunder will not increase the Investor's undrawn Commitments beyond the amounts initially committed by the Investor.

The Investor may be required to re contribute either to the Sub-Fund or directly to the General Partner for re contribution to the target funds.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

The Investor should inform himself and

should take appropriate advice on the legal requirements as to possible tax consequences which he might encounter under the laws of the countries of his citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out here above.

## **14. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

### **14.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the aggregate of (i) the Net Asset Value attributable to the Investor Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to the Investor Shares as of the end of the preceding quarter.

### **14.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the "**AIFM Remuneration**"), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 14.5. respectively 14.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner's service fees.

### **14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the "**Investment Advisory Fee**") will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the

Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

#### **14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the "**Portfolio Investments Expenses**").

#### **14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the "**Creation Expenses**") will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point sixteen percent (0.16%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **14.6. Other Expenses**

The below other expenses shall not exceed

altogether zero point eighteen percent (0.18%) per annum based on the Aggregate Commitments of the Sub-Fund.

##### **14.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **14.6.2. Operating Expenses**

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the "**Operating Expenses**"). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

#### **15. SPECIFIC RISK CONSIDERATIONS**

The Investor is advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Portfolio valuation risks:** the Investor should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of *inter alia* sectors, geographies, financial statements formats, reference currencies,

accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or the Investor will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, the Investor must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree

of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Drawdown Period:** Amounts Committed to underlying investments during the Investment Period may be drawn down by such underlying investments over their own drawdown period and the Sub-Fund intends to pass on such drawdown notices to the Investor when they come. This is likely to occur over a period that exceeds the Investment Period, so that the Investor may be required to pay and subscribe the relevant portion of his capital contribution over a significant period of time.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for the interests in such underlying private equity funds, whose transfer may be restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.

<b>28. CLD SELECTION 2016 SUB-FUND</b>
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## **1. INVESTMENT OBJECTIVE AND STRATEGY**

### ***1.1. Investment Objective and Strategy***

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private equity funds invested in all kinds of private equity situations across the whole private equity spectrum including, but not limited to, venture capital, buyout, mezzanine debt, secondaries, distressed credit, special opportunities or real estate exposures.

Due to the broad focus on the whole private equity spectrum, the Sub-Fund will invest opportunistically in each and every private equity fund with the most interesting proposals without being restricted by fixed allocation guidelines. Nevertheless, the Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio across geographies and underlying strategies.

The Investment Advisor's highly exclusive relationships to top fund managers provide significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest in private equity funds which may have varying terms and structures including, but not limited to limited partnership structures, feeder structures or even evergreen structures;

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in Euros (EUR) and in

US Dollars (USD), unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

### ***1.2. Investment Process***

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM.

Through its strong network, the Investment Advisor will assist the AIFM in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds managers;
- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;

- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analyzing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

In private equity fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realizations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private equity fund. However, as common in the private equity environment, potential exit routes for interests in private funds include, *inter alia*, a sale to other investors, a buyout by the management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in US Dollars (USD).

## **4. SHARE CLASSES**

### **4.1. *Investors Shares***

One (1) Class of Investors Shares, namely A Shares (the "**A Shares**"), is available for subscription in the Sub-Fund.

### **4.2. *Participating Shares***

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

## **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for up to fifty million US Dollars (USD 50,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

## **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of ten (10) years as from the final

Closing with three (3) possible consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's investments, at its sole discretion.

## **7. CAPITAL FUNDING**

### ***7.1. Commitments and Drawdowns***

The Investors are permitted to commit to subscribe for A Shares in the Sub-Fund from 2 November 2016 until 31 December 2020.

For the purpose of this Sub-Fund, there may be one (1) or several closings per year (the "Closings", each a "Closing"). The Investors will be permitted to commit to subscribe with a minimum of eight million US Dollars (USD 8,000,000.-) on the first Closing.

The General Partner may decide, at its discretion, to advance or postpone the date of each Closing; in such case, the Investors will be informed of the amended date of the Closing and the date on which the corresponding part of its commitment has to be paid.

### ***7.2. Drawdowns***

After each Closing, such portions of the Commitments made by the Investors shall be drawn down in successive installments, as determined by the General Partner. The General Partner will give the Investors a seven (7) Business Day prior notice for each drawdown.

Class A Shares issued in relation to each drawdown shall be issued fully paid-up at a subscription price of one hundred US Dollars (USD 100.-).

The subscription price of A Shares issued must be paid on the relevant drawdown date.

### ***7.3. Return of Drawdowns***

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since each Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### ***7.4. Investment Period & Drawdown Period***

**Investment Period:** The Investment Period will extend from the first Closing until 31 December 2021, with an optional extension of six (6) months at the sole discretion of the General Partner.

The General Partner will invest the annual Commitment over a period of twelve (12) months after the respective Closing dates, with an optional extension of six (6) months at the sole discretion of the General Partner.

**Drawdown Period:** Commitments will be called in accordance with section 7.2 until the Sub-Fund's term (i) to fund investments initiated during the Investment Period (ii) for follow-on investments in, or relating to, existing underlying investments, or (iii) to pay ongoing fees and operating expenses of the Company allocated to the Sub-Fund during its remaining term.

## **8. OVERCOMMITMENT AND LIQUIDITY MANAGEMENT**

The Commitments made by the Sub-Fund in its underlying investments may be higher

than the Commitments made by the Investors in the Sub-Fund.

The General Partner will ensure that, at any time of the life of the Sub-Fund, the uncalled Commitments from the underlying investments will not exceed one hundred and eighty percent (180%) of the aggregate of (i) the Investors' uncalled Commitment plus (ii) the cash and/or liquid assets available for the Sub-Fund.

The General Partner will also use from time to time all or part of the distributions received from the Sub-Fund's investments to fund all or part of the capital calls made by the Sub-Fund's investments in order to ensure that the Sub-Fund will meet its obligations with regards to uncalled Commitments.

#### **9. REDEMPTIONS**

The Investors may not at their own initiative require the Company to redeem its A Shares.

#### **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

#### **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The quarterly report provides the Investors with updates on the portfolio of investments.

#### **12. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of A Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of A Shares, the redemption price will be equal to the last Net Asset Value per relevant A Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 14 below), except in the situation described in section 8.

#### **13. RECALL**

The Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them:

- (i) to fund such portion of a reimbursement obligation of the Sub-Fund towards a target fund within the portfolio of investments as provided for in the constitutive/contractual documents of such target fund; or
- (ii) to fund such portion of the Sub-Fund's commitment that would exceed the outstanding Commitments;

provided however that distributions hereunder will not increase the Investors' undrawn Commitments beyond the amounts initially committed by the Investors.

The Investors may be required to recontribute either to the Sub-Fund or directly to the General Partner for recontribution to the target funds.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

The Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out here above.

#### **14. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

##### **14.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal

zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the aggregate of (i) the Net Asset Value attributable to the Investors Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to the Investors Shares as of the end of the preceding quarter.

##### **14.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the "**AIFM Remuneration**"), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 14.5. respectively 14.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner's service fees.

##### **14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the "**Investment Advisory Fee**") will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

##### **14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses



related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the “**Portfolio Investments Expenses**”).

#### **14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the “**Creation Expenses**”) will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point five percent (0.5%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **14.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Aggregate Commitments of the Sub-Fund.

##### **14.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **14.6.2. Operating Expenses**

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the “**Operating Expenses**”). All of the above Operating Expenses will as a rule be paid by the AIFM.

To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

### **15. SPECIFIC RISK CONSIDERATIONS**

The Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Portfolio valuation risks:** the Investors should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of *inter alia* sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or the Investors will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the

Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, the Investors must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Drawdown Period:** Amounts Committed to underlying investments during the Investment Period may be drawn down by such underlying investments over their own drawdown period and the Sub-Fund intends to pass on such drawdown notices to the Investors when they come. This is likely to occur over a period that exceeds the Investment Period, so that the Investors may be required to pay and subscribe the relevant portion of their capital contribution over a significant period of time.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for

the interests in such underlying private equity funds, whose transfer may be restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.

<b>29. GPE SELECTION 1 SUB-FUND</b>
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## **1. INVESTMENT OBJECTIVE AND STRATEGY**

### ***1.1. Investment Objective and Strategy***

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private equity funds invested in all kinds of private equity situations across the whole private equity spectrum including, but not limited to, venture capital, buyout, mezzanine debt, secondaries, distressed credit, special opportunities, infrastructure or real estate exposures.

Due to the broad focus on the whole private equity spectrum, the Sub-Fund will invest opportunistically in each and every private equity fund with the most interesting proposals without being restricted by fixed allocation guidelines. Nevertheless, the Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio across geographies and underlying strategies.

The Investment Advisor's highly exclusive relationships to top fund managers provide significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest directly in private equity funds which may have varying terms and structures including, but not limited to limited partnership structures, feeder structures or even evergreen structures, limited partnership structures and/or indirectly through the sub-funds of the Company and/or of Tiera Capital S.C.A., SICAR, a société en commandite par actions qualifying as a société

d'investissement en capital à risque (SICAR) also managed by the AIFM.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in Euros (EUR) and in US Dollars (USD), unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

### ***1.2. Investment Process***

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM.

Through its strong network, the Investment Advisor will assist the AIFM in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds managers;
- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;
- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analyzing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

In private equity fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realizations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private equity fund. However, as common in the private equity environment, potential exit routes for interests in private funds include, *inter alia*, a sale to other investors, a buyout by the management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in Euros (EUR).

## **4. SHARE CLASSES**

### **4.1. Investors Shares**

One (1) Class of Investors Shares, namely A Shares (the “A Shares”), is available for subscription in the Sub-Fund.

### **4.2. Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

## **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for up to fifty million Euros (EUR 50,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments

totalling less than, or in excess of, this amount.

## **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of ten (10) years as from the end of the Investment Period (as defined in section 7.4 below) with three (3) possible consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's investments, at its sole discretion.

## **7. CAPITAL FUNDING**

### **7.1. Commitments and Drawdowns**

The Investors are permitted to commit to subscribe for A Shares in the Sub-Fund from 2 November 2016 until 31 December 2021.

For the purpose of this Sub-Fund, there may be several closings per year (the "Closings", each a "Closing"). The Investors will be permitted to commit to subscribe:

- A minimum of five million Euros (EUR 5,000,000.-) on the first Closing; and
- Thereafter a minimum of one million Euros (EUR 1,000,000.-) annually

(the "Annual Commitment").

The General Partner has however the right to accept an annual Commitment from the Investors in a higher or lesser amount.

The General Partner may decide, at its discretion, to advance or postpone the date

of each Closing; in such case, the Investors will be informed of the amended date of the Closing and the date on which the corresponding part of its commitment has to be paid.

### **7.2. Drawdowns**

After each Closing, such portions of the Commitments made by the Investors shall be drawn down in successive installments, as determined by the General Partner. The General Partner will give the Investors a seven (7) Business Day prior notice for each drawdown.

Class A Shares issued in relation to each drawdown shall be issued fully paid-up at a subscription price of one hundred Euros (EUR 100.-).

The subscription price of A Shares issued must be paid on the relevant drawdown date.

### **7.3. Return of Drawdowns**

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since each Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### **7.4. Investment Period & Drawdown Period**

**Investment Period:** The Investment Period will extend from the first Closing until 31 December 2022, with an optional extension of six (6) months at the sole discretion of the General Partner.

The General Partner will invest the Annual Commitment over a period of twelve (12)

months after the respective Closing dates, with an optional extension of six (6) months at the sole discretion of the General Partner.

**Drawdown Period:** Commitments will be called in accordance with section 7.2 until the Sub-Fund's term (i) to fund investments initiated during the Investment Period (ii) for follow-on investments in, or relating to, existing underlying investments, or (iii) to pay ongoing fees and operating expenses of the Company allocated to the Sub-Fund during its remaining term.

#### **8. OVERCOMMITMENT AND LIQUIDITY MANAGEMENT**

The Commitments made by the Sub-Fund in its underlying investments may be higher than the Commitments made by the Investors in the Sub-Fund.

The General Partner will ensure that, at any time of the life of the Sub-Fund, the uncalled Commitments from the underlying investments will not exceed one hundred and fifty percent (150%) of the aggregate of (i) the Investors' uncalled Commitments plus (ii) the cash and/or liquid assets available for the Sub-Fund.

The General Partner will also use from time to time all or part of the distributions received from the Sub-Fund's investments to fund all or part of the capital calls made by the Sub-Fund's investments in order to ensure that the Sub-Fund will meet its obligations with regards to uncalled Commitments.

#### **9. REDEMPTIONS**

The Investors may not at their own initiative require the Company to redeem its A Shares.

#### **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

#### **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The quarterly report provides the Investors with updates on the portfolio of investments.

#### **12. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of A Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of A Shares, the redemption price will be equal to the last Net Asset Value per relevant A Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 14 below), except in the situation described in section 8.

### **13. RECALL**

The Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them:

- (i) to fund such portion of a reimbursement obligation of the Sub-Fund towards a target fund within the portfolio of investments as provided for in the constitutive/contractual documents of such target fund; or
- (ii) to fund such portion of the Sub-Fund's commitment that would exceed the outstanding Commitments;

provided however that distributions hereunder will not increase the Investors' undrawn Commitments beyond the amounts initially committed by the Investors.

The Investors may be required to recontribute either to the Sub-Fund or directly to the General Partner for recontribution to the target funds.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

The Investors should inform themselves and should take appropriate advice on the legal

requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out here above.

## **14. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

### **14.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the aggregate of (i) the Net Asset Value attributable to the Investors Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to the Investors Shares as of the end of the preceding quarter.

### **14.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the "**AIFM Remuneration**"), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 14.5. respectively 14.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner's service fees.

### **14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the "**Investment Advisory Fee**") will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the

Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

#### **14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the "**Portfolio Investments Expenses**").

#### **14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the "**Creation Expenses**") will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point five percent (0.5%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **14.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Aggregate

Commitments of the Sub-Fund.

##### **14.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **14.6.2. Operating Expenses**

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the "**Operating Expenses**"). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

### **15. SPECIFIC RISK CONSIDERATIONS**

The Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Portfolio valuation risks:** the Investors should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of *inter alia* sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and



comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or the Investors will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, the Investors must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major

securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Drawdown Period:** Amounts Committed to underlying investments during the Investment Period may be drawn down by such underlying investments over their own drawdown period and the Sub-Fund intends to pass on such drawdown notices to the Investors when they come. This is likely to occur over a period that exceeds the Investment Period, so that the Investors may be required to pay and subscribe the relevant portion of their capital contribution over a significant period of time.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for the interests in such underlying private equity funds, whose transfer may be restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.

<b>30. GPE SELECTION 2 SUB-FUND</b>
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## **1. INVESTMENT OBJECTIVE AND STRATEGY**

### ***1.1. Investment Objective and Strategy***

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private equity funds invested in all kinds of private equity situations across the whole private equity spectrum including, but not limited to, venture capital, buyout, mezzanine debt, secondaries, distressed credit, special opportunities, infrastructure or real estate exposures.

Due to the broad focus on the whole private equity spectrum, the Sub-Fund will invest opportunistically in each and every private equity fund with the most interesting proposals without being restricted by fixed allocation guidelines. Nevertheless, the Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio across geographies and underlying strategies.

The Investment Advisor's highly exclusive relationships to top fund managers provide significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest directly in private equity funds which may have varying terms and structures including, but not limited to limited partnership structures, feeder structures or even evergreen structures, limited partnership structures and/or indirectly through the sub-funds of the Company and/or of Tiera Capital S.C.A., SICAR, a société en commandite par actions qualifying as a société

d'investissement en capital à risque (SICAR) also managed by the AIFM.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in Euros (EUR) and in US Dollars (USD), unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

### ***1.2. Investment Process***

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM.

Through its strong network, the Investment Advisor will assist the AIFM in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds managers;
- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;
- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analyzing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

In private equity fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realizations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private equity fund. However, as common in the private equity environment, potential exit routes for interests in private funds include, *inter alia*, a sale to other investors, a buyout by the

management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in Euros (EUR).

## **4. SHARE CLASSES**

### **4.1. Investors Shares**

One (1) Class of Investors Shares, namely A Shares (the "**A Shares**"), is available for subscription in the Sub-Fund.

### **4.2. Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

## **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for up to fifty million Euros (EUR 50,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

## **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of ten (10) years as from the end of the Investment Period (as defined in section 7.4 below) with three (3) possible consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's investments, at its sole discretion.

## **7. CAPITAL FUNDING**

### **7.1. Commitments and Drawdowns**

The Investors are permitted to commit to subscribe for A Shares in the Sub-Fund from 2 November 2016 until 31 December 2021.

For the purpose of this Sub-Fund, there may be several closings per year (the "**Closings**", each a "**Closing**"). The Investors will be permitted to commit to subscribe:

- A minimum of five million Euros (EUR 5,000,000.-) on the first Closing; and
- Thereafter a minimum of one million Euros (EUR 1,000,000.-) annually.

(the "**Annual Commitment**").

The General Partner has however the right to accept an annual Commitment from the Investors in a higher or lesser amount.

The General Partner may decide, at its discretion, to advance or postpone the date of each Closing; in such case, the Investors will be informed of the amended date of the Closing and the date on which the corresponding part of its commitment has to be paid.

### **7.2. Drawdowns**

After each Closing, such portions of the Commitments made by the Investors shall be drawn down in successive installments, as determined by the General Partner. The General Partner will give the Investors a seven (7) Business Day prior notice for each drawdown.

Class A Shares issued in relation to each drawdown shall be issued fully paid-up at a subscription price of one hundred Euros (EUR 100.-).

The subscription price of A Shares issued must be paid on the relevant drawdown date.

### **7.3. Return of Drawdowns**

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since each Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### **7.4. Investment Period & Drawdown Period**

**Investment Period:** The Investment Period will extend from the first Closing until 31

December 2022, with an optional extension of six (6) months at the sole discretion of the General Partner.

The General Partner will invest the Annual Commitment over a period of twelve (12) months after the respective Closing dates, with an optional extension of six (6) months at the sole discretion of the General Partner.

**Drawdown Period:** Commitments will be called in accordance with section 7.2 until the Sub-Fund's term (i) to fund investments initiated during the Investment Period (ii) for follow-on investments in, or relating to, existing underlying investments, or (iii) to pay ongoing fees and operating expenses of the Company allocated to the Sub-Fund during its remaining term.

#### **8. OVERCOMMITMENT AND LIQUIDITY MANAGEMENT**

The Commitments made by the Sub-Fund in its underlying investments may be higher than the Commitments made by the Investors in the Sub-Fund.

The General Partner will ensure that, at any time of the life of the Sub-Fund, the uncalled Commitments from the underlying investments will not exceed one hundred and fifty percent (150%) of the aggregate of (i) the Investors' uncalled Commitments plus (ii) the cash and/or liquid assets available for the Sub-Fund.

The General Partner will also use from time to time all or part of the distributions received from the Sub-Fund's investments to fund all or part of the capital calls made by the Sub-Fund's investments in order to ensure that the Sub-Fund will meet its obligations with regards to uncalled Commitments.

#### **9. REDEMPTIONS**

The Investors may not at their own initiative require the Company to redeem its A Shares.

#### **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

#### **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The quarterly report provides the Investors with updates on the portfolio of investments.

## **12. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of A Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of A Shares, the redemption price will be equal to the last Net Asset Value per relevant A Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 14 below), except in the situation described in section 8.

## **13. RECALL**

The Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them:

- (i) to fund such portion of a reimbursement obligation of the Sub-Fund towards a target fund within the portfolio of investments as provided for in the constitutive/contractual documents of such target fund; or
- (ii) to fund such portion of the Sub-Fund's commitment that would exceed the outstanding Commitments;

provided however that distributions hereunder will not increase the Investors' undrawn Commitments beyond the amounts initially committed by the Investors.

The Investors may be required to recontribute either to the Sub-Fund or directly to the General Partner for recontribution to the target funds.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

The Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out here above.

## **14. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

### ***14.1. Management Fee***

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the aggregate of (i) the Net Asset Value attributable to the Investors Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to the Investors Shares as of the end of the preceding quarter.

### ***14.2. AIFM Remuneration***

Any remuneration payable to the AIFM (the "**AIFM Remuneration**"), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 14.5. respectively 14.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner's service fees.

### **14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the “**Investment Advisory Fee**”) will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

### **14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the “**Portfolio Investments Expenses**”).

### **14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the “**Creation Expenses**”) will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point five percent (0.5%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in

each year as determined by the General Partner on an equitable basis.

### **14.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Aggregate Commitments of the Sub-Fund.

#### **14.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

#### **14.6.2. Operating Expenses**

The operating expenses which shall include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, and marketing fees, any or other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the “Operating Expenses”). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

## **15. SPECIFIC RISK CONSIDERATIONS**

The Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Portfolio valuation risks:** the Investors should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of *inter alia* sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or the Investors will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, the Investors must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising

the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Drawdown Period:** Amounts Committed to underlying investments during the Investment Period may be drawn down by such underlying investments over their own drawdown period and the Sub-Fund intends to pass on such drawdown notices to the Investors when they come. This is likely to occur over a period that exceeds the Investment Period, so that the Investors may be required to pay and subscribe the relevant portion of their capital contribution over a significant period of time.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for the interests in such underlying private equity funds, whose transfer may be restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.



<b>31. GPE SELECTION 3 SUB-FUND</b>
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## **1. INVESTMENT OBJECTIVE AND STRATEGY**

### **1.1. *Investment Objective and Strategy***

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private equity funds invested in all kinds of private equity situations across the whole private equity spectrum including, but not limited to, venture capital, buyout, mezzanine debt, secondaries, distressed credit, special opportunities, infrastructure or real estate exposures.

Due to the broad focus on the whole private equity spectrum, the Sub-Fund will invest opportunistically in each and every private equity fund with the most interesting proposals without being restricted by fixed allocation guidelines. Nevertheless, the Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio across geographies and underlying strategies.

The Investment Advisor's highly exclusive relationships to top fund managers provide significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest directly in private equity funds which may have varying terms and structures including, but not limited to limited partnership structures, feeder structures or even evergreen structures, limited partnership structures and/or indirectly through the sub-funds of the Company and/or of Tiera Capital S.C.A., SICAR, a société en commandite par actions qualifying as a société

d'investissement en capital à risque (SICAR) also managed by the AIFM.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in Euros (EUR) and in US Dollars (USD), unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

### **1.2. *Investment Process***

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM.

Through its strong network, the Investment Advisor will assist the AIFM in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds managers;
- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;
- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analyzing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

In private equity fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realizations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private equity fund. However, as common in the private equity environment, potential exit routes for interests in private funds include, *inter alia*, a sale to other investors, a buyout by the management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in Euros (EUR).

## **4. SHARE CLASSES**

### **4.1. Investors Shares**

Two (2) Classes of Investors Shares, all denominated in Euros (EUR), are available for subscription in the Sub-Fund, namely:

- A Shares (the "Class A Shares");
- B Shares (the "Class B Shares")

(altogether the "**Investors Shares**").

For the avoidance of doubt, the commitments subscribed by Investors are considered with segregated referenced positions should they subscribe for Investors Shares directly or indirectly.

#### **4.2. Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

#### **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for up to eighty million Euros (EUR 80,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

#### **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of ten (10) years as from the end of the Investment Period (as defined in section 7.4 below) with three (3) possible consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's investments, at its sole discretion.

#### **7. CAPITAL FUNDING**

##### **7.1. Commitments and Drawdowns**

The Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund from 2 November 2016 until 31 December 2021.

For the purpose of this Sub-Fund, there may be several closings per year (the "Closings", each a "Closing"). The Investors will be permitted to commit to subscribe:

- **A Shares:**
  - A maximum of forty-five million Euros (EUR 45,000,000.-) on the first Closing; and
- **B Shares:**
  - A minimum of five million Euros (EUR 5,000,000.-) on the first Closing; and
  - Thereafter a minimum of one million Euros (EUR 1,000,000.-) annually.

(the "Annual Commitment").

The General Partner has however the right to accept an annual Commitment from the Investors in a higher or lesser amount.

The General Partner may decide, at its discretion, to advance or postpone the date of each Closing; in such case, the Investors will be informed of the amended date of the Closing and the date on which the corresponding part of its commitment has to be paid.

##### **7.2. Drawdowns**

After each Closing, such portions of the Commitments made by the Investors shall be drawn down in successive installments, as determined by the General Partner. The General Partner will give the Investors a seven (7) Business Day prior notice for each drawdown.

Investors Shares issued in relation to each drawdown shall be issued fully paid-up at a subscription price of one hundred Euros (EUR 100.-).

The subscription price of A Shares and B Shares issued must be paid on the relevant drawdown date.

##### **7.3. Return of Drawdowns**

The General Partner may decide in its sole discretion to return part of the amounts

drawn down from the Investors in the event such drawdowns made since each Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

#### **7.4. *Investment Period & Drawdown Period***

**Investment Period:** The Investment Period will extend from the first Closing until 31 December 2022, with an optional extension of six (6) months at the sole discretion of the General Partner.

The General Partner will invest the Annual Commitment over a period of twelve (12) months after the respective Closing dates, with an optional extension of six (6) months at the sole discretion of the General Partner.

**Drawdown Period:** Commitments will be called in accordance with section 7.2 until the Sub-Fund's term (i) to fund investments initiated during the Investment Period (ii) for follow-on investments in, or relating to, existing underlying investments, or (iii) to pay relevant ongoing fees and expenses of the Company allocated to the Sub-Fund during its remaining term.

#### **8. OVERCOMMITMENT AND LIQUIDITY MANAGEMENT**

The Commitments made by the Sub-Fund in its underlying investments may be higher than the Commitments made by the Investors in the Sub-Fund.

The General Partner will ensure that, at any time of the life of the Sub-Fund, the uncalled Commitments from the underlying investments will not exceed one hundred and fifty percent (150%) of the aggregate of (i) the Investors' uncalled Commitments plus

(ii) the cash and/or liquid assets available for the Sub-Fund.

The General Partner will also use from time to time all or part of the distributions received from the Sub-Fund's investments to fund all or part of the capital calls made by the Sub-Fund's investments in order to ensure that the Sub-Fund will meet its obligations with regards to uncalled Commitments.

#### **9. REDEMPTIONS**

The Investors may not at their own initiative require the Company to redeem its Investors Shares.

#### **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

#### **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The quarterly report provides the Investors with updates on the portfolio of investments.

## **12. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Investors Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Investors Shares, the redemption price will be equal to the last Net Asset Value per relevant Investors Shares calculated by the Administrative Agent.

The Investors will be entitled to receive all proceeds arising from the realization of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 14 below), except in the situation described in section 8.

## **13. RECALL**

The Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them:

- (i) to fund such portion of a reimbursement obligation of the Sub-Fund towards a target fund within the portfolio of investments as provided for in the constitutive/contractual documents of such target fund; or

- (ii) to fund such portion of the Sub-Fund's commitment that would exceed the outstanding Commitments; provided however that distributions hereunder will not increase the Investors' undrawn Commitments beyond the amounts initially committed by the Investors.

The Investors may be required to recontribute either to the Sub-Fund or directly to the General Partner for recontribution to the target funds.

The above mentioned callable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

The Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out here above.

## **14. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

### ***14.1. Management Fee***

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal:

- with respect to Class A Shares, zero percent (0%) per annum;
- with respect to Class B Shares, zero point six percent (0.6%) per annum (plus value added tax, if

applicable) on the aggregate of (i) Net Asset Value attributable to Class B Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class B Shares as of the end of the preceding quarter;

The Management Fee will accrue as of the first Closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund in the case no Net Asset Value has been calculated.

#### **14.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the “AIFM Remuneration”), to the exception of the Creation Expenses and the Operating Expenses as referred to in sections 14.5. respectively 14.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner’s service fees.

#### **14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the “Investment Advisory Fee”) will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

#### **14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm’s length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund’s investments, including any transfer taxes

and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the “Portfolio Investments Expenses”).

#### **14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the “Creation Expenses”) will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay to the AIFM, a fixed fee of twenty thousand Euros (EUR 20,000.-) (exclusive of VAT and tax), payable as soon as practicable.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **14.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Aggregate Commitments of the Sub-Fund.

##### **14.6.1 The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **14.6.2 Operating Expenses**

The operating expenses which shall include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, and marketing fees, any or other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration

expenses attributable to this Sub-Fund (the "Operating Expenses"). All of the above Operating Expenses will as a rule be paid by the AIFM, excluding any expenses which shall remain borne by the Sub-Fund for regulatory, tax or accounting purposes. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

### **15. SPECIFIC RISK CONSIDERATIONS**

The Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Portfolio valuation risks:** the Investors should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of *inter alia* sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or the Investors will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method

would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, the Investors must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Drawdown Period:** Amounts Committed to underlying investments during the Investment Period may be drawn down by such underlying investments over their own drawdown period and the Sub-Fund intends to pass on such drawdown notices to the Investors when they come. This is likely to occur over a period that exceeds the Investment Period, so that the Investors may be required to pay and subscribe the

relevant portion of their capital contribution over a significant period of time.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for the interests in such underlying private equity funds, whose transfer may be restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.



## 32. GPM STRATEGIES SELECTION SUB-FUND

### 1. INVESTMENT OBJECTIVE AND STRATEGY

#### 1.1. *Investment Objective and Strategy*

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private equity funds invested in all kinds of private equity strategies across the whole private equity spectrum including, but not limited to, venture capital, buyout, mezzanine debt, secondaries, distressed credit or special opportunities.

Due to the broad range of qualifying strategies on the whole private equity spectrum, the Sub-Fund will invest opportunistically in each and every private equity funds with the most interesting proposals without being restricted by fixed allocation guidelines. Nevertheless, the Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio across geographies and underlying strategies.

The Investment Advisor's extensive network of highly exclusive relationships with top fund managers provide significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest directly in private equity funds (the "**Portfolio Investments**") which may have varying terms and structures including, but not limited to: limited partnership structures, feeder structures, even evergreen structures or limited partnership structures and/or directly or indirectly through the sub-funds of the Company and/or of Tiera

Capital S.C.A., SICAR, a société en commandite par actions qualifying as a société d'investissement en capital à risque (SICAR) also managed by the AIFM. The commitments made by the Sub-Fund in non-Euro denominated Portfolio Investments will not exceed fifty percent (50%) of the total commitments made in the Portfolio Investments.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in Euros (EUR) and in US Dollars (USD), unless otherwise decided by the AIFM, subject to the conditions of the markets. At least 50% of the liquid assets will be denominated in Euros (EUR). Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

#### 1.2. *Investment Process*

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity market. The Investment Advisor has the capabilities, processes and personal

relationships and networks to successfully identify and select top quality funds to recommend to the AIFM.

Through its strong network, the Investment Advisor will assist the AIFM in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds managers;
- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;
- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant development of relationships with funds managers;
- Continuous market watch, industry assessment and trend analysis in order to identify challenges or opportunities related to certain funds' investment strategies and approaches; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analyzing market and fund manager information, making numerous reference calls, reviewing financial and legal documentation and conducting further investigations.

### **1.3. Exit Strategy**

In private equity fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realizations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private equity fund. However, as common in the private equity environment, potential exit routes for interests in private funds include, *inter alia*, a sale to other investors, a buyout by the management team, a sale to a third party or an initial public offering on a capital market.

### **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund will not make any borrowings including for bridge financing and expense disbursements.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

### **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in Euros (EUR).

### **4. SHARE CLASSES**

#### **4.1. Investors Shares**

One (1) Class of Investors Shares, namely A Shares (the "**A Shares**"), is available for subscription in the Sub-Fund.

#### **4.2. Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

## **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for up to fifty million Euros (EUR 50,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

## **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of twelve (12) years as from the end of the Investment Period (as defined in section 7.4 below) with possible consecutive extensions upon the Investor's approval, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's Portfolio Investments, at its sole discretion. Any extension option will be used solely for the purpose of managing the liquidation process of the Sub-Fund, should residual assets subsist at the end of the initial maturity.

## **7. CAPITAL FUNDING**

### ***7.1. Commitments and Drawdowns***

One sole Investor is permitted to commit to subscribe for A Shares in the Sub-Fund from 8 December 2016 until 31 December 2019.

For the purpose of this Sub-Fund, there may be several closings per year (the "**Closings**", each a "**Closing**"). The Investor will commit to subscribe a minimum of twenty-five million Euros (EUR 25,000,000.-) on the first Closing.

The General Partner has however the right to accept Commitments from the Investor in a higher or lesser amount.

The General Partner may decide, at its discretion, to advance or postpone the date of each Closing; in such case, the Investors will be informed of the amended date of the Closing and the date on which the corresponding part of its commitment has to be paid.

### ***7.2. Drawdowns***

After each Closing, the amount of the Commitment subscribed by the Investor shall be drawn down in one unique installment. The General Partner will give the Investor a seven (7) Business Day prior notice for each drawdown.

Class A Shares issued in relation to each Closing shall be issued fully paid-up at a subscription price of one hundred Euros (EUR 100.-).

The subscription price of A Shares issued must be paid on the relevant drawdown date.

### ***7.3. Return of Drawdowns***

The General Partner may decide in its sole discretion to return part of the amount drawn down from the Investor in the event such drawdown has been called in excess and has not been used by the Sub-Fund to fund capital calls from the Portfolio Investments and expenses incurred by the Sub-Fund.

### ***7.4. Investment Period & Drawdown Period***

**Investment Period:** Save as otherwise provided below, the Investment Period will extend from the first Closing until 31 December 2021, with a possible extension upon the Investor's approval. For the avoidance of doubt, the Investment Period shall refer to the investment decisions taken by the investment committee of the AIFM.

The General Partner will invest the Investor's Commitment over a period of twenty-four (24) months after the respective

Closing dates, with an optional extension of six (6) months at the sole discretion of the General Partner.

**Drawdown Period:** Commitments will be called in accordance with section 7.2 until the Sub-Fund's term (i) to fund investments initiated during the Investment Period (ii) for follow-on investments in, or relating to, existing underlying investments, or (iii) to pay ongoing fees and operating expenses of the Company allocated to the Sub-Fund during its remaining term.

#### **8. OVERCOMMITMENT AND LIQUIDITY MANAGEMENT**

The Commitments made by the Sub-Fund in its Portfolio Investments may be higher than the Commitments made by the Investors in the Sub-Fund.

The General Partner will ensure that, at any time of the life of the Sub-Fund, the uncalled Commitments from the Portfolio Investments will not exceed one hundred and sixty percent (160%) of the aggregate of (i) the Investors' uncalled Commitments plus (ii) the cash and/or liquid assets available for the Sub-Fund.

The General Partner will also use from time to time all or part of the distributions received from the Sub-Fund's Portfolio Investments to fund all or part of the capital calls made by the Sub-Fund's Portfolio Investments in order to ensure that the Sub-Fund will meet its obligations with regards to uncalled Commitments.

#### **9. REDEMPTIONS**

The Investor may not at its own initiative require the Company to redeem its A Shares.

#### **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

#### **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The quarterly report provides the Investors with updates on the Portfolio Investments.

#### **12. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of A Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of A Shares, the redemption price will be equal to the last Net Asset Value per relevant A Shares calculated by the Administrative Agent.

The Investor will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 14 below), except in the situation described in section 8.

### **13. RECALL**

The Investor may be requested to fully or partially refund the Sub-Fund of the amounts distributed to it:

- (i) to fund such portion of a reimbursement obligation of the Sub-Fund towards the Portfolio Investments as provided for in the constitutive/contractual documents of the relevant the Portfolio Investment; or
- (ii) to fund such portion of the Sub-Fund's commitment that would exceed the outstanding Commitments;

provided however that distributions hereunder will not increase the Investors' undrawn Commitments beyond the amounts initially committed by the Investors.

The Investor may be required to recontribute either to the Sub-Fund or directly to the General Partner for recontribution to the Portfolio Investments.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

The Investor should inform himself and should take appropriate advice on the legal

requirements as to possible tax consequences which he might encounter under the laws of the countries of his citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out here above.

## **14. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

### **14.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly by the Sub-Fund to the General Partner.

The Management Fee shall equal zero point five percent (0.5%) per annum on the aggregate of (i) the Net Asset Value attributable to the Investors Shares plus (ii) the uncalled commitments from the Portfolio Investments as of the end of the preceding quarter.

### **14.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the "**AIFM Remuneration**"), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 14.5. respectively 14.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner's service fees.

### **14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the "**Investment Advisory Fee**") will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees

shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

#### **14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the "**Portfolio Investments Expenses**").

#### **14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the "**Creation Expenses**") will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point zero five percent (0.05%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **14.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Aggregate

Commitments of the Sub-Fund.

##### **14.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **14.6.2. Operating Expenses**

The operating expenses which shall include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, and marketing fees, any or other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the "Operating Expenses"). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

#### **15. SPECIFIC RISK CONSIDERATIONS**

The Investor is advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Portfolio valuation risks:** the Investor should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of *inter alia* sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and

comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or the Investor will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, the Investor must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major

securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for the interests in such underlying private equity funds, whose transfer may be restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.

<b>33. TC37 – KCO4 SUB-FUND</b>
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### **1. INVESTMENT OBJECTIVE AND STRATEGY**

The TC37 – KCO4 Sub-Fund (the “**Sub-Fund**”) is solely aimed at investing in “Kartesia Credit Opportunities IV SCS” (the “**Target Fund**”).

Besides, for defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

#### **1.1. The Target Fund**

The Target Fund is established as a common limited partnership (*société en commandite simple*) under the 1915 Law, and registered with the *Registre de Commerce et des Sociétés* in Luxembourg under number B 209697.

The Target Fund is managed by Kartesia GP IV, a Luxembourg private limited liability company (*société à responsabilité limitée*) (the “**Target Fund General Partner**”).

Kartesia Management, a Luxembourg public limited liability company (*société anonyme*) registered with the *Registre de Commerce et des Sociétés* in Luxembourg under number B 179289, acts as the alternative investment fund manager of the Target Fund (the “**Target Fund AIFM**”) and is advised by Kartesia Advisor LLP, a UK limited liability partnership authorised and regulated by the UK Financial Conduct Authority (the “**Target Fund Advisor**”) (together “**Kartesia**”) in relation to the portfolio and risk management of the Target Fund.

#### **1.2. Investment Objective and Strategy of the Target Fund**

The Target Fund aims at providing to or acquiring from European companies or leveraged loan investment vehicles, directly or indirectly, loans and/or mezzanine / subordinated instruments and/or minority equity/equity-like instruments (senior, second lien, mezzanine, notes, shareholder loans, convertible bonds, preferred or ordinary shares).

The Target Fund will principally invest in debt instruments of companies domiciled in Western Europe, including Germany, Austria, Belgium, Denmark, Spain, Finland, France, Greece, Italy, Ireland, Luxembourg, Norway, the Netherlands, Portugal, UK, Sweden and Switzerland.

The Target Fund will invest primarily on investments on the secondary market with the option to invest up to forty-five percent (45%) of the total commitments on the primary market.

#### **1.3. Investment Restrictions of the Target Fund**

The Target Fund contemplates making up a diversified portfolio across economic sectors however, no allocation of investments by branch of industry will be predetermined. Should the aggregate acquisition cost of investments in any single sector exceed twenty-five percent (25%) of the total commitments, the Target Fund AIFM will inform the Target Fund advisory committee in writing prior to such investment being made.

The Target Fund shall not invest (i) more than twenty percent (20%) of the total commitments in collateralised debt obligation liabilities (“**CDO Liabilities**”) (but up to 25% with the prior approval of the advisory committee of the Target Fund) and (ii) more than fifteen percent (15%) of the total commitments in high yield bonds (but up to 20% with the prior approval of the



advisory committee of the Target Fund). In addition, the aggregate amount invested by the Target Fund in CDO Liabilities and high yield bonds shall not exceed twenty-five percent (25%) of the total commitment.

In order to diversify its risks and save as otherwise foreseen in the confidential offering memorandum of the Target Fund, in particular with respect to “bridge investments”, the Target Fund will not invest (directly or indirectly through a leveraged investment vehicle) more than the greater of: (i) six percent (6%) of the total commitments and (ii) thirty million euros (EUR 30,000,000.-) in one single portfolio company (it being specified that the above limits shall be calculated on a look through basis on the basis of the acquisition cost of any relevant investment (a) at the time the investment is made and (b) on the basis of the total commitments on the final closing date). As an exception to the above rule, the Target Fund will however be allowed to invest up to seven percent (7%) of the total commitments in a maximum of three (3) portfolio companies and up to eight percent (8%) of the total commitment in a maximum of one (1) portfolio company.

The Target Fund shall not invest in one (1) single portfolio transaction more than twenty percent (20%) of the total commitments unless the Target Fund advisory committee has been previously informed and more than twenty-five percent (25%) of the total commitments unless the prior consent of the Target Fund advisory committee has been obtained.

#### 1.4. **Kartesia’s Track Record**

Kartesia’s performance as of 30 June 2016, through the previous funds, may be summarised as follows:

- since 2008, over eight hundred and sixty-one million Euros (EUR 861,000,000.-) of capital invested across one hundred and six (106)

separate investments in eighty-six (86) companies;

- a diversified portfolio of a total of two hundred and nine (209) individual trades, sixty-one (61) investments realised generating a gross internal rate of return (“IRR”) of twenty-two percent (22%) and a gross cash multiple of money (“MoM”) of 1.5x on the realised trades to date.

Previous vintages portfolios show the following performance:

Funds	Vintage	Invested Capital	Gross IRR	Gross MoM
<b>Fund I</b>	2010	€160m	13%	1.4x
<b>Fund II</b>	2012	€253m	17%	1.4x
<b>Fund III</b>	2015	€448m	21%	1.2x

*Figures as of 30 June 2016 / Source: Draft offering memorandum of the Target Fund*

#### 1.5. **Investment Approach of the Target Fund**

The investment approach is focused on the following:

- **High-quality asset class:** the Target Fund will target credit instruments of well managed credit-worthy companies and/or leveraged loan vehicles via the primary and secondary channels. The investment structure will be set-up in order to invest in the secured debt instruments (senior, second-lien and/or mezzanine funded loans or notes) of the capital structure of European leveraged buyouts and/or European leveraged loan vehicles;
- **Capital preservation through fundamental and discriminating credit assessment:** disciplined bottom-up analyses performed on each credit, evaluating the fundamentals of the business in the

context of its industry and the interests of the relevant stakeholders (i.e. sponsor, management, lenders);

- **Long-term approach:** ability to hold on to the investments over the long term and, if necessary, working out alongside the company any specific problems differentiates Kartesia from short-term investors who are more dependent on liquidity and third-party credit ratings, which in turn allows Kartesia to take advantage of sudden market dislocations;
- **European small / mid-market corporates:** the Target Fund will invest in credit instruments where the underlying assets are European based companies. The focus will be on small/mid-market companies, a segment in which Kartesia's managers have a recognized expertise and benefit from reduced competitive pressure;
- **Proprietary sourcing:** the presence and reputation established by Kartesia's managers over the years, allows them to benefit from privileged relationships from the relevant intermediaries that play a role in the market, particularly on the secondary channel. Furthermore, with over one hundred and forty (140) investments in small/mid-market companies over the last eight (8) years, they are recognized as a reliable and knowledgeable partner; and
- **Superior risk-adjusted returns:** the Target Fund expects to distribute approximately five percent (5%) to seven percent (7%) annual gross cash yield to its investors, as it receives interest

payments from outstanding loans on a regular basis. In addition to the annual cash yield, the Target Fund will receive, through its investments in the portfolio, the reimbursement of the discount upon repayment if purchased via the secondary market. For primary deals, the upside to be received upon repayment may be in the form of capitalised interests or warrants. These elements will complement the cash yield and at or before maturity and enhance the returns up to quasi equity levels.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

The circumstances in which the Target Fund may utilize leverage, the types and sources of leverage permitted and the associated risks are set out in the confidential offering memorandum of the Target Fund, but this does not consist in leverage at the Sub-Fund level in accordance with articles 7 and 8 of AIFMR.

The Target Fund may use leverage to enhance the returns of specific investments. The Target Fund may, directly or indirectly

through investment holding companies, incur third-party indebtedness for borrowed money provided that in any event, the total amount of loans effectively taken out directly or indirectly by the Target Fund (including the Target Fund Portfolio Leverage and the Target Fund Equity Bridge Financing) shall not exceed forty percent (40%) of the total commitments of the Target Fund at any time whatsoever. Such borrowings may be secured or unsecured, may be cross-collateralised and may include one or more credit facilities.

The Target Fund may have recourse to acquisition leverage or other form of debt used at the level of any investment holding company to acquire and finance Eligible Investments (the "**Target Fund Portfolio Leverage**"), up to twenty-five percent (25%) of the total commitments of the Target Fund. The Target Fund Portfolio Leverage may be used in order to reimburse any Target Fund Equity Bridge Financing.

In addition to Target Fund Portfolio Leverage, the Target Fund General Partner may on behalf of the Target Fund enter into one or more equity bridge financing (the "**Target Fund Equity Bridge Financing**") at the level of the Target Fund to be made available in several short term drawings (for a maximum of 364 days) in order to fund any transaction relating to Investments, including but not limited to interim financing arrangements that are contemplated for the period between an acquisition and the due date of a drawdown of the Target Fund, or otherwise to carry out the business and activities authorized for the Target Fund.

Any third party indebtedness in respect of borrowings incurred directly or indirectly by the Target Fund may be secured by the Target Fund's assets, including investments, and by the limited partners' undrawn commitments of the Target Fund.

### **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in Euros (EUR).

### **4. SHARE CLASSES**

#### **4.1. Investors Shares**

Four (4) Classes of Investors Shares, all denominated in Euros (EUR), are available for subscription in the Sub-Fund, namely:

- A Shares (the "**Class A Shares**") sub-divided into:
  - o **Class A-1 Shares** for Investors subscribing below five hundred thousand Euros (EUR 500,000.-);
  - o **Class A-2 Shares** for Investors subscribing five hundred thousand Euros (EUR 500,000.-) and above but below one million Euros (EUR 1,000,000.-); and
  - o **Class A-3 Shares** for Investors subscribing one million Euros (EUR 1,000,000.-) and above.
- B Shares (the "**Class B Shares**");
- C Shares (the "**Class C Shares**");
- D Shares (the "**Class D Shares**");

(altogether the "**Investors Shares**").

For the avoidance of doubt, the commitments subscribed by Investors are considered with segregated referenced positions should they subscribe for Investors Shares directly or indirectly.

The following Classes of Investors Shares are, at the sole discretion of the General Partner, reserved to Investors having concluded with any of the entities of the CA Indosuez Wealth Management group (the "**CA Indosuez Wealth Management**").

**Group”)** a services agreement or equivalent with respect to private equity investments (the “**Private Equity Agreement**”):

- the Class A Shares;
- the Class B Shares, it being understood that such Class of Shares is reserved to Investors managed by the AIFM;
- the Class C Shares, it being understood that such Class of Shares is reserved to Investors having also concluded a specific remuneration agreement with any of the entities of the CA Indosuez Wealth Management Group (the “**Specific Remuneration Agreement**”).

The General Partner reserves the right to accept or reject, at its sole discretion, any subscription into Class A-1, A-2 and A-3 Shares regardless of the amount subscribed.

The following Classes of Investors Shares are reserved to Investors having not concluded with any of the entities of the CA Indosuez Wealth Management Group a Private Equity Agreement:

- the Class D Shares.

Notwithstanding the below paragraph, should an Investor having subscribed to Class C Shares terminates the Specific Remuneration Agreement, the General Partner may decide, at its sole discretion, to convert its Class C Shares into Class A Shares.

The General Partner may decide, at its sole discretion, to convert Class A Shares, Class B Shares and/or Class C Shares into Class D Shares should an Investor terminates the Private Equity Agreement.

## **4.2. Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

## **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for fifty million Euros (EUR 50,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

## **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of eight (8) years as from the Last Closing (as defined in the first paragraph of section 7.2 below), with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Target Fund, at its sole discretion.

The investment in the Target Fund may require a substantial length of time to liquidate and there may remain some obligations outstanding for the Target Fund, even if it has closed to liquidation. The liquidation process of the Sub-Fund may consequently require a substantial length of time subsequent to the making of a decision to liquidate the Sub-Fund.

## **7. CAPITAL FUNDING**

### **7.1. Commitments and Drawdowns**

Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund from 24 March 2017 until the latest of

either (i) on or about the final closing of the Target Fund as determined in the confidential offering memorandum thereof or (ii) 30 June 2018.

Investors, the Commitments of which are accepted on the first closing (the “**First Closing**” and the “**Initial Investors**”), shall be required to pay a portion of their respective committed amounts no later than ninety (90) Business Days following the notification of the First Closing to the Initial Investors, following which Investors Shares are to be issued fully paid-up at a price of one hundred Euros (EUR 100) each (the “**Subscription Price**”) corresponding to the funded Commitment.

## **7.2. Commitments and Drawdowns after the First Closing**

After the First Closing, Commitments to subscribe Investors Shares will be accepted from Initial Investors and other investors at such closings (“**Subsequent Closings**” and “**Subsequent Closings Investors**”) as determined by the General Partner during a period commencing the day after the date of the First Closing, and terminating on 30 June 2018, unless extended by the General Partner (the “**Last Closing**”). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of Investors Shares and pay up the relevant portion of their Commitments no later than seven (7) Business Days following the notification of the drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to postpone the date of any closing (including the Last Closing); in such case, the Investors will be informed of the amended date of the relevant closing and the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing by a Subsequent Closing Investor:

- (a) the Subsequent Closing Investor shall participate in investments made and fees and expenses (including the Management Fee as defined in the first paragraph of section 14.1 below) incurred by the Sub-Fund prior to its admission and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the First Closing, at the Subscription Price;
- (b) the Subsequent Closing Investor shall pay an additional amount equal to five per cent (5%) per annum, calculated from the date on which the Initial Investors have contributed and paid in their first subscriptions relating to the First Closing up to the date of the capital contributions actually made with respect to the Subsequent Closing in question, and such amount shall be payable to the Sub-Fund (the “**Actualization Interest**”).

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the First Closing, then the General Partner may change the Subscription Price for Investors Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Investors Shares as of the relevant Subsequent Closing; in which case all such Investors Shares issued on the same closing shall constitute a separate series. In this case, no Actualization Interest will be due.

## **7.3. Drawdowns**

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the Commitments made by the Investors shall

be drawn down in successive instalments, as determined by the General Partner. The General Partner will give each Investor a seven (7) Business Day prior notice for each drawdown.

Investors Shares issued in relation to each drawdown made after the First Closing shall be issued fully paid-up at a subscription price either (i) equal to the Subscription Price plus, if applicable, the Actualization Interest or (ii) based on the Net Asset Value of such Investors Shares on such drawdown date, at the General Partner's discretion. If Investors Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The Subscription Price of the Investors Shares issued after the First Closing shall be paid within the limits specified in the relevant drawdown notice.

#### **7.4. *Return of Drawdowns***

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since the First Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

#### **7.5. *Commitment Period***

The Commitment Period will extend from the First Closing until the Last Closing (the "**Commitment Period**").

### **8. MINIMUM COMMITMENT**

Commitments may only be accepted from Well-Informed Investors investing a

minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund. Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept Commitments in lesser amounts.

### **9. REDEMPTIONS AND CONVERSIONS**

An Investor may not at its own initiative require the Company to redeem its Investors Shares.

Investors are not authorised to convert their Investors Shares from this Sub-Fund into another Sub-Fund or from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

The General Partner, however, may decide, under the circumstances described in section 4.1. above or in the best interest of the Investors, to convert Investors Shares from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

### **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

### **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements, which shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than four (4) months after each quarter end. The quarterly report provides the Investors with updates on the portfolio of investments.

### **12. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Investors Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Investors Shares, the redemption price will be equal to the last Net Asset Value per relevant Investors Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 14 below).

### **13. RECALL**

The Target Fund may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions in the cases provided for in the constitutive/issuing documents of the Target Fund. In such cases the Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the Target Fund, provided however that distributions hereunder will not increase an Investor's undrawn Commitment beyond the amount initially committed by Investors.

Investors may be required to recontribute either to the Sub-Fund (if it is still in existence) or directly to the General Partner for recontribution to the Target Fund.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out hereabove.

### **14. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

#### **14.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal:

- with respect to Class A-1 Shares, zero point seventy-five percent (0.75%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-1 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-1 Shares as of the end of the preceding quarter;
- with respect to Class A-2 Shares, zero point sixty-five percent (0.65%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-2 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-2 Shares as of the end of the preceding quarter;
- with respect to Class A-3 Shares, zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-3 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-3 Shares as of the end of the preceding quarter;
- with respect to Class B Shares, zero percent (0%) per annum;
- with respect to Class C Shares, zero point zero seven percent (0.07%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class C Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class C Shares as of the end of the preceding quarter;

- with respect to Class D shares, zero point ninety-five percent (0.95%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class D Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class D Shares as of the end of the preceding quarter.

The Management Fee will accrue as of the First Closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

#### **14.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the “**AIFM Remuneration**”), to the exception of the Creation Expenses and the Operating Expenses as referred to in sections 14.5, respectively 14.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner’s service fees.

#### **14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the “**Investment Advisory Fee**”) will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.



#### **14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the "**Portfolio Investments Expenses**").

#### **14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the "**Creation Expenses**") will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equalling zero point five percent (0.5%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **14.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Net Asset Value plus the unfunded portion of the Aggregate Commitments of the Sub-Fund as of the end of each year.

##### **14.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **14.6.2 Operating Expenses**

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the "**Operating Expenses**"). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

#### **15. SPECIFIC RISK CONSIDERATIONS**

Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Nature of investment:** There is no assurance that the Target Fund's investments will be successful or that its objectives will be achieved. In addition, there are risks associated with investing in the Target Fund that are not applicable to typical investments in the debt market or other type of debt instruments or receivables. An investment in the Target Fund is only suitable for prospective

investors having the skills and the means necessary to understand the risks inherent in trading loans, financial instruments and debt investments. In addition, the subscription or the purchase of the Target Fund's shares should be considered only by prospective investors who do not require liquidity with respect to their investment in the Target Fund for an indefinite period of time and who can afford a loss of their entire investment.

**Risks associated with debt instruments linked to LBO transactions:** The Target Fund's direct or indirect investments in debt instruments will principally relate to companies whose capital structures will have significant leverage which are, by nature, subject to a high degree of financial risk. The leveraged capital structure of such companies will increase their exposure to adverse economic factors such as rising interest rates, downturns in the economy or deterioration in the condition of the company or its industry with adverse consequences to the repayment by such companies of their indebtedness.

**Reliance on monitoring and management of debtor companies:** While it is the intent of the Target Fund to invest in debt instruments over debtor companies with proven operating monitoring and management in place, there can be no assurance that such monitoring and management will each continue to operate successfully. Although the Target Fund General Partner, the Target Fund AIFM or the Target Fund Adviser (as the case may be) will be active in monitoring the performance of each investment together with the agent representing the pool of lenders to which the Target Fund might be a member in respect of such investment, the Target Fund will rely upon (i) such agent to monitor the debtor companies on a regular basis and (ii) indirectly the management to operate the debtor companies on a day-to-day basis.

**Bankruptcy issues - liquidation or insolvency of portfolio companies:** A portfolio company may be unable to make repayments where it is insolvent or where insolvency proceedings have been commenced in respect of it. If any portfolio companies should become unable to meet their payment obligations under the investments, the performance of the Target Fund will be adversely affected. Where a portfolio company makes payments under an investment where it is insolvent at the time of such payments or is declared insolvent within a certain period following such payments then an insolvency official appointed in respect of the portfolio company may, in certain circumstances, be able to set aside or revoke such payments and recover the amounts of such payments from the Target Fund. These insolvency considerations will differ depending on the jurisdiction in which the relevant portfolio company is located and may result in additional legal costs for the Target Fund which may not be recoverable from the portfolio companies.

**Return of investment:** An investment in the Target Fund requires a long term commitment, with no certainty of any investment return and the risk of loss capital. The value of any investment may go down as well as up. The Target Fund may invest in listed or privately owned companies. Investments in non-listed companies are often riskier than in listed companies as non-listed companies may be smaller, more vulnerable to changes and fluctuations in market and technology and dependent on the skills and commitment of a small management team. Past performance of Target Fund Advisor's investments in the LBO debt sector provides no assurance of future results of the Target Fund's investments. In addition, the value of investments made by an investor may fall as well as rise and an investor may not be repaid the total amounts previously drawn down.

**Illiquidity of interests – Restrictions on Transfer and Withdrawal:** An investment in the Target Fund must be considered as illiquid. The Target Fund is a closed-ended fund and does not have the obligation to buy or to reimburse the Target Fund's Interests. Unilateral redemption requests at the initiative of the Target Fund Investors cannot be accepted by the Target Fund during the term of the Target Fund. There is no public market for the Interests and none is expected to develop in the future. Due to the fact that interests are subject to transfer restrictions relating to the status of eligible investor and satisfaction by the prospective transferee of other criteria (including, but not limited to anti money laundering requirements) as more fully provided in the Target Fund agreement, an investment in the Target Fund is relatively illiquid and therefore entails a high level of risk.

<p><b>34. EUROPEAN PRIVATE EQUITY OPPORTUNITIES VII SUB-FUND</b></p>
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## **1. INVESTMENT OBJECTIVE AND STRATEGY**

### **1.1. *Investment Objective and Strategy***

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private equity funds mainly invested in European headquartered companies across diverse strategies including, but not limited to leveraged buyout transactions, growth capital transactions and special situations.

The Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio.

The Investment Advisor's highly exclusive relationships to top fund managers provides significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest directly in private equity funds (the "**Portfolio Investments**") which may have varying terms and structures including, but not limited to limited partnership structures and/or indirectly through the sub-funds of the Company and/or of Tiera Capital S.C.A., SICAR, a *société en commandite par actions* qualifying as a *société d'investissement en capital à risque* (SICAR) also managed by the AIFM.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in Euros (EUR),

unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

### **1.2. *Investment Process***

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM and to the General Partner.

Through its strong network, the Investment Advisor will assist the AIFM and the General Partner in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds;
- Maintaining relationships with the network of private equity investors

to create proprietary secondary transactions;

- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;
- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches;
- Leveraging its portfolio of secondary funds managers to access secondary co-investment opportunities; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM and to the General Partner, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analyzing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

The investments in private equity funds are passive investments meaning that the Board has no influence over exits. In private equity fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realizations of portfolio companies. As a result, the exit

from such investments may be closely linked to the term of each such private equity fund. However, as common in the private equity environment, potential exit routes for interests in private funds include, *inter alia*, a sale to other investors, a buyout by the management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in Euros (EUR).

## **4. SHARE CLASSES**

### **4.1 Investors Shares**

Four (4) Classes of Investors Shares, all denominated in Euros (EUR), are available for subscription in the Sub-Fund, namely:

- A Shares (the “**Class A Shares**”) sub-divided into:
  - o **Class A-1 Shares** for Investors subscribing below five hundred thousand Euros (EUR 500,000.-);
  - o **Class A-2 Shares** for Investors subscribing five hundred thousand Euros (EUR 500,000.-) and above but below one million Euros (EUR 1,000,000.-); and
  - o **Class A-3 Shares** for Investors subscribing one million Euros (EUR 1,000,000.-) and above.
- B Shares (the “**Class B Shares**”);
- C Shares (the “**Class C Shares**”);
- D Shares (the “**Class D Shares**”);

(altogether the “**Investors Shares**”).

For the avoidance of doubt, the commitments subscribed by Investors are considered with segregated referenced positions should they subscribe for Investors Shares directly or indirectly.

The following Classes of Investors Shares are, at the sole discretion of the General Partner, reserved to Investors having concluded with any of the entities of CA Indosuez Wealth Management (“**CA Indosuez Wealth Management**”) a services agreement or equivalent with respect to private equity investments (the “**Private Equity Agreement**”):

- the Class A Shares;
- the Class B Shares, it being understood that such Class of Shares is reserved to Investors managed by the AIFM;
- the Class C Shares, it being understood that such Class of Shares is reserved to Investors

having also concluded a specific remuneration agreement with any of the entities of CA Indosuez Wealth Management (the “**Specific Remuneration Agreement**”).

The General Partner reserves the right to accept or reject, at its sole discretion, any subscription into Class A-1, A-2 and A-3 Shares regardless of the amount subscribed.

The following Classes of Investors Shares are reserved to Investors having not concluded with any of the entities of CA Indosuez Wealth Management a Private Equity Agreement:

- the Class D Shares.

Notwithstanding the below paragraph, should an Investor having subscribed to Class C Shares terminates the Specific Remuneration Agreement, the General Partner may decide, at its sole discretion, to convert its Class C Shares into Class A Shares.

The General Partner may decide, at its sole discretion, to convert Class A Shares, Class B Shares and/or Class C Shares into Class D Shares should an Investor terminates the Private Equity Agreement.

#### **4.2 Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

### **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for thirty million Euros (EUR 30,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

## **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of thirteen (13) years as from the Last Closing (as defined in the first paragraph of section 7.2 below), with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's investments, at its sole discretion.

The investment in a target fund may require a substantial length of time to liquidate and there may remain some obligations outstanding for a target fund, even if it has closed to liquidation. The liquidation process of the Sub-Fund may consequently require a substantial length of time subsequent to the making of a decision to liquidate the Sub-Fund.

## **7. CAPITAL FUNDING**

### **7.1. Commitments and Drawdowns**

Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund from 24 March 2017 until 30 September 2018, unless extended by the General Partner at its sole discretion.

Investors, the Commitments of which are accepted on the first closing (the **"First Closing"** and the **"Initial Investors"**), shall be required to pay a portion of their respective committed amounts no later than ninety (90) Business Days following the notification of the First Closing to the Initial Investors, following which Investors Shares are to be issued fully paid-up at a price of one hundred Euros (EUR 100) each (the **"Subscription Price"**) corresponding to the funded Commitment.

### **7.2. Commitments and Drawdowns after the First Closing**

After the First Closing, Commitments to subscribe Investors Shares will be accepted from Initial Investors and other investors at such closings (**"Subsequent Closings"** and **"Subsequent Closings Investors"**) as determined by the General Partner during a period commencing the day after the date of the First Closing, and terminating on 30 September 2018, unless extended by the General Partner (the **"Last Closing"**). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of Investors Shares and pay up the relevant portion of their Commitments no later than seven (7) Business Days following the notification of the drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to postpone the date of any closing (including the Last Closing); in such case, the Investors will be informed of the amended date of the relevant closing and the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing by a Subsequent Closing Investor:

- (a) the Subsequent Closing Investor shall participate in investments made and fees and expenses (including the Management Fee as defined in the first paragraph of section 15.1 below) incurred by the Sub-Fund prior to its admission and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the First Closing, at the Subscription Price;
- (b) the Subsequent Closing Investor shall pay an additional amount

equal to five per cent (5%) per annum, calculated from the date on which the Initial Investors have contributed and paid in their first subscriptions relating to the First Closing up to the date of the capital contributions actually made with respect to the Subsequent Closing in question, and such amount shall be payable to the Sub-Fund (the “**Actualization Interest**”).

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the First Closing, then the General Partner may change the Subscription Price for Investors Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Investors Shares as of the relevant Subsequent Closing; in which case all such Investors Shares issued on the same closing shall constitute a separate series. In this case, no Actualization Interest will be due.

### **7.3. Drawdowns**

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the Commitments made by the Investors shall be drawn down in successive installments, as determined by the General Partner. The General Partner will give each Investor a seven (7) Business Day prior notice for each drawdown.

Investors Shares issued in relation to each drawdown made after the First Closing shall be issued fully paid-up at a subscription price equal, at the General Partner's discretion, either (i) to the Subscription Price plus, if applicable, the Actualization Interest or (ii) to the Net Asset Value of such Investors Shares on such drawdown date. If Investors Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The Subscription Price of the Investors Shares issued after the First Closing must be paid within the limits specified in the relevant drawdown notice.

### **7.4. Return of Drawdowns**

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since the First Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the Portfolio Investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### **7.5. Commitment period**

The Commitment Period will extend from the First Closing until the Last Closing (the “**Commitment Period**”).

## **8. OVERCOMMITMENT AND LIQUIDITY MANAGEMENT**

The commitments made by the Sub-Fund in its Portfolio Investments may be higher than the Commitments made by the Investor in the Sub-Fund.

The General Partner will ensure that, at any time of the life of the Sub-Fund, the uncalled Commitments from the Portfolio Investments will not exceed one hundred and fifteen percent (115%) of the aggregate of (i) the Investor's uncalled Commitments plus (ii) the cash and/or liquid assets available for the Sub-Fund.

In that context, the General Partner will also use from time to time all or part of the distributions received from the Sub-Fund's Portfolio Investments to fund all or part of



the capital calls made by the Sub-Fund's Portfolio Investments in order to ensure that the Sub-Fund will meet its obligations with regards to uncalled Commitments.

#### **9. MINIMUM COMMITMENT**

Commitments may only be accepted from Well-Informed Investors investing a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund.

Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept Commitments in lesser amounts.

#### **10. REDEMPTIONS AND CONVERSIONS**

An Investor may not at its own initiative require the Company to redeem its Investors Shares.

Investors are not authorised to convert their Investors Shares from this Sub-Fund into another Sub-Fund or from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

The General Partner, however, may decide, under the circumstances described in section 4.1 above or in the best interest of the Investors, to convert Investors Shares from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

#### **11. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar

quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

#### **12. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The quarterly report provides the Investors with updates on the Portfolio Investments.

#### **13. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Investors Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Investors Shares, the redemption price will be equal to the last Net Asset Value per relevant Investors Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's Portfolio Investments after the deduction of the relevant fees and expenses (pursuant to section 15 below), except in the situation described in section 8.

#### **14. RECALL**

The Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them to fund such portion of a reimbursement obligation of the Sub-Fund towards the Portfolio Investments as provided for in the constitutive/contractual documents of the relevant the Portfolio Investment, provided however that distributions hereunder will not increase the Investors' undrawn Commitments beyond the amounts initially committed by the Investors.

The Investors may be required to recontribute either to the Sub-Fund or directly to the General Partner for recontribution to the Portfolio Investments.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

The Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out here above.

#### **15. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

##### **15.1. Management Fee**

In consideration for the management services performed for the benefit of the

Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal to:

- with respect to Class A-1 Shares, zero point seventy-five percent (0.75%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-1 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-1 Shares as of the end of the preceding quarter;
- with respect to Class A-2 Shares, zero point sixty-five percent (0.65%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-2 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-2 Shares as of the end of the preceding quarter;
- with respect to Class A-3 Shares, zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-3 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-3 Shares as of the end of the preceding quarter;
- with respect to Class B Shares, zero percent (0%) per annum;
- with respect to Class C Shares zero point zero seven percent (0.07%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value

attributable to Class C Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class C Shares as of the end of the preceding quarter;

- with respect to Class D shares, zero point ninety-five percent (0.95%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class D Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class D Shares as of the end of the preceding quarter.

The Management Fee will accrue as of the First Closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

#### **15.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the “**AIFM Remuneration**”), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 15.5, respectively 15.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner’s service fees.

#### **15.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the “**Investment Advisory Fee**”) will as a

rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

#### **15.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm’s length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund’s investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund. (the “**Portfolio Investments Expenses**”).

#### **15.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the “**Creation Expenses**”) will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point five percent (0.5%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

### **15.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Net Asset Value plus the unfunded portion of the Aggregate Commitments of the Sub-Fund as of the end of each year.

#### **15.6.1 The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

#### **15.6.2 Operating Expenses**

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the “**Operating Expenses**”). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

### **16. SPECIFIC RISK CONSIDERATIONS**

Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Risk of capital loss:** An investment in private equity is long term and with no certainty of return. The value of an interest and the distributions in respect of them can fluctuate down as well as up and an Investor may get back less than it contributed to the Sub-Fund or lose its entire investment.

**Portfolio valuation risks:** Prospective investors should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of inter alia sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or any Investor will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, investors must nevertheless be aware that investments in unregulated underlying funds are more risky

than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for the interests in such underlying private equity funds, whose transfer may be restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.

**Unpredictability of distributions:** Return of capital and realization of gains, if any, on investments will generally occur only upon the distribution or other disposition by the Sub-Fund's underlying private equity funds of portfolio company securities, which may not occur for several years after the Sub-Fund's initial investments. Such distributions are likely to be unpredictable and may occur earlier than or later than anticipated by the managers. Investors should not expect significant returns for a period of years after their investment is made.

**Control of invested funds:** The private equity funds generally will not have the right to participate in the day-to-day

management, control or operations of the underlying funds in which they are investing, nor will they have the right to remove the managers thereof. The private equity funds will also not necessarily have the opportunity to evaluate the relevant economic, financial and other information which will be utilized by the underlying funds in which they are investing in their selection, structuring, monitoring and disposition of investments.

**Portfolio company risks:** The portfolio investments in which the private equity funds will invest may invest in companies that involve a high degree of business or financial risk. They may be start-ups or in an early stage of development, may be distressed or have operating losses or significant variations in operating results and may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence. The companies may also be experiencing or are expected to experience financial difficulties, which may never be overcome. In addition, they may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, or may otherwise have a weak financial condition. Portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities and a larger number of qualified managerial and technical personnel. In addition, in the event that the company does not perform as anticipated or incurs unanticipated liabilities, high leverage will magnify the adverse effect on the value of the equity of the company and could result in substantial diminution in or the total loss of an equity investment in the company. The return generated by the relevant portfolio companies will also depend on the level of interest charged under such debt and, consequently, may vary in function of the variations in interest rates.

<p style="text-align: center;"><b>35. GLOBAL REAL ESTATE OPPORTUNITIES III SUB-FUND</b></p>
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## **1. INVESTMENT OBJECTIVE AND STRATEGY**

### **1.1. Investment Objective and Strategy**

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private equity real estate funds pursuing opportunistic and value added investments of real estate assets or companies in North America, Europe, Asia and Africa.

The eligible private equity real estate funds will primarily focus on real estate-related strategies including, but not limited to equity corporate investments, structure mezzanine debt, preferred equity investments or distressed for control transactions.

The Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio.

The Investment Advisor's highly exclusive relationships to top fund managers provides significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest directly in private equity real estate funds (the "**Portfolio Investments**") which may have varying terms and structures including, but not limited to limited partnership structures and/or indirectly through the sub-funds of the Company and/or of Tiera Capital S.C.A., SICAR, a *société en commandite par actions* qualifying as a *société d'investissement en capital à risque* (SICAR) also managed by the AIFM.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in Euros (EUR) and in US Dollars (USD), unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

### **1.2. Investment Process**

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity real estate market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM and to the General Partner.

Through its strong network, the Investment Advisor will assist the AIFM and the General Partner in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds;
- Maintaining relationships with the network of private equity investors to create proprietary secondary transactions;
- Constant screening and benchmarking of the private equity real estate funds to detect early enough emerging funds with high potential;
- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches;
- Leveraging its portfolio of secondary funds managers to access secondary co-investment opportunities; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM and to the General Partner, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analyzing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

The investments in private equity real estate funds are passive investments meaning that the Board has no influence over exits. In private equity real estate fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realizations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private equity real estate fund. However, as common in the private equity environment, potential exit routes for interests in private funds include, *inter alia*, a sale to other investors, a buyout by the management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in US Dollars (USD).

#### **4. SHARE CLASSES**

##### **4.1 Investors Shares**

Four (4) Classes of Investors Shares, all denominated in US Dollars (USD), are available for subscription in the Sub-Fund, namely:

- A Shares (the “**Class A Shares**”) sub-divided into:
  - o **Class A-1 Shares** for Investors subscribing below five hundred thousand US Dollars (USD 500,000.-);
  - o **Class A-2 Shares** for Investors subscribing five hundred thousand US Dollars (USD 500,000.-) and above but below one million US Dollars (USD 1,000,000.-); and
  - o **Class A-3 Shares** for Investors subscribing one million US Dollars (USD 1,000,000.-) and above.
- B Shares (the “**Class B Shares**”);
- C Shares (the “**Class C Shares**”);
- D Shares (the “**Class D Shares**”);

(altogether the “**Investors Shares**”).

For the avoidance of doubt, the commitments subscribed by Investors are considered with segregated referenced positions should they subscribe for Investors Shares directly or indirectly.

The following Classes of Investors Shares are, at the sole discretion of the General Partner, reserved to Investors having concluded with any of the entities of CA Indosuez Wealth Management (“**CA Indosuez Wealth Management**”) a services agreement or equivalent with respect to private equity investments (the “**Private Equity Agreement**”):

- the Class A Shares;
- the Class B Shares, it being understood that such Class of Shares is reserved to Investors managed by the AIFM;
- the Class C Shares, it being understood that such Class of Shares is reserved to Investors having also concluded a specific remuneration agreement with any of the entities of CA Indosuez Wealth Management (the “**Specific Remuneration Agreement**”).

The General Partner reserves the right to accept or reject, at its sole discretion, any subscription into Class A-1, A-2 and A-3 Shares regardless of the amount subscribed.

The following Classes of Investors Shares are reserved to Investors having not concluded with any of the entities of CA Indosuez Wealth Management a Private Equity Agreement:

- the Class D Shares.

Notwithstanding the below paragraph, should an Investor having subscribed to Class C Shares terminates the Specific Remuneration Agreement, the General Partner may decide, at its sole discretion, to convert its Class C Shares into Class A Shares.

The General Partner may decide, at its sole discretion, to convert Class A Shares, Class B Shares and/or Class C Shares into Class D Shares should an Investor terminates the Private Equity Agreement.

##### **4.2 Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.



## **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for thirty million US Dollars (USD 30,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

## **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of thirteen (13) years as from the Last Closing (as defined in the first paragraph of section 7.2 below), with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's Portfolio Investments, at its sole discretion.

The investment in a target fund may require a substantial length of time to liquidate and there may remain some obligations outstanding for a target fund, even if it has closed to liquidation. The liquidation process of the Sub-Fund may consequently require a substantial length of time subsequent to the making of a decision to liquidate the Sub-Fund.

## **7. CAPITAL FUNDING**

### ***7.1. Commitments and Drawdowns***

Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund from 24 March 2017 until 30 September 2018, unless extended by the General Partner at its sole discretion.

Investors, the Commitments of which are accepted on the first closing (the "**First Closing**" and the "**Initial Investors**"), shall be required to pay a portion of their

respective committed amounts no later than ninety (90) Business Days following the notification of the First Closing to the Initial Investors, following which Investors Shares are to be issued fully paid-up at a price of one hundred US Dollars (USD 100) each (the "**Subscription Price**") corresponding to the funded Commitment.

### ***7.2. Commitments and Drawdowns after the First Closing***

After the First Closing, Commitments to subscribe Investors Shares will be accepted from Initial Investors and other investors at such closings ("**Subsequent Closings**" and "**Subsequent Closings Investors**") as determined by the General Partner during a period commencing the day after the date of the First Closing, and terminating on 30 September 2018, unless extended by the General Partner (the "**Last Closing**"). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of Investors Shares and pay up the relevant portion of their Commitments no later than seven (7) Business Days following the notification of the drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to postpone the date of any closing (including the Last Closing); in such case, the Investors will be informed of the amended date of the relevant closing and the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing by a Subsequent Closing Investor:

- (a) the Subsequent Closing Investor shall participate in investments made and fees and expenses (including the Management Fee as defined in the first paragraph of section 15.1 below) incurred by the Sub-Fund prior to its admission and

will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the First Closing, at the Subscription Price;

- (b) the Subsequent Closing Investor shall pay an additional amount equal to five per cent (5%) per annum, calculated from the date on which the Initial Investors have contributed and paid in their first subscriptions relating to the First Closing up to the date of the capital contributions actually made with respect to the Subsequent Closing in question, and such amount shall be payable to the Sub-Fund (the “**Actualization Interest**”).

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the First Closing, then the General Partner may change the Subscription Price for Investors Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Investors Shares as of the relevant Subsequent Closing; in which case all such Investors Shares issued on the same closing shall constitute a separate series. In this case, no Actualization Interest will be due.

### **7.3. Drawdowns**

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the Commitments made by the Investors shall be drawn down in successive installments, as determined by the General Partner. The General Partner will give each Investor a seven (7) Business Day prior notice for each drawdown.

Investors Shares issued in relation to each drawdown made after the First Closing shall

be issued fully paid-up at a subscription price equal, at the General Partner's discretion, either (i) to the Subscription Price plus, if applicable, the Actualization Interest or (ii) to the Net Asset Value of such Investors Shares on such drawdown date. If Investors Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The Subscription Price of the Investors Shares issued after the First Closing must be paid within the limits specified in the relevant drawdown notice.

### **7.4. Return of Drawdowns**

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since the First Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the Portfolio Investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### **7.5. Commitment period**

The Commitment Period will extend from the First Closing until the Last Closing (the “**Commitment Period**”).

## **8. OVERCOMMITMENT AND LIQUIDITY MANAGEMENT**

The commitments made by the Sub-Fund in its Portfolio Investments may be higher than the Commitments made by the Investor in the Sub-Fund.

The General Partner will ensure that, at any time of the life of the Sub-Fund, the uncalled Commitments from the Portfolio Investments will not exceed one hundred

and fifteen percent (115%) of the aggregate of (i) the Investor's uncalled Commitments plus (ii) the cash and/or liquid assets available for the Sub-Fund.

In that context, the General Partner will also use from time to time all or part of the distributions received from the Sub-Fund's Portfolio Investments to fund all or part of the capital calls made by the Sub-Fund's Portfolio Investments in order to ensure that the Sub-Fund will meet its obligations with regards to uncalled Commitments.

#### **9. MINIMUM COMMITMENT**

Commitments may only be accepted from Well-Informed Investors investing a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund.

Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept Commitments in lesser amounts.

#### **10. REDEMPTIONS AND CONVERSIONS**

An Investor may not at its own initiative require the Company to redeem its Investors Shares.

Investors are not authorised to convert their Investors Shares from this Sub-Fund into another Sub-Fund or from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

The General Partner, however, may decide, under the circumstances described in section 4.1 above or in the best interest of the Investors, to convert Investors Shares from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

#### **11. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

#### **12. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The quarterly report provides the Investors with updates on the Portfolio Investments.

#### **13. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Investors Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Investors Shares, the redemption price will be equal to the last Net Asset Value per relevant Investors Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's Portfolio Investments after the deduction of the relevant fees and expenses (pursuant to section 15 below), except in the situation described in section 8.

#### **14. RECALL**

The Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them to fund such portion of a reimbursement obligation of the Sub-Fund towards the Portfolio Investments as provided for in the constitutive/contractual documents of the relevant the Portfolio Investment, provided however that distributions hereunder will not increase the Investors' undrawn Commitments beyond the amounts initially committed by the Investors.

The Investors may be required to recontribute either to the Sub-Fund or directly to the General Partner for recontribution to the Portfolio Investments.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

The Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out here above.

#### **15. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

##### **15.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal to:

- with respect to Class A-1 Shares, zero point seventy-five percent (0.75%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-1 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-1 Shares as of the end of the preceding quarter;
- with respect to Class A-2 Shares, zero point sixty-five percent (0.65%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-2 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-2 Shares as of the end of the preceding quarter;
- with respect to Class A-3 Shares, zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-3 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-3 Shares as of the end of the preceding quarter;

- with respect to Class B Shares, zero percent (0%) per annum;
- with respect to Class C Shares zero point zero seven percent (0.07%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class C Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class C Shares as of the end of the preceding quarter;
- with respect to Class D shares, zero point ninety-five percent (0.95%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class D Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class D Shares as of the end of the preceding quarter.

The Management Fee will accrue as of the First Closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

### **15.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the “**AIFM Remuneration**”), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 15.5 respectively 15.6.2 below, will as a rule be paid by the General Partner out of its own

assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner’s service fees.

### **15.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the “**Investment Advisory Fee**”) will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

### **15.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm’s length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund’s investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund. (the “**Portfolio Investments Expenses**”).

### **15.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the “**Creation Expenses**”) will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point five percent (0.5%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **15.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Net Asset Value plus the unfunded portion of the Aggregate Commitments of the Sub-Fund as of the end of each year.

##### **15.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **15.6.2. Operating Expenses**

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the “**Operating Expenses**”). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

#### **16. SPECIFIC RISK CONSIDERATIONS**

Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section

entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Risk of capital loss:** An investment in private equity is long term and with no certainty of return. The value of an interest and the distributions in respect of them can fluctuate down as well as up and an Investor may get back less than it contributed to the Sub-Fund or lose its entire investment.

**Portfolio valuation risks:** Prospective investors should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of inter alia sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or any Investor will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a

corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, investors must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depository and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for the interests in such underlying private equity funds, whose transfer may be restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.

**Unpredictability of distributions:** Return of capital and realization of gains, if any, on investments will generally occur only upon the distribution or other disposition by the Sub-Fund's underlying private equity funds of portfolio company securities, which may not occur for several years after the Sub-Fund's initial investments. Such distributions are likely to be unpredictable and may occur

earlier than or later than anticipated by the managers. Investors should not expect significant returns for a period of years after their investment is made.

**Control of invested funds:** The private equity funds generally will not have the right to participate in the day-to-day management, control or operations of the underlying funds in which they are investing, nor will they have the right to remove the managers thereof. The private equity funds will also not necessarily have the opportunity to evaluate the relevant economic, financial and other information which will be utilized by the underlying funds in which they are investing in their selection, structuring, monitoring and disposition of investments.

<b>36. JET SELECTION 1 SUB-FUND</b>
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## **1. INVESTMENT OBJECTIVE AND STRATEGY**

### **1.1. *Investment Objective and Strategy***

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private equity funds invested in all kinds of private equity situations across the whole private equity spectrum including, but not limited to, venture capital, buyout, mezzanine debt, secondaries, distressed credit, special opportunities, infrastructure or real estate exposures.

Due to the broad focus on the whole private equity spectrum, the Sub-Fund will invest opportunistically in each and every private equity fund with the most interesting proposals without being restricted by fixed allocation guidelines. Nevertheless, the Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio across geographies and underlying strategies.

The Investment Advisor's highly exclusive relationships to top fund managers provide significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest directly in private equity funds which may have varying terms and structures including, but not limited to limited partnership structures, feeder structures or even evergreen structures, limited partnership structures and/or indirectly through the sub-funds of the Company and/or of Tiera Capital S.C.A., SICAR, a société en commandite par actions qualifying as a société

d'investissement en capital à risque (SICAR) also managed by the AIFM.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in Euros (EUR) and in US Dollars (USD), unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

### **1.2. *Investment Process***

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM.

Through its strong network, the Investment Advisor will assist the AIFM in generating a solid pipeline, out of which investment proposals will be prepared.



The key elements for successful deal generation are:

- Established and proven relationships with top quality funds managers;
- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;
- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analyzing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

In private equity fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realizations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private equity fund. However, as common in the private equity environment, potential exit routes for interests in private funds include, *inter alia*, a sale to other investors, a buyout by the

management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in US Dollars (USD).

## **4. SHARE CLASSES**

### **4.1. Investors Shares**

One (1) Class of Investors Shares, namely A Shares (the "**A Shares**"), is available for subscription in the Sub-Fund.

### **4.2. Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

## **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for up to fifty

million US Dollars (USD 50,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

## **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of ten (10) years as from the end of the Investment Period (as defined in section 7.4 below) with three (3) possible consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's investments, at its sole discretion.

## **7. CAPITAL FUNDING**

### ***7.1. Commitments and Drawdowns***

The Investors are permitted to commit to subscribe for A Shares in the Sub-Fund from 24 March 2017 until 31 December 2021.

For the purpose of this Sub-Fund, there may be several closings per year (the "Closings", each a "Closing"). The Investors will be permitted to commit to subscribe:

- A minimum of five million US Dollars (USD 5,000,000.-) on the first Closing; and
- Thereafter a minimum of one million US Dollars (USD 1,000,000.-) annually

(the "Annual Commitment").

The General Partner has however the right to accept an annual Commitment from the Investors in a higher or lesser amount.

The General Partner may decide, at its discretion, to advance or postpone the date of each Closing; in such case, the Investors will be informed of the amended date of the Closing and the date on which the corresponding part of its commitment has to be paid.

### ***7.2. Drawdowns***

After each Closing, such portions of the Commitments made by the Investors shall be drawn down in successive installments, as determined by the General Partner. The General Partner will give the Investors a seven (7) Business Day prior notice for each drawdown.

Class A Shares issued in relation to each drawdown shall be issued fully paid-up at a subscription price of one hundred US Dollars (USD 100.-).

The subscription price of A Shares issued must be paid on the relevant drawdown date.

### ***7.3. Return of Drawdowns***

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since each Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### ***7.4. Investment Period & Drawdown Period***

**Investment Period:** The Investment Period will extend from the first Closing until 31 December 2022, with an optional extension of six (6) months at the sole discretion of the General Partner.

The General Partner will invest the Annual Commitment over a period of twelve (12) months after the respective Closing dates, with an optional extension of six (6) months at the sole discretion of the General Partner.

**Drawdown Period:** Commitments will be called in accordance with section 7.2 until the Sub-Fund's term (i) to fund investments initiated during the Investment Period (ii) for follow-on investments in, or relating to, existing underlying investments, or (iii) to pay ongoing fees and operating expenses of the Company allocated to the Sub-Fund during its remaining term.

#### **8. OVERCOMMITMENT AND LIQUIDITY MANAGEMENT**

The Commitments made by the Sub-Fund in its underlying investments may be higher than the Commitments made by the Investors in the Sub-Fund.

The General Partner will ensure that, at any time of the life of the Sub-Fund, the uncalled Commitments from the underlying investments will not exceed one hundred and fifty percent (150%) of the aggregate of (i) the Investors' uncalled Commitments plus (ii) the cash and/or liquid assets available for the Sub-Fund.

The General Partner will also use from time to time all or part of the distributions received from the Sub-Fund's investments to fund all or part of the capital calls made by the Sub-Fund's investments in order to ensure that the Sub-Fund will meet its obligations with regards to uncalled Commitments.

#### **9. REDEMPTIONS**

The Investors may not at their own initiative require the Company to redeem its A Shares.

#### **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

#### **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The quarterly report provides the Investors with updates on the portfolio of investments.

#### **12. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of A Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of A Shares, the redemption price will be equal to the last Net Asset Value per relevant A Shares calculated by the Administrative Agent.

The Investors will be entitled to receive all proceeds arising from the realization of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 14 below), except in the situation described in section 8.

### **13. RECALL**

The Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them to fund such portion of a reimbursement obligation of the Sub-Fund towards a target fund within the portfolio of investments as provided for in the constitutive/contractual documents of such target fund, provided however that distributions hereunder will not increase the Investors' undrawn Commitments beyond the amounts initially committed by the Investors.

The Investors may be required to recontribute either to the Sub-Fund or directly to the General Partner for recontribution to the target funds.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

The Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out here above.

## **14. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

### **14.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly by the Sub-Fund to the General Partner.

The Management Fee shall equal zero point six percent (0.6%) (plus value added tax, if applicable) per annum on the aggregate of (i) the Net Asset Value attributable to the Investors Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to the Investors Shares as of the end of the preceding quarter.

### **14.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the "**AIFM Remuneration**"), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 14.5. respectively 14.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner's service fees.

### **14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the "**Investment Advisory Fee**") will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

#### **14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the "**Portfolio Investments Expenses**").

#### **14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the "**Creation Expenses**") will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point five percent (0.5%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **14.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Net Asset Value plus the unfunded portion of the Aggregate Commitments of the Sub-Fund as of the end of each year.

##### **14.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **14.6.2. Operating expenses**

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the "**Operating Expenses**"). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

#### **15. SPECIFIC RISK CONSIDERATIONS**

The Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Portfolio valuation risks:** the Investors should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of *inter alia* sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and

valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or the Investors will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, the Investors must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the

foregoing, unregulated funds are generally considered to be a higher risk investment.

**Drawdown Period:** Amounts Committed to underlying investments during the Investment Period may be drawn down by such underlying investments over their own drawdown period and the Sub-Fund intends to pass on such drawdown notices to the Investors when they come. This is likely to occur over a period that exceeds the Investment Period, so that the Investors may be required to pay and subscribe the relevant portion of their capital contribution over a significant period of time.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for the interests in such underlying private equity funds, whose transfer may be restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.

<b>37. HOP PRIVATE EQUITY SUB-FUND</b>
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## **1. INVESTMENT OBJECTIVE AND STRATEGY**

### ***1.1. Investment Objective and Strategy***

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private equity funds invested in all kinds of situations across the whole private equity spectrum including, but not limited to, venture capital, buyout, mezzanine debt, secondaries, distressed credit, special opportunities, infrastructure or real estate exposures.

Due to the broad range of qualifying strategies on the whole private equity spectrum, the Sub-Fund will invest opportunistically in each and every private equity fund with the most interesting proposals without being restricted by fixed allocation guidelines. Nevertheless, the Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio across geographies and underlying strategies.

The Investment Advisor's highly exclusive relationships to top fund managers provide significant competitive advantages including the access to exclusive investment opportunities.

The General Partner will seek to build a diversified allocation and will ensure that at the end of the Investment Period, the Sub-Fund will not exceed the following limits in proportion of the Commitments made by the Sub-Fund in its underlying investments:

- Maximum 15% in one single secondary investment fund;
- Maximum 10% in one single primary investment fund;
- Maximum 3% in one single co-investment with exposure to a single operating company;

- Maximum 20% in investment funds managed by the same entity or affiliates.
- Minimum 40% in investments denominated in EUR.

The General Partner may waive the above restrictions, subject to the prior approval of the Investors.

- **Types of Investments**

The Sub-Fund will invest directly in private equity funds which may have varying terms and structures including, but not limited to limited partnership structures, feeder structures or even evergreen structures, either directly or indirectly through the sub-funds of the Company and/or of Tiera Capital S.C.A., SICAR, a société en commandite par actions qualifying as a société d'investissement en capital à risque (SICAR) also managed by the AIFM.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in Euros (EUR) and in US Dollars (USD), unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

### **1.2. Investment Process**

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM.

Through its strong network, the Investment Advisor will assist the AIFM in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds managers;
- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;
- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis in order to identify challenges or opportunities for certain funds' investment strategies and approaches; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM, the Investment Advisor conducts extensive due diligence, which typically

includes meeting with fund managers, analyzing market and fund manager information, making numerous reference calls, reviewing financial and legal documentation and conducting further investigations.

### **1.3. Exit Strategy**

In private equity fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realizations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private equity fund. However, as common in the private equity environment, potential exit routes for interests in private funds include, *inter alia*, a sale to other investors, a buyout by the management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in Euros (EUR).



#### **4. SHARE CLASSES**

##### ***4.1. Investors Shares***

One (1) Class of Investors Shares, namely A Shares (the “**A Shares**”), is available for subscription in the Sub-Fund.

##### ***4.2. Participating Shares***

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

#### **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for up to fifty million Euros (EUR 50,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

#### **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of ten (10) years as from the end of the Investment Period (as defined in section 7.4 below) with three (3) possible consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's investments, at its sole discretion.

#### **7. CAPITAL FUNDING**

##### ***7.1. Commitments and Drawdowns***

The Investors are permitted to commit to subscribe for A Shares in the Sub-Fund from 12 June 2017 until 31 December 2017.

For the purpose of this Sub-Fund, there may be several closings (the “**Closings**”, each a “**Closing**”). The Investors will be permitted to commit to subscribe a minimum of thirty million Euros (EUR 30,000,000.-) on the first Closing.

The General Partner has however the right to accept a Commitment from the Investors in a higher or lesser amount.

The General Partner may decide, at its discretion, to advance or postpone the date of each Closing; in such case, the Investors will be informed of the amended date of the Closing and the date on which the corresponding part of its commitment has to be paid.

##### ***7.2. Drawdowns***

After each Closing, such portions of the Commitments made by the Investors shall be drawn down in successive installments, as determined by the General Partner. The General Partner will give the Investors a seven (7) Business Day prior notice for each drawdown.

Class A Shares issued in relation to each drawdown shall be issued fully paid-up at a subscription price of one hundred Euros (EUR 100.-).

The subscription price of A Shares issued must be paid on the relevant drawdown date.

##### ***7.3. Return of Drawdowns***

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since each Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

#### **7.4. *Investment Period & Drawdown Period***

**Investment Period and Termination of Investment Period:** The Investment Period will extend from the first Closing until 31 December 2018, with an optional extension of six (6) months at the sole discretion of the General Partner. For the avoidance of doubt, the Investment Period will not be tacitly renewed.

**Drawdown Period:** Commitments will be called in accordance with section 7.2 until the Sub-Fund's term (i) to fund investments initiated during the Investment Period (ii) for follow-on investments in, or relating to, existing underlying investments, or (iii) to pay relevant ongoing fees and expenses of the Company allocated to the Sub-Fund during its remaining term.

#### **8. OVERCOMMITMENT AND LIQUIDITY MANAGEMENT**

The Commitments made by the Sub-Fund in its underlying investments may be higher than the Commitments made by the Investors in the Sub-Fund.

The General Partner will ensure that, at any time of the life of the Sub-Fund, the uncalled Commitments from the underlying investments will not exceed one hundred and sixty-five percent (165%) of the aggregate of (i) the Investors' uncalled Commitments plus (ii) the cash and/or liquid assets available for the Sub-Fund.

The General Partner will also use from time to time all or part of the distributions received from the Sub-Fund's investments to fund all or part of the capital calls made by the Sub-Fund's investments in order to ensure that the Sub-Fund will meet its obligations with regards to uncalled Commitments.

#### **9. REDEMPTIONS**

The Investors may not at their own initiative require the Company to redeem their A Shares.

#### **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

#### **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The quarterly report provides the Investors with updates on the portfolio of investments.

## **12. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of A Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of A Shares, the redemption price will be equal to the last Net Asset Value per relevant A Shares calculated by the Administrative Agent.

The Investors will be entitled to receive all proceeds arising from the realization of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 14 below), except in the situation described in section 8.

## **13. RECALL**

The Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them:

- (i) to fund such portion of a reimbursement obligation of the Sub-Fund towards a target fund within the portfolio of investments as provided for in the constitutive/contractual documents of such target fund; or
- (ii) to fund such portion of the Sub-Fund's commitment that would exceed the outstanding Commitments; provided however that distributions hereunder will not increase the Investors' undrawn Commitments beyond the amounts initially committed by the Investors.

The Investors may be required to recontribute either to the Sub-Fund or

directly to the General Partner for recontribution to the target funds.

The above mentioned callable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

The Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out here above.

## **14. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

### ***14.1. Management Fee***

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive a management fee (the "**Management Fee**"). Subject to the next paragraph, the Management Fee shall equal:

- zero point twenty-five percent (0.25%) per annum (plus value added tax, if applicable) on the Net Asset Value attributable to the Investors Shares as of the end of the preceding quarter and paid quarterly in advance by the Sub-Fund to the General Partner;
- zero point five percent (0.5%) of the commitments taken by the Sub-Fund in underlying investments. For the avoidance of doubt this applies at the time a new commitment is taken and it is therefore not recurring annually. This amount will be paid by the Sub-Fund to the General Partner.

Should the Other Expenses (as defined in section 14.6 below) exceed zero point one percent (0.1%) per annum of the Net Asset Value attributable to the Investors Shares ("Maximum Level") as of the end of a year, the Management Fee shall be reduced accordingly by the amount of Other Expenses exceeding the Maximum Level defined here-above.

#### **14.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the "**AIFM Remuneration**"), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 14.5; respectively 14.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner's service fees.

#### **14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the "**Investment Advisory Fee**") will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

#### **14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection

therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the "**Portfolio Investments Expenses**").

#### **14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the "**Creation Expenses**") will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point zero five percent (0.05%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **14.6. Other Expenses**

The below other expenses (the "**Other Expenses**") shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Net Asset Value plus the unfunded portion of the Aggregate Commitments of the Sub-Fund as of the end of each year.

##### **14.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **14.6.2. Operating expenses**

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable

to this Sub-Fund (the “**Operating Expenses**”). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

#### **15. SPECIFIC RISK CONSIDERATIONS**

The Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Portfolio valuation risks:** the Investors should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of *inter alia* sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or the Investors will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, the Investors must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Drawdown Period:** Amounts committed to underlying investments during an investment period may be drawn down by such underlying investments over their own drawdown period, so that investors may be required to pay and subscribe the relevant portion of their capital contribution over a period of time that is significantly longer than the investment period.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for

the interests in such underlying private equity funds, whose transfer may be restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.

<b>38. TC39 – KAF3 SUB-FUND</b>
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### **1. INVESTMENT OBJECTIVE AND STRATEGY**

The TC39 – KAF3 Sub-Fund (the “**Sub-Fund**”) is solely aimed at investing in “KKR Asian Fund III (EEA) SCSp” (the “**Target Fund**”).

Besides, for defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

#### **1.1. The Target Fund**

The Target Fund is established as a Luxembourg special limited partnership under the 1915 Law, and registered with the *Registre de Commerce et des Sociétés* in Luxembourg under number B209894. The Target Fund is a parallel fund of KKR Asian Fund III L.P., an Ontario limited partnership (the “**Canadian Fund**”), and will generally invest proportionately alongside the Canadian Fund and any other parallel funds on the basis of their available capital.

The Target Fund is managed by KKR Associates Asia III SCSp, a Luxembourg special limited partnership registered with *Registre de Commerce et des Sociétés* in Luxembourg under number B209882 (the “**Target Fund General Partner**”) whose general partner is KKR Asia III S.à r.l., a Luxembourg limited liability company.

KKR Alternative Investment Management Unlimited Company, an unlimited liability company incorporated pursuant to the Irish Companies Act of 2014 under registration number 539765, acts as the alternative investment fund manager of the Target Fund (the “**Target Fund AIFM**”) and is an

affiliate of Kohlberg Kravis Roberts & Co. L.P., a Delaware limited partnership registered as an investment adviser under the U.S. Investment Advisers Act of 1940, as amended, (“**KKR**”). The Target Fund AIFM is authorised by the Central Bank of Ireland to manage the Target Fund and may delegate certain of its portfolio management activities to KKR.

Following the initial closing of the Target Fund, the Target Fund General Partner will form a subsidiary vehicle (the “**Subsidiary Vehicle**”) through which the Target Fund will make all or some of its investments. The Target Fund will be the sole limited partner of the Subsidiary Vehicle and an affiliate of the Target Fund General Partner will serve as the general partner. KKR expects to require the Subsidiary Vehicle to enter into a management agreement with the Target Fund AIFM and KKR Singapore Pte. Ltd (“**KKR Singapore**”), an affiliate of KKR, pursuant to which KKR Singapore will provide certain management services to the Subsidiary Vehicle. KKR Singapore is registered as an investment adviser with the Securities Exchange Commission and is licensed by the Monetary Authority of Singapore to conduct fund management activities for accredited and institutional investors.

#### **1.2. Investment Objective and Strategy of the Target Fund**

The Target Fund will engage in leveraged buyouts, management buyouts and platform build-ups, other investments with a view to control or significant influence and growth and opportunistic equity investments in Asia (meaning the continents of Australia and Asia, but excluding the Russian Federation and the countries of the Middle East).

Investments may be made in equity, debt and other securities as well as in real estate, with a controlling or other significant interest typically being acquired. The Target Fund will generally make investments requiring

more than one hundred million US Dollars (USD 100,000,000.-) of aggregate equity from the Canadian Fund, the Target Fund and such other parallel funds.

References hereafter to the Target Fund will include the Canadian Fund and any other parallel funds.

### 1.3. **Investment Restrictions of the Target Fund**

The Target Fund contemplates making up a diversified portfolio across economic sectors; however, no allocation of investments by branch of industry will be predetermined.

The Target Fund shall not invest, following the final closing date, more than (i) twenty percent (20%) of the aggregate capital commitments in a single portfolio company and (ii) fifteen percent (15%) of the aggregate capital commitments in opportunistic investments (meaning one or more of the following: (a) direct real estate investments and (b) portfolio investments acquired pursuant to open market purchases of the publicly-traded securities – other than money market investments – *provided that* an investment will not be categorised as such for purposes of the limitation above if a privately negotiated agreement concerning the investment is reached with the company or if the company becomes an affiliate of the Target Fund).

### 1.4. **KKR's Track Record in Asia**

KKR seeks to provide its investors with consistently strong returns that are significantly above public benchmarks. Since its inception through 31 December 2016, the KKR Pan Asia Private Equity Composite\* portfolio has reached a cumulative estimated net internal rate of return ("IRR") of 14.9%. KKR will strive to create a balanced portfolio for the Target Fund, with diversification across regions and sectors and intends to build its strategy for

the Target Fund on the strategy that has been successful for KKR Asian Fund II, the predecessor fund to the Target Fund.

KKR performances in Asia can be summarised as follows:

Funds	Vintage	Invested Capital	Net IRR	Net Multiple
Asian Fund I	2007	\$3,877.6m	13.6%	1.8x
Asian Fund II	2013	\$3,867.7m	21.9%	1.4x
KKR Pan Asia Private Equity Composite*	-	\$9,345.7m	14.9% (estimated IRR)	1.6x

*Figures as of 31 December 2016 / Source: First Supplement to the confidential private placement memorandum of the Target Fund*

\* The KKR Pan Asia Private Equity Composite includes (i) the Asian Fund I (2007 vintage), (ii) the Asian Fund II (2013 vintage), (iii) KKR private equity portfolio companies that are headquartered, incorporated or have significant operations in Asia and were invested in prior to the establishment of the Asian Funds by one or more KKR-sponsored private equity funds, beginning with the investment in Avago by European Fund I in 2005, and (iv) coinvestments by KKR-managed funds alongside the Asian Fund I or the Asian Fund II in the investments of those funds.

### 1.5. **Investment Approach of the Target Fund**

KKR's approach in Asia is to fully combine their leading global resources with their Asian team's extensive local experience, relationships and operational expertise to build successfully partnerships with leading businesses and entrepreneurs. The Target Fund will typically focus on opportunities in businesses with an existing sustainable competitive advantage and where the value of the business can be enhanced through KKR's active involvement. Given the dynamic market environment across the pan-Asia region, KKR remains highly flexible in its approach around investment structure, ownership stake and transaction types.

KKR's Asia private equity platform is differentiated by several key competitive advantages:



- **Strong global platform and resources:** Over the past forty (40) years, KKR has developed an extensive track record of partnering with management teams, sourcing proprietary opportunities, structuring differentiated and compelling financial transactions across both equity and debt, building successful businesses and creating value across a broad range of industry sectors. In Asia, KKR's global presence and "one-firm" approach also contribute to seamless fertilisation between global KKR teams, creating channels of growth such as cross border acquisition and further investment opportunities for their Asian businesses, as well as benefiting their global portfolio companies through accessing the large and growing Asia based consumer market. KKR's strong global relationships and capabilities will contribute to their introducing global operational best practices and providing global access to their Asian portfolio companies and helping them grow and expand internationally;
- **Deep commitment to Asia through an experienced local team:** The unique regional setup (seven (7) local offices across Asia, each of KKR's six (6) dedicated region/country team is based locally for the respective market in which it operates) and differentiated position give KKR significant advantages in deal sourcing and operational value creation while allowing KKR to maintain appropriate level of country and market sensitivities. KKR senior investment professionals across Asia have invested throughout local and regional markets, across economic

cycles and a variety of industries, helping to build many leading companies in Asia; and

- **Multifaceted capabilities and deep expertise:** KKR has substantially expanded the value-creating expertise within KKR globally and specifically in Asia by: (i) growing a strong, local team of investment professionals, (ii) establishing an internal capital markets expertise primarily engaged in assisting private equity investments, (iii) increasing dedicated operational expertise through specific resources and (iv) building a dedicated macro and asset allocation capability to assist in evaluating market cycles and economic trends, among others.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

The circumstances in which the Target Fund may utilise leverage, the types and sources of leverage permitted and the associated risks are set out in the confidential private placement memorandum of the Target Fund, but this does not consist in leverage

at the Sub-Fund level in accordance with articles 7 and 8 of AIFMR.

The Target Fund may obtain one (1) or more revolving credit facilities in order to enable the Target Fund to make investments, or pay management fees or other expenses and liabilities, in each case, through borrowings in advance or in lieu of capital contributions. Without the approval of the Target Fund advisory committee or a majority in interest of the limited partners, the Target Fund will not incur any borrowings (other than leverage incurred in connection with permitted hedging transactions) (i) such that the sum of the amount of any outstanding borrowings of the Target Fund and any outstanding guarantees by the Target Fund of portfolio company indebtedness exceeds the lesser of (a) twenty-five percent (25%) of aggregate capital commitments and (b) the aggregate unused capital commitments of the Target Fund limited partners or (ii) that remains outstanding in excess of two hundred and seventy (270) days; provided that (x) borrowings incurred prior to the final closing date may remain outstanding up to forty-five (45) days following the final closing date, (y) borrowings for management fees may remain outstanding for a period of up to one (1) year and (z) such limitation will not apply to borrowings incurred by portfolio companies or entities through which portfolio investments are held, which borrowings are guaranteed by the Target Fund.

Any such revolving credit facility is expected to be secured by a pledge of the rights of the Target Fund General Partner and the Target Fund to the capital commitments of the limited partners.

While these revolving credit facilities incurred by the Target Fund are intended to be temporary in nature, due to the language in Recital 14 of the AIFMR, it appears that borrowings under these facilities may not be excluded from the Target Fund's AIFMD

leverage calculations. Accordingly, applying both the "gross" and "commitment" calculation methods, the Target Fund AIFM has established for the Target Fund a maximum level of leverage relative to the net asset value of the Target Fund of 250:1 (excluding temporary borrowing arrangements (if any) meeting the requirements of the AIFMR).

### **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in US Dollars (USD).

### **4. SHARE CLASSES**

#### ***4.1. Investors Shares***

Four (4) Classes of Investors Shares, all denominated in US Dollars (USD), are available for subscription in the Sub-Fund, namely:

- A Shares (the "**Class A Shares**") sub-divided into:
  - o **Class A-1 Shares** for Investors subscribing below five hundred thousand US Dollars (USD 500,000.-);
  - o **Class A-2 Shares** for Investors subscribing five hundred thousand US Dollars (USD 500,000.-) and above but below one million US Dollars (USD 1,000,000.-);
  - o **Class A-3 Shares** for Investors subscribing one million US Dollars (USD 1,000,000.-) and above.
- B Shares (the "**Class B Shares**");
- C Shares (the "**Class C Shares**");
- D Shares (the "**Class D Shares**");

(altogether the "**Investors Shares**").

For the avoidance of doubt, the commitments subscribed by Investors are considered with segregated referenced positions should they subscribe for Investors Shares directly or indirectly.

The following Classes of Investors Shares are, at the sole discretion of the General Partner, reserved to Investors having concluded with any of the entities of the CA Indosuez Wealth Management group (the “**CA Indosuez Wealth Management Group**”) a services agreement or equivalent with respect to private equity investments (the “**Private Equity Agreement**”):

- the Class A Shares;
- the Class B Shares, it being understood that such Class of Shares is reserved to Investors managed by the AIFM;
- the Class C Shares, it being understood that such Class of Shares is reserved to Investors having also concluded a specific remuneration agreement with any of the entities of the CA Indosuez Wealth Management Group (the “**Specific Remuneration Agreement**”).

The General Partner reserves the right to accept or reject, at its sole discretion, any subscription into Class A-1, A-2 and A-3 Shares regardless of the amount subscribed.

The following Classes of Investors Shares are reserved to Investors having not concluded with any of the entities of the CA Indosuez Wealth Management Group a Private Equity Agreement:

- the Class D Shares.

Notwithstanding the below paragraph, should an Investor having subscribed to Class C Shares terminates the Specific Remuneration Agreement, the General Partner may decide, at its sole discretion, to

convert its Class C Shares into Class A Shares.

The General Partner may decide, at its sole discretion, to convert Class A Shares, Class B Shares and/or Class C Shares into Class D Shares should an Investor terminates the Private Equity Agreement.

#### **4.2. Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

#### **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for twenty million US Dollars (USD 20,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

#### **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of eleven (11) years as from the Last Closing (as defined in the first paragraph of section 7.2 below), with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Target Fund, at its sole discretion.

The investment in the Target Fund may require a substantial length of time to liquidate and there may remain some obligations outstanding for the Target Fund, even if it has closed to liquidation. The liquidation process of the Sub-Fund may consequently require a substantial length of time subsequent to the making of a decision to liquidate the Sub-Fund.

## **7. CAPITAL FUNDING**

### **7.1. Commitments and Drawdowns**

Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund from 12 June 2017 until the latest of either (i) on or about the final closing of the Target Fund as determined in the confidential private placement memorandum thereof or (ii) 30 June 2019.

Investors, the Commitments of which are accepted on the first closing (the “**First Closing**” and the “**Initial Investors**”), shall be required to pay a portion of their respective committed amounts no later than ninety (90) Business Days following the notification of the First Closing to the Initial Investors, following which Investors Shares are to be issued fully paid-up at a price of one hundred US Dollars (USD 100) each (the “**Subscription Price**”) corresponding to the funded Commitment.

### **7.2. Commitments and Drawdowns after the First Closing**

After the First Closing, Commitments to subscribe Investors Shares will be accepted from Initial Investors and other investors at such closings (“**Subsequent Closings**” and “**Subsequent Closings Investors**”) as determined by the General Partner during a period commencing the day after the date of the First Closing, and terminating on 30 June 2019, unless extended by the General Partner (the “**Last Closing**”). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of Investors Shares and pay up the relevant portion of their Commitments no later than seven (7) Business Days following the notification of the drawdown notice pertaining to such Subsequent Closing. The General Partner may decide, at its discretion, to postpone the date of any

closing (including the Last Closing); in such case, the Investors will be informed of the amended date of the relevant closing and the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing by a Subsequent Closing Investor:

- (a) the Subsequent Closing Investor shall participate in investments made and fees and expenses (including the Management Fee as defined in the first paragraph of section 14.1 below) incurred by the Sub-Fund prior to its admission and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the First Closing, at the Subscription Price; and
- (b) the Subsequent Closing Investor shall pay an additional amount equal to five per cent (5%) per annum, calculated from the date on which the Initial Investors have contributed and paid in their first subscriptions relating to the First Closing up to the date of the capital contributions actually made with respect to the Subsequent Closing in question, and such amount shall be payable to the Sub-Fund (the “**Actualization Interest**”).

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the First Closing, then the General Partner may change the Subscription Price for Investors Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Investors Shares as of the relevant Subsequent Closing; in which case all such Investors Shares issued on the same closing shall constitute a separate

series. In this case, no Actualization Interest will be due.

### **7.3. Drawdowns**

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the Commitments made by the Investors shall be drawn down in successive instalments, as determined by the General Partner. The General Partner will give each Investor a seven (7) Business Day prior notice for each drawdown.

Investors Shares issued in relation to each drawdown made after the First Closing shall be issued fully paid-up at a subscription price either (i) equal to the Subscription Price plus, if applicable, the Actualization Interest or (ii) based on the Net Asset Value of such Investors Shares on such drawdown date, at the General Partner's discretion. If Investors Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The Subscription Price of the Investors Shares issued after the First Closing shall be paid within the limits specified in the relevant drawdown notice.

### **7.4. Return of Drawdowns**

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since the First Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### **7.5. Commitment Period**

The Commitment Period will extend from the First Closing until the Last Closing (the "Commitment Period").

### **8. MINIMUM COMMITMENT**

Commitments may only be accepted from Well-Informed Investors investing a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund. Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept Commitments in lesser amounts.

### **9. REDEMPTIONS AND CONVERSIONS**

An Investor may not at its own initiative require the Company to redeem its Investors Shares.

Investors are not authorised to convert their Investors Shares from this Sub-Fund into another Sub-Fund or from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

The General Partner, however, may decide, under the circumstances described in section 4.1. above or in the best interest of the Investors, to convert Investors Shares from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

### **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar

quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

### **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements, which shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than four (4) months after each quarter end. The quarterly report provides the Investors with updates on the portfolio of investments.

### **12. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Investors Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Investors Shares, the redemption price will be equal to the last Net Asset Value per relevant Investors Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 14 below).

### **13. RECALL**

The Target Fund may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions in the cases provided for in the constitutive/issuing documents of the Target Fund. In such cases the Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the Target Fund, provided however that distributions hereunder will not increase an Investor's undrawn Commitment beyond the amount initially committed by Investors.

Investors may be required to recontribute either to the Sub-Fund (if it is still in existence) or directly to the General Partner for recontribution to the Target Fund.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out hereabove.

**14. MANAGEMENT FEE, AIFM  
REMUNERATION, INVESTMENT ADVISORY  
FEE AND OTHER EXPENSES**

**14.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the “**Management Fee**”), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal:

- with respect to Class A-1 Shares, zero point seventy-five percent (0.75%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-1 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-1 Shares as of the end of the preceding quarter;
- with respect to Class A-2 Shares, zero point sixty-five percent (0.65%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-2 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-2 Shares as of the end of the preceding quarter;
- with respect to Class A-3 Shares, zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-3 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-3 Shares as of the end of the preceding quarter;
- with respect to Class B Shares, zero percent (0%) per annum;
- with respect to Class C Shares, zero point zero seven percent (0.07%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class C Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class C Shares as of the end of the preceding quarter;
- with respect to Class D shares, zero point ninety-five percent (0.95%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class D Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class D Shares as of the end of the preceding quarter.

The Management Fee will accrue as of the First Closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

**14.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the “**AIFM Remuneration**”), to the exception of the Creation Expenses and the Operating Expenses as referred to in sections 14.5, respectively 14.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly

to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner's service fees.

#### **14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the "**Investment Advisory Fee**") will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

#### **14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the "**Portfolio Investments Expenses**").

#### **14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the "**Creation Expenses**") will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equalling zero point five percent (0.5%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-

Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **14.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Net Asset Value plus the unfunded portion of the Aggregate Commitments of the Sub-Fund as of the end of each year.

##### **14.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **14.6.2 Operating Expenses**

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the "Operating Expenses"). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

#### **15. SPECIFIC RISK CONSIDERATIONS**

Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund



entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Illiquid and Long-Term Investments:**

Investment in the Target Fund requires a long-term commitment, with no certainty of return. Many of the Target Fund's investments will be highly illiquid, and there can be no assurance that the Target Fund will be able to realize such investments in a timely manner. The realizable value of a highly illiquid investment at any given time may be less than its intrinsic value. Distributions in kind of illiquid securities to the Target Fund limited partners may be made.

Although it is anticipated that certain investments of the Target Fund may generate current income, the return of capital, and the realization of gains, if any, with respect to certain other investments will occur only upon the partial or complete disposition of such investment, as to which there can be no certainty. While an investment may be sold at any time, typically this will occur a number of years after the investment is made. The Target Fund will generally not be able to sell its investments publicly unless their sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. In addition, in some cases, the Target Fund may be prohibited by contract or applicable laws and regulations from selling certain securities for a period of time, which may mean that the Target Fund would be unable to take advantage of favorable market prices. In view of such limitations on liquidity, which are illustrative and not exhaustive, the Target Fund will generally not be able to realize on an investment in a privately-held entity until the sale of such entity. Furthermore, such illiquidity may continue even if the underlying entities obtain listings on securities exchanges. There can be no assurance that the Target Fund will be able to dispose of its

investments at the price and at the time it wishes to do so.

Certain investments by the Target Fund may be in securities that are or become publicly traded. Such investments may involve economic, political, interest rate, and other risks, any of which could result in an adverse change in the market price. In addition, in some cases the Target Fund may be prohibited by contract, applicable laws and regulations or other limitations from selling such securities for a period of time such that the Target Fund would be unable to take advantage of favorable market prices.

**Market and Economic Risks:** The Target Fund and its portfolio companies may be materially affected by market, economic, and political conditions globally and in the jurisdictions and sectors in which they invest or operate, including factors affecting interest rates, the availability of credit, currency exchange rates, and trade barriers. These factors are outside the Target Fund General Partner's control, and could adversely affect the liquidity and value of the Target Fund's investments, and may reduce the ability of the Target Fund to make attractive new investments.

In particular, economic and financial market conditions began to significantly deteriorate beginning in the fourth quarter of 2008. Since then, global financial markets have experienced considerable declines in the valuations of equity and debt securities, there has been an acute contraction in the availability of credit and a number of leading financial institutions have become insolvent or required government support to continue operating. As a result, certain government authorities and central banks worldwide have undertaken unprecedented intervention programs, the effects of which remain uncertain. These events have led to a significantly diminished availability of credit and an increase in the cost of financing for businesses, which has

materially hindered the initiation of new leveraged transactions and, together with declines in valuations of equity and debt securities, has adversely affected the private equity sector. Deteriorating conditions in global credit markets have materially hindered lenders' willingness to fund new leveraged transactions and, together with declines in valuations of equity and debt securities, have adversely affected the private equity sector. Although financial markets have shown intermittent signs of improvement, global economic conditions remain tenuous, and to the extent that they do not improve, this may adversely impact the investments of the Target Fund.

**Valuation Risk:** The Target Fund will rely on the Target Fund AIFM and its affiliate for valuation of its assets and liabilities. The Target Fund will primarily hold securities and other assets that will not have readily assessable market values. In such instances the Target Fund AIFM will determine the fair value of such securities and assets in its reasonable judgment based on various factors and may rely on internal pricing models. Such valuations may vary from similar valuations performed by independent third parties for similar types of securities or assets. The valuation of illiquid securities and other assets is inherently subjective and subject to increased risk that the information utilized to value such assets or to create the price models may be inaccurate or subject to other error. The value of the Target Fund's portfolio may also be affected by changes in accounting standards, policies or practices. Due to a wide variety of market factors and the nature of certain securities and assets to be held by the Target Fund, there is no guarantee that the value determined by the Target Fund AIFM will represent the value that will be realized by the Target Fund on the eventual disposition of the investment or that would be realized upon an immediate disposition of the investment.

**No Market for Interests; Restrictions on Transferability; No Rights of Withdrawal:**

The Target Fund's interests have not been registered under the U.S. Securities Act of 1933, the securities laws of any state of the United States or the securities laws of any other jurisdiction, and cannot be resold unless they are subsequently registered under the U.S. Securities Act of 1933 and other applicable securities laws or an exemption from registration is available. It is not contemplated that registration of the Target Fund's interests under the U.S. Securities Act of 1933 or other securities laws will ever be effected. There is no public market for the Target Fund's interests and none is expected to develop. A Target Fund limited partner will not be permitted to assign its Target Fund's interests without the prior written consent of the Target Fund General Partner, which may be withheld in its sole discretion. Target Fund limited partners may not withdraw capital from the Target Fund at their discretion. Consequently, Target Fund limited partners may not be able to liquidate their Target Fund's interests prior to the termination of the Target Fund and must be prepared to bear the risks of owning the Target Fund's interests for an extended period of time.

**No Right to Control Operations:** The Target Fund limited partners will have no opportunity to control the day-to-day operations, including investment and disposition decisions, of the Target Fund. Target Fund limited partners must rely entirely on the Target Fund General Partner, the Target Fund AIFM, KKR and their affiliates to conduct and manage the affairs of the Target Fund.

**Emerging Market Investments:** The Target Fund will invest primarily in Asia, and a significant portion of its assets may be invested in emerging or developing market countries. Investments in emerging and developing markets involve certain factors not typically associated with investing in developed countries, including risks relating

to: (i) differences relating to local securities markets, including potential price volatility in and relative illiquidity of some overseas securities markets, the absence of uniform accounting, auditing, and financial Reporting standards, practices, and disclosure requirements, and less government supervision and regulation; (ii) other differences in law and regulation, including fewer investor protections, less stringent fiduciary duties, less developed bankruptcy laws, and difficulty in enforcing contractual obligations; (iii) certain economic and political risks, including potential economic, political, or social instability, exchange control regulations, nationalization, expropriation or confiscatory taxation, higher rates of inflation, and reliance on a more limited number of commodity inputs, service providers, and/or distribution mechanisms; and (iv) the possible imposition of local taxes on income and gains recognized with respect to securities and assets. The risks of investing in emerging and developing markets, including the risks described above, are usually greater than the risks involved in investing in more developed markets. While the Target Fund General Partner intends to manage the Target Fund in a manner that will minimize exposure to these risks, there can be no assurance that adverse developments with respect to such risks will not adversely affect the securities or assets of the Target Fund that are held in certain countries.

#### **Investments in Non-OECD Countries:**

Many of Asian countries are not members of the OECD. Investments in non-OECD countries may be subject to more substantial risks in political and macro-economic conditions, such as significant currency fluctuations, changes in governmental controls over the economy and high rates of inflation. Many non-OECD countries have experienced these problems in the past. There can be no assurance that a recurrence of such problems will not have a materially adverse effect on the Target Fund's investments.

Moreover, the economies of non-OECD countries generally are more heavily dependent upon international trade than those of OECD countries and, accordingly, have been and may 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. Expropriation, confiscatory taxation, nationalization, political, economic or social instability or other developments could adversely affect the assets of the Target Fund held in non-OECD countries.

#### **Economic and Financial Instability in Asia:**

Some Asian countries may experience interest rate volatility, lack of financial liquidity and stock market volatility, any of which could contribute to a decline in business and consumer spending in addition to other adverse market conditions. Although such events or circumstances may at times create significant investment opportunities, there can be no assurance that economic and financial difficulties will not adversely affect the value of the Target Fund's investments or make it more difficult for the Target Fund to locate appropriate investment opportunities.

<p><b>39. FRANCE PRIVATE EQUITY OPPORTUNITIES III SUB-FUND</b></p>
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## **1. INVESTMENT OBJECTIVE AND STRATEGY**

### **1.1. *Investment Objective and Strategy***

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private equity funds mainly invested in companies headquartered in France across diverse strategies including, but not limited to leveraged buyout transactions, growth capital transactions and special situations.

The Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio.

The Investment Advisor's highly exclusive relationships to top fund managers provides significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest directly in private equity funds (the "**Portfolio Investments**") which may have varying terms and structures including, but not limited to limited partnership structures and/or indirectly through the sub-funds of the Company and/or of Tiera Capital S.C.A., SICAR, a *société en commandite par actions* qualifying as a *société d'investissement en capital à risque* (SICAR) and Tiera Capital FPCI, a French *fonds professionnel de capital investissement*, also managed by the AIFM.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in Euros (EUR), unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

### **1.2. *Investment Process***

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM and to the General Partner.

Through its strong network, the Investment Advisor will assist the AIFM and the General Partner in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds;

- Maintaining relationships with the network of private equity investors to create proprietary secondary transactions;
- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;
- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches;
- Leveraging its portfolio of secondary funds managers to access secondary co-investment opportunities; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM and to the General Partner, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analyzing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

The investments in private equity funds are passive investments meaning that the Board has no influence over exits. In private equity fund investments, the general partners and managers of the underlying funds have full

discretion regarding exits and realizations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private equity fund. However, as common in the private equity environment, potential exit routes for interests in private funds include, *inter alia*, a sale to other investors, a buyout by the management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in Euros (EUR).

## **4. SHARE CLASSES**

### **4.1 Investors Shares**

Four (4) Classes of Investors Shares, all denominated in Euros (EUR), are available for subscription in the Sub-Fund, namely:

- A Shares (the “**Class A Shares**”) sub-divided into:
  - o **Class A-1 Shares** for Investors subscribing below five hundred thousand Euros (EUR 500,000.-);
  - o **Class A-2 Shares** for Investors subscribing five hundred thousand Euros (EUR 500,000.-) and above but below one million Euros (EUR 1,000,000.-); and
  - o **Class A-3 Shares** for Investors subscribing one million Euros (EUR 1,000,000.-) and above.
- B Shares (the “**Class B Shares**”);
- C Shares (the “**Class C Shares**”);
- D Shares (the “**Class D Shares**”);

(altogether the “**Investors Shares**”).

For the avoidance of doubt, the commitments subscribed by Investors are considered with segregated referenced positions should they subscribe for Investors Shares directly or indirectly.

The following Classes of Investors Shares are, at the sole discretion of the General Partner, reserved to Investors having concluded with any of the entities of CA Indosuez Wealth Management (“**CA Indosuez Wealth Management**”) a services agreement or equivalent with respect to private equity investments (the “**Private Equity Agreement**”):

- the Class A Shares;
- the Class B Shares, it being understood that such Class of Shares is reserved to Investors managed by the AIFM;
- the Class C Shares, it being understood that such Class of Shares is reserved to Investors

having also concluded a specific remuneration agreement with any of the entities of CA Indosuez Wealth Management (the “**Specific Remuneration Agreement**”).

The General Partner reserves the right to accept or reject, at its sole discretion, any subscription into Class A-1, A-2 and A-3 Shares regardless of the amount subscribed.

The following Classes of Investors Shares are reserved to Investors having not concluded with any of the entities of CA Indosuez Wealth Management a Private Equity Agreement:

- the Class D Shares.

Notwithstanding the below paragraph, should an Investor having subscribed to Class C Shares terminates the Specific Remuneration Agreement, the General Partner may decide, at its sole discretion, to convert its Class C Shares into Class A Shares.

The General Partner may decide, at its sole discretion, to convert Class A Shares, Class B Shares and/or Class C Shares into Class D Shares should an Investor terminates the Private Equity Agreement.

#### **4.2 Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

### **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for thirty million Euros (EUR 30,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

## **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of thirteen (13) years as from the Last Closing (as defined in the first paragraph of section 7.2 below), with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's investments, at its sole discretion.

The investment in a target fund may require a substantial length of time to liquidate and there may remain some obligations outstanding for a target fund, even if it has closed to liquidation. The liquidation process of the Sub-Fund may consequently require a substantial length of time subsequent to the making of a decision to liquidate the Sub-Fund.

## **7. CAPITAL FUNDING**

### **7.1. Commitments and Drawdowns**

Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund from 12 June 2017 until 30 June 2019, unless extended by the General Partner at its sole discretion.

Investors, the Commitments of which are accepted on the first closing (the **"First Closing"** and the **"Initial Investors"**), shall be required to pay a portion of their respective committed amounts no later than ninety (90) Business Days following the notification of the First Closing to the Initial Investors, following which Investors Shares are to be issued fully paid-up at a price of one hundred Euros (EUR 100) each (the **"Subscription Price"**) corresponding to the funded Commitment.

### **7.2. Commitments and Drawdowns after the First Closing**

After the First Closing, Commitments to subscribe Investors Shares will be accepted from Initial Investors and other investors at such closings (**"Subsequent Closings"** and **"Subsequent Closings Investors"**) as determined by the General Partner during a period commencing the day after the date of the First Closing, and terminating on 30 June 2019, unless extended by the General Partner (the **"Last Closing"**). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of Investors Shares and pay up the relevant portion of their Commitments no later than seven (7) Business Days following the notification of the drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to postpone the date of any closing (including the Last Closing); in such case, the Investors will be informed of the amended date of the relevant closing and the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing by a Subsequent Closing Investor:

- (a) the Subsequent Closing Investor shall participate in investments made and fees and expenses (including the Management Fee as defined in the first paragraph of section 15.1 below) incurred by the Sub-Fund prior to its admission and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the First Closing, at the Subscription Price; and
- (b) the Subsequent Closing Investor shall pay an additional amount

equal to five per cent (5%) per annum, calculated from the date on which the Initial Investors have contributed and paid in their first subscriptions relating to the First Closing up to the date of the capital contributions actually made with respect to the Subsequent Closing in question, and such amount shall be payable to the Sub-Fund (the “**Actualization Interest**”).

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the First Closing, then the General Partner may change the Subscription Price for Investors Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Investors Shares as of the relevant Subsequent Closing; in which case all such Investors Shares issued on the same closing shall constitute a separate series. In this case, no Actualization Interest will be due.

### **7.3. Drawdowns**

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the Commitments made by the Investors shall be drawn down in successive installments, as determined by the General Partner. The General Partner will give each Investor a seven (7) Business Day prior notice for each drawdown.

Investors Shares issued in relation to each drawdown made after the First Closing shall be issued fully paid-up at a subscription price equal, at the General Partner's discretion, either (i) to the Subscription Price plus, if applicable, the Actualization Interest or (ii) to the Net Asset Value of such Investors Shares on such drawdown date. If Investors Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The Subscription Price of the Investors Shares issued after the First Closing must be paid within the limits specified in the relevant drawdown notice.

### **7.4. Return of Drawdowns**

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since the First Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the Portfolio Investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### **7.5. Commitment period**

The Commitment Period will extend from the First Closing until the Last Closing (the “**Commitment Period**”).

## **8. OVERCOMMITMENT AND LIQUIDITY MANAGEMENT**

The commitments made by the Sub-Fund in its Portfolio Investments may be higher than the Commitments made by the Investor in the Sub-Fund.

The General Partner will ensure that, at any time of the life of the Sub-Fund, the uncalled Commitments from the Portfolio Investments will not exceed one hundred and fifteen percent (115%) of the aggregate of (i) the Investor's uncalled Commitments plus (ii) the cash and/or liquid assets available for the Sub-Fund.

In that context, the General Partner will also use from time to time all or part of the distributions received from the Sub-Fund's Portfolio Investments to fund all or part of



the capital calls made by the Sub-Fund's Portfolio Investments in order to ensure that the Sub-Fund will meet its obligations with regards to uncalled Commitments.

#### **9. MINIMUM COMMITMENT**

Commitments may only be accepted from Well-Informed Investors investing a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund.

Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept Commitments in lesser amounts.

#### **10. REDEMPTIONS AND CONVERSIONS**

An Investor may not at its own initiative require the Company to redeem its Investors Shares.

Investors are not authorised to convert their Investors Shares from this Sub-Fund into another Sub-Fund or from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

The General Partner, however, may decide, under the circumstances described in section 4.1 above or in the best interest of the Investors, to convert Investors Shares from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

#### **11. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

#### **12. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The quarterly report provides the Investors with updates on the Portfolio Investments.

#### **13. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Investors Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Investors Shares, the redemption price will be equal to the last Net Asset Value per relevant Investors Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's Portfolio Investments after the deduction of the relevant fees and expenses (pursuant to section 15 below), except in the situation described in section 8.

#### **14. RECALL**

The Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them to fund such portion of a reimbursement obligation of the Sub-Fund towards the Portfolio Investments as provided for in the constitutive/contractual documents of the relevant the Portfolio Investment, provided however that distributions hereunder will not increase the Investors' undrawn Commitments beyond the amounts initially committed by the Investors.

The Investors may be required to recontribute either to the Sub-Fund or directly to the General Partner for recontribution to the Portfolio Investments.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

The Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out here above.

#### **15. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

##### **15.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal to:

- with respect to Class A-1 Shares, zero point seventy-five percent (0.75%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-1 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-1 Shares as of the end of the preceding quarter;
- with respect to Class A-2 Shares, zero point sixty-five percent (0.65%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-2 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-2 Shares as of the end of the preceding quarter;
- with respect to Class A-3 Shares, zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-3 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-3 Shares as of the end of the preceding quarter;

- with respect to Class B Shares, zero percent (0%) per annum;
- with respect to Class C Shares zero point zero seven percent (0.07%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class C Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class C Shares as of the end of the preceding quarter;
- with respect to Class D shares, zero point ninety-five percent (0.95%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class D Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class D Shares as of the end of the preceding quarter.

The Management Fee will accrue as of the First Closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

### **15.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the “**AIFM Remuneration**”), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 15.5, respectively 15.6.2 below, will as a rule be paid by the General Partner out of its own

assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner’s service fees.

### **15.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the “**Investment Advisory Fee**”) will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

### **15.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm’s length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund’s investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund. (the “**Portfolio Investments Expenses**”).

### **15.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the “**Creation Expenses**”) will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point five percent (0.5%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

### **15.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Net Asset Value plus the unfunded portion of the Aggregate Commitments of the Sub-Fund as of the end of each year.

#### **15.6.1 The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

#### **15.6.2 Operating Expenses**

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the “**Operating Expenses**”). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

### **16. SPECIFIC RISK CONSIDERATIONS**

Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section

entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Risk of capital loss:** An investment in private equity is long term and with no certainty of return. The value of an interest and the distributions in respect of them can fluctuate down as well as up and an Investor may get back less than it contributed to the Sub-Fund or lose its entire investment.

**Portfolio valuation risks:** Prospective investors should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of inter alia sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or any Investor will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a

corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, investors must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depository and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for the interests in such underlying private equity funds, whose transfer may be restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.

**Unpredictability of distributions:** Return of capital and realization of gains, if any, on investments will generally occur only upon the distribution or other disposition by the Sub-Fund's underlying private equity funds of portfolio company securities, which may not occur for several years after the Sub-Fund's initial investments. Such distributions are likely to be unpredictable and may occur

earlier than or later than anticipated by the managers. Investors should not expect significant returns for a period of years after their investment is made.

**Control of invested funds:** The private equity funds generally will not have the right to participate in the day-to-day management, control or operations of the underlying funds in which they are investing, nor will they have the right to remove the managers thereof. The private equity funds will also not necessarily have the opportunity to evaluate the relevant economic, financial and other information which will be utilized by the underlying funds in which they are investing in their selection, structuring, monitoring and disposition of investments.

**Portfolio company risks:** The portfolio investments in which the private equity funds will invest may invest in companies that involve a high degree of business or financial risk. They may be start-ups or in an early stage of development, may be distressed or have operating losses or significant variations in operating results and may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence. The companies may also experiencing or are expected to experience financial difficulties, which may never be overcome. In addition, they may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, or may otherwise have a weak financial condition. Portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities and a larger number of qualified managerial and technical personnel. In addition, in the event that the company does not perform as anticipated or incurs unanticipated liabilities, high leverage will magnify the adverse effect on the value of the equity of the company and could result in substantial diminution in or the total

loss of an equity investment in the company. The return generated by the relevant portfolio companies will also depend on the level of interest charged under such debt and, consequently, may vary in function of the variations in interest rates.

<p style="text-align: center;"><b>40. ASIAN PRIVATE EQUITY OPPORTUNITIES IV SUB-FUND</b></p>
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## **1. INVESTMENT OBJECTIVE AND STRATEGY**

### **1.1. Investment Objective and Strategy**

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private equity funds mainly invested in Asian headquartered companies across diverse strategies including, but not limited to leveraged buyout transactions, growth capital transactions and special situations.

The Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio.

The Investment Advisor's highly exclusive relationships to top fund managers provides significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest in private equity funds (the "**Portfolio Investments**") which may have varying terms and structures including, but not limited to limited partnership structures or even evergreen structures.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in US Dollars (USD), unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

### **1.2. Investment Process**

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM and to the General Partner.

Through its strong network, the Investment Advisor will assist the AIFM and the General Partner in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds;
- Maintaining relationships with the network of private equity investors to create proprietary secondary transactions;
- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;

- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches;
- Leveraging its portfolio of secondary funds managers to access secondary co-investment opportunities; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM and to the General Partner, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analyzing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

The investments in private equity funds are passive investments meaning that the Board has no influence over exits. In private equity fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realizations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private equity fund. However, as common in the private equity environment, potential exit routes for interests in private funds include, *inter alia*, a sale to other investors, a buyout by the management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in US Dollars (USD).

## **4. SHARE CLASSES**

### **4.1 Investors Shares**

Four (4) Classes of Investors Shares, all denominated in US Dollars (USD), are available for subscription in the Sub-Fund, namely:

- A Shares (the “**Class A Shares**”) sub-divided into:
  - **Class A-1 Shares** for Investors subscribing below five hundred thousand US Dollars (USD 500,000.-);
  - **Class A-2 Shares** for Investors subscribing five hundred thousand US Dollars (USD 500,000.-) and above



but below one million US Dollars (USD 1,000,000.-); and

- **Class A-3 Shares** for Investors subscribing one million US Dollars (USD 1,000,000.-) and above.
- B Shares (the “**Class B Shares**”);
- C Shares (the “**Class C Shares**”);
- D Shares (the “**Class D Shares**”);

(altogether the “**Investors Shares**”).

For the avoidance of doubt, the commitments subscribed by Investors are considered with segregated referenced positions should they subscribe for Investors Shares directly or indirectly.

The following Classes of Investors Shares are, at the sole discretion of the General Partner, reserved to Investors having concluded with any of the entities of CA Indosuez Wealth Management (“**CA Indosuez Wealth Management**”) a services agreement or equivalent with respect to private equity investments (the “**Private Equity Agreement**”):

- the Class A Shares;
- the Class B Shares, it being understood that such Class of Shares is reserved to Investors managed by the AIFM;
- the Class C Shares, it being understood that such Class of Shares is reserved to Investors having also concluded a specific remuneration agreement with any of the entities of CA Indosuez Wealth Management (the “**Specific Remuneration Agreement**”).

The General Partner reserves the right to accept or reject, at its sole discretion, any subscription into Class A-1, A-2 and A-3

Shares regardless of the amount subscribed.

The following Classes of Investors Shares are reserved to Investors having not concluded with any of the entities of CA Indosuez Wealth Management a Private Equity Agreement:

- the Class D Shares.

Notwithstanding the below paragraph, should an Investor having subscribed to Class C Shares terminates the Specific Remuneration Agreement, the General Partner may decide, at its sole discretion, to convert its Class C Shares into Class A Shares.

The General Partner may decide, at its sole discretion, to convert Class A Shares, Class B Shares and/or Class C Shares into Class D Shares should an Investor terminates the Private Equity Agreement.

#### ***4.2 Participating Shares***

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

### **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for thirty million US Dollars (USD 30,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

### **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of thirteen (13) years as from the Last Closing (as defined in the first paragraph of section 7.2 below), with three (3) consecutive extensions of one (1) year

each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's Portfolio Investments, at its sole discretion.

The investment in a target fund may require a substantial length of time to liquidate and there may remain some obligations outstanding for a target fund, even if it has closed to liquidation. The liquidation process of the Sub-Fund may consequently require a substantial length of time subsequent to the making of a decision to liquidate the Sub-Fund.

## **7. CAPITAL FUNDING**

### ***7.1. Commitments and Drawdowns***

Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund from 12 June 2017 until 30 September 2019, unless extended by the General Partner at its sole discretion.

Investors, the Commitments of which are accepted on the first closing (the "**First Closing**" and the "**Initial Investors**"), shall be required to pay a portion of their respective committed amounts no later than ninety (90) Business Days following the notification of the First Closing to the Initial Investors, following which Investors Shares are to be issued fully paid-up at a price of one hundred US Dollars (USD 100) each (the "**Subscription Price**") corresponding to the funded Commitment.

### ***7.2. Commitments and Drawdowns after the First Closing***

After the First Closing, Commitments to subscribe Investors Shares will be accepted from Initial Investors and other investors at such closings ("**Subsequent Closings**" and "**Subsequent Closings Investors**") as determined by the General Partner during a

period commencing the day after the date of the First Closing, and terminating on 30 September 2019, unless extended by the General Partner (the "**Last Closing**"). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of Investors Shares and pay up the relevant portion of their Commitments no later than seven (7) Business Days following the notification of the drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to postpone the date of any closing (including the Last Closing); in such case, the Investors will be informed of the amended date of the relevant closing and the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing by a Subsequent Closing Investor:

- (a) the Subsequent Closing Investor shall participate in investments made and fees and expenses (including the Management Fee as defined in the first paragraph of section 15.1 below) incurred by the Sub-Fund prior to its admission and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the First Closing, at the Subscription Price;
- (b) the Subsequent Closing Investor shall pay an additional amount equal to five per cent (5%) per annum, calculated from the date on which the Initial Investors have contributed and paid in their first subscriptions relating to the First Closing up to the date of the capital contributions actually made with respect to the Subsequent Closing in question, and such amount shall

be payable to the Sub-Fund (the “**Actualization Interest**”).

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the First Closing, then the General Partner may change the Subscription Price for Investors Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Investors Shares as of the relevant Subsequent Closing; in which case all such Investors Shares issued on the same closing shall constitute a separate series. In this case, no Actualization Interest will be due.

### **7.3. Drawdowns**

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the Commitments made by the Investors shall be drawn down in successive installments, as determined by the General Partner. The General Partner will give each Investor a seven (7) Business Day prior notice for each drawdown.

Investors Shares issued in relation to each drawdown made after the First Closing shall be issued fully paid-up at a subscription price equal, at the General Partner's discretion, either (i) to the Subscription Price plus, if applicable, the Actualization Interest or (ii) to the Net Asset Value of such Investors Shares on such drawdown date. If Investors Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The Subscription Price of the Investors Shares issued after the First Closing must be paid within the limits specified in the relevant drawdown notice.

### **7.4. Return of Drawdowns**

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since the First Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the Portfolio Investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### **7.5. Commitment period**

The Commitment Period will extend from the First Closing until the Last Closing (the “**Commitment Period**”).

## **8. OVERCOMMITMENT AND LIQUIDITY MANAGEMENT**

The commitments made by the Sub-Fund in its Portfolio Investments may be higher than the Commitments made by the Investor in the Sub-Fund.

The General Partner will ensure that, at any time of the life of the Sub-Fund, the uncalled Commitments from the Portfolio Investments will not exceed one hundred and fifteen percent (115%) of the aggregate of (i) the Investor's uncalled Commitments plus (ii) the cash and/or liquid assets available for the Sub-Fund.

In that context, the General Partner will also use from time to time all or part of the distributions received from the Sub-Fund's Portfolio Investments to fund all or part of the capital calls made by the Sub-Fund's Portfolio Investments in order to ensure that the Sub-Fund will meet its obligations with regards to uncalled Commitments.

## **9. MINIMUM COMMITMENT**

Commitments may only be accepted from Well-Informed Investors investing a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund.

Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept Commitments in lesser amounts.

## **10. REDEMPTIONS AND CONVERSIONS**

An Investor may not at its own initiative require the Company to redeem its Investors Shares.

Investors are not authorised to convert their Investors Shares from this Sub-Fund into another Sub-Fund or from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

The General Partner, however, may decide, under the circumstances described in section 4.1 above or in the best interest of the Investors, to convert Investors Shares from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

## **11. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General

Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

## **12. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The quarterly report provides the Investors with updates on the Portfolio Investments.

## **13. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Investors Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Investors Shares, the redemption price will be equal to the last Net Asset Value per relevant Investors Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's Portfolio Investments after the deduction of the relevant fees and expenses (pursuant to section 15 below), except in the situation described in section 8.

Partner. The Management Fee shall equal to:

#### **14. RECALL**

The Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them to fund such portion of a reimbursement obligation of the Sub-Fund towards the Portfolio Investments as provided for in the constitutive/contractual documents of the relevant the Portfolio Investment, provided however that distributions hereunder will not increase the Investors' undrawn Commitments beyond the amounts initially committed by the Investors.

The Investors may be required to recontribute either to the Sub-Fund or directly to the General Partner for recontribution to the Portfolio Investments.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

The Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out here above.

#### **15. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

##### **15.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General

- with respect to Class A-1 Shares, zero point seventy-five percent (0.75%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-1 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-1 Shares as of the end of the preceding quarter;
- with respect to Class A-2 Shares, zero point sixty-five percent (0.65%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-2 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-2 Shares as of the end of the preceding quarter;
- with respect to Class A-3 Shares, zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-3 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-3 Shares as of the end of the preceding quarter;
- with respect to Class B Shares, zero percent (0%) per annum;
- with respect to Class C Shares zero point zero seven percent (0.07%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class C Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class C

Shares as of the end of the preceding quarter;

- with respect to Class D shares, zero point ninety-five percent (0.95%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class D Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class D Shares as of the end of the preceding quarter.

The Management Fee will accrue as of the First Closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

#### **15.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the “**AIFM Remuneration**”), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 15.5, respectively 15.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner’s service fees.

#### **15.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the “**Investment Advisory Fee**”) will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees

shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

#### **15.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm’s length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund’s investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund. (the “**Portfolio Investments Expenses**”).

#### **15.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the “**Creation Expenses**”) will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point five percent (0.5%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **15.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Net Asset Value

plus the unfunded portion of the Aggregate Commitments of the Sub-Fund as of the end of each year.

#### 15.6.1 The Depositary

The Sub-Fund shall bear the fees and disbursements of the Depositary.

#### 15.6.2 Operating Expenses

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the “**Operating Expenses**”). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

### 16. SPECIFIC RISK CONSIDERATIONS

Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Risk of capital loss:** An investment in private equity is long term and with no certainty of return. The value of an interest and the distributions in respect of them can fluctuate down as well as up and an Investor may get back less than it contributed to the Sub-Fund or lose its entire investment.

**Portfolio valuation risks:** Prospective investors should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of inter alia sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or any Investor will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, investors must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing

rules and regulations to the entity exercising the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for the interests in such underlying private equity funds, whose transfer may be restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.

**Unpredictability of distributions:** Return of capital and realization of gains, if any, on investments will generally occur only upon the distribution or other disposition by the Sub-Fund's underlying private equity funds of portfolio company securities, which may not occur for several years after the Sub-Fund's initial investments. Such distributions are likely to be unpredictable and may occur earlier than or later than anticipated by the managers. Investors should not expect significant returns for a period of years after their investment is made.

**Control of invested funds:** The private equity funds generally will not have the right to participate in the day-to-day management, control or operations of the underlying funds in which they are investing, nor will they have the right to remove the managers thereof. The private equity funds will also not necessarily have the opportunity to evaluate the relevant

economic, financial and other information which will be utilized by the underlying funds in which they are investing in their selection, structuring, monitoring and disposition of investments.

**Portfolio company risks:** The portfolio investments in which the private equity funds will invest may invest in companies that involve a high degree of business or financial risk. They may be start-ups or in an early stage of development, may be distressed or have operating losses or significant variations in operating results and may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence. The companies may also be experiencing or are expected to experience financial difficulties, which may never be overcome. In addition, they may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, or may otherwise have a weak financial condition. Portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities and a larger number of qualified managerial and technical personnel. In addition, in the event that the company does not perform as anticipated or incurs unanticipated liabilities, high leverage will magnify the adverse effect on the value of the equity of the company and could result in substantial diminution in or the total loss of an equity investment in the company. The return generated by the relevant portfolio companies will also depend on the level of interest charged under such debt and, consequently, may vary in function of the variations in interest rates.



<b>41. GLOBAL CREDIT OPPORTUNITIES IV SUB-FUND</b>
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## **1. INVESTMENT OBJECTIVE AND STRATEGY**

### ***1.1. Investment Objective and Strategy***

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private debt funds.

The Sub-Fund will seek to build, to the extent possible, a well-balanced diversified portfolio of private debt funds targeting credit instruments of companies headquartered in Europe, North America and Asia.

The eligible private debt funds will mainly target investment in debt instruments including, but not limited to senior, second-lien, unitranche, mezzanine loans from leveraged buyout transactions and other special or distressed situations. The private debt funds will focus on the primary and secondary market.

The Investment Advisor's highly exclusive relationships to top private debt fund managers provides significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest in private debt funds (the "**Portfolio Investments**") which may have varying terms and structures including, but not limited to limited partnership structures or even evergreen structures.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in Euros (EUR) and

US Dollars (USD), unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

### ***1.2. Investment Process***

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM and to the General Partner.

Through its strong network, the Investment Advisor will assist the AIFM and the General Partner in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds;
- Maintaining relationships with the network of private equity investors

to create proprietary secondary transactions;

- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;
- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches;
- Leveraging its portfolio of secondary funds managers to access secondary co-investment opportunities; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM and to the General Partner, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analyzing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

The investments in private debt funds are passive investments meaning that the Board has no influence over exits. In private debt fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realizations of portfolio companies. As a result, the exit

from such investments may be closely linked to the term of each such private debt fund.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in Euros (EUR).

## **4. SHARE CLASSES**

### **4.1 Investors Shares**

Four (4) Classes of Investors Shares, all denominated in Euros (EUR), are available for subscription in the Sub-Fund, namely:

- A Shares (the “**Class A Shares**”) sub-divided into:
  - **Class A-1 Shares** for Investors subscribing below five hundred thousand Euros (EUR 500,000.-);
  - **Class A-2 Shares** for Investors subscribing five

hundred thousand Euros (EUR 500,000.-) and above but below one million Euros (EUR 1,000,000.-); and

- **Class A-3 Shares** for Investors subscribing one million Euros (EUR 1,000,000.-) and above.
- B Shares (the “**Class B Shares**”);
- C Shares (the “**Class C Shares**”);
- D Shares (the “**Class D Shares**”);

(altogether the “**Investors Shares**”).

For the avoidance of doubt, the commitments subscribed by Investors are considered with segregated referenced positions should they subscribe for Investors Shares directly or indirectly.

The following Classes of Investors Shares are, at the sole discretion of the General Partner, reserved to Investors having concluded with any of the entities of CA Indosuez Wealth Management (“**CA Indosuez Wealth Management**”) a services agreement or equivalent with respect to private equity investments (the “**Private Equity Agreement**”):

- the Class A Shares;
- the Class B Shares, it being understood that such Class of Shares is reserved to Investors managed by the AIFM;
- the Class C Shares, it being understood that such Class of Shares is reserved to Investors having also concluded a specific remuneration agreement with any of the entities of CA Indosuez Wealth Management (the “**Specific Remuneration Agreement**”).

The General Partner reserves the right to accept or reject, at its sole discretion, any subscription into Class A-1, A-2 and A-3

Shares regardless of the amount subscribed.

The following Classes of Investors Shares are reserved to Investors having not concluded with any of the entities of CA Indosuez Wealth Management a Private Equity Agreement:

- the Class D Shares.

Notwithstanding the below paragraph, should an Investor having subscribed to Class C Shares terminates the Specific Remuneration Agreement, the General Partner may decide, at its sole discretion, to convert its Class C Shares into Class A Shares.

The General Partner may decide, at its sole discretion, to convert Class A Shares, Class B Shares and/or Class C Shares into Class D Shares should an Investor terminates the Private Equity Agreement.

#### ***4.2 Participating Shares***

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

### **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for thirty million Euros (EUR 30,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

### **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of thirteen (13) years as from the Last Closing (as defined in the first paragraph of section 7.2 below), with three (3) consecutive extensions of one (1) year

each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's investments, at its sole discretion.

The investment in a target fund may require a substantial length of time to liquidate and there may remain some obligations outstanding for a target fund, even if it has closed to liquidation. The liquidation process of the Sub-Fund may consequently require a substantial length of time subsequent to the making of a decision to liquidate the Sub-Fund.

## **7. CAPITAL FUNDING**

### ***7.1. Commitments and Drawdowns***

Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund from 12 June 2017 until 30 September 2019, unless extended by the General Partner at its sole discretion.

Investors, the Commitments of which are accepted on the first closing (the **"First Closing"** and the **"Initial Investors"**), shall be required to pay a portion of their respective committed amounts no later than ninety (90) Business Days following the notification of the First Closing to the Initial Investors, following which Investors Shares are to be issued fully paid-up at a price of one hundred Euros (EUR 100) each (the **"Subscription Price"**) corresponding to the funded Commitment.

### ***7.2. Commitments and Drawdowns after the First Closing***

After the First Closing, Commitments to subscribe Investors Shares will be accepted from Initial Investors and other investors at such closings (**"Subsequent Closings"** and **"Subsequent Closings Investors"**) as determined by the General Partner during a

period commencing the day after the date of the First Closing, and terminating on 30 September 2019, unless extended by the General Partner (the **"Last Closing"**). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of Investors Shares and pay up the relevant portion of their Commitments no later than seven (7) Business Days following the notification of the drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to postpone the date of any closing (including the Last Closing); in such case, the Investors will be informed of the amended date of the relevant closing and the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing by a Subsequent Closing Investor:

- (a) the Subsequent Closing Investor shall participate in investments made and fees and expenses (including the Management Fee as defined in the first paragraph of section 15.1 below) incurred by the Sub-Fund prior to its admission and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the First Closing, at the Subscription Price;
- (b) the Subsequent Closing Investor shall pay an additional amount equal to five per cent (5%) per annum, calculated from the date on which the Initial Investors have contributed and paid in their first subscriptions relating to the First Closing up to the date of the capital contributions actually made with respect to the Subsequent Closing in question, and such amount shall

be payable to the Sub-Fund (the “**Actualization Interest**”).

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the First Closing, then the General Partner may change the Subscription Price for Investors Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Investors Shares as of the relevant Subsequent Closing; in which case all such Investors Shares issued on the same closing shall constitute a separate series. In this case, no Actualization Interest will be due.

### **7.3. Drawdowns**

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the Commitments made by the Investors shall be drawn down in successive installments, as determined by the General Partner. The General Partner will give each Investor a seven (7) Business Day prior notice for each drawdown.

Investors Shares issued in relation to each drawdown made after the First Closing shall be issued fully paid-up at a subscription price equal, at the General Partner's discretion, either (i) to the Subscription Price plus, if applicable, the Actualization Interest or (ii) to the Net Asset Value of such Investors Shares on such drawdown date. If Investors Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The Subscription Price of the Investors Shares issued after the First Closing must be paid within the limits specified in the relevant drawdown notice.

### **7.4. Return of Drawdowns**

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since the First Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the Portfolio Investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### **7.5. Commitment period**

The Commitment Period will extend from the First Closing until the Last Closing (the “**Commitment Period**”).

## **8. OVERCOMMITMENT AND LIQUIDITY MANAGEMENT**

The commitments made by the Sub-Fund in its Portfolio Investments may be higher than the Commitments made by the Investor in the Sub-Fund.

The General Partner will ensure that, at any time of the life of the Sub-Fund, the uncalled Commitments from the Portfolio Investments will not exceed one hundred and fifteen percent (115%) of the aggregate of (i) the Investor's uncalled Commitments plus (ii) the cash and/or liquid assets available for the Sub-Fund.

In that context, the General Partner will also use from time to time all or part of the distributions received from the Sub-Fund's Portfolio Investments to fund all or part of the capital calls made by the Sub-Fund's Portfolio Investments in order to ensure that the Sub-Fund will meet its obligations with regards to uncalled Commitments.

## **9. MINIMUM COMMITMENT**

Commitments may only be accepted from Well-Informed Investors investing a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund.

Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept Commitments in lesser amounts.

## **10. REDEMPTIONS AND CONVERSIONS**

An Investor may not at its own initiative require the Company to redeem its Investors Shares.

Investors are not authorised to convert their Investors Shares from this Sub-Fund into another Sub-Fund or from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

The General Partner, however, may decide, under the circumstances described in section 4.1 above or in the best interest of the Investors, to convert Investors Shares from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

## **11. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General

Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

## **12. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The quarterly report provides the Investors with updates on the Portfolio Investments.

## **13. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Investors Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Investors Shares, the redemption price will be equal to the last Net Asset Value per relevant Investors Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's Portfolio Investments after the deduction of the relevant fees and expenses (pursuant to section 15 below), except in the situation described in section 8.

Partner. The Management Fee shall equal to:

#### **14. RECALL**

The Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them to fund such portion of a reimbursement obligation of the Sub-Fund towards the Portfolio Investments as provided for in the constitutive/contractual documents of the relevant the Portfolio Investment, provided however that distributions hereunder will not increase the Investors' undrawn Commitments beyond the amounts initially committed by the Investors.

The Investors may be required to recontribute either to the Sub-Fund or directly to the General Partner for recontribution to the Portfolio Investments.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

The Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out here above.

#### **15. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

##### **15.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General

- with respect to Class A-1 Shares, zero point seventy-five percent (0.75%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-1 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-1 Shares as of the end of the preceding quarter;
- with respect to Class A-2 Shares, zero point sixty-five percent (0.65%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-2 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-2 Shares as of the end of the preceding quarter;
- with respect to Class A-3 Shares, zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-3 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-3 Shares as of the end of the preceding quarter;
- with respect to Class B Shares, zero percent (0%) per annum;
- with respect to Class C Shares zero point zero seven percent (0.07%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class C Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class C

- Shares as of the end of the preceding quarter;
- with respect to Class D shares, zero point ninety-five percent (0.95%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class D Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class D Shares as of the end of the preceding quarter.

The Management Fee will accrue as of the First Closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

#### **15.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the “**AIFM Remuneration**”), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 15.5, respectively 15.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner’s service fees.

#### **15.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the “**Investment Advisory Fee**”) will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service

fees to which the General Partner or the AIFM, would otherwise be entitled.

#### **15.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm’s length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund’s investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund. (the “**Portfolio Investments Expenses**”).

#### **15.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the “**Creation Expenses**”) will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point five percent (0.5%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **15.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Net Asset Value plus the unfunded portion of the Aggregate



Commitments of the Sub-Fund as of the end of each year.

#### 15.6.1 The Depositary

The Sub-Fund shall bear the fees and disbursements of the Depositary.

#### 15.6.2 Operating Expenses

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the “**Operating Expenses**”). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

### 16. SPECIFIC RISK CONSIDERATIONS

Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Risk of capital loss:** An investment in private equity is long term and with no certainty of return. The value of an interest and the distributions in respect of them can fluctuate down as well as up and an Investor may get back less than it contributed to the Sub-Fund or lose its entire investment.

**Portfolio valuation risks:** Prospective investors should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of inter alia sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or any Investor will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, investors must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing

rules and regulations to the entity exercising the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for the interests in such underlying private equity funds, whose transfer may be restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.

**Unpredictability of distributions:** Return of capital and realization of gains, if any, on investments will generally occur only upon the distribution or other disposition by the Sub-Fund's underlying private equity funds of portfolio company securities, which may not occur for several years after the Sub-Fund's initial investments. Such distributions are likely to be unpredictable and may occur earlier than or later than anticipated by the managers. Investors should not expect significant returns for a period of years after their investment is made.

**Control of invested funds:** The private equity funds generally will not have the right to participate in the day-to-day management, control or operations of the underlying funds in which they are investing, nor will they have the right to remove the managers thereof. The private equity funds will also not necessarily have the opportunity to evaluate the relevant

economic, financial and other information which will be utilized by the underlying funds in which they are investing in their selection, structuring, monitoring and disposition of investments.

**Portfolio company risks:** The portfolio investments in which the private equity funds will invest may invest in companies that involve a high degree of business or financial risk. They may be start-ups or in an early stage of development, may be distressed or have operating losses or significant variations in operating results and may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence. The companies may also be experiencing or are expected to experience financial difficulties, which may never be overcome. In addition, they may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, or may otherwise have a weak financial condition. Portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities and a larger number of qualified managerial and technical personnel. In addition, in the event that the company does not perform as anticipated or incurs unanticipated liabilities, high leverage will magnify the adverse effect on the value of the equity of the company and could result in substantial diminution in or the total loss of an equity investment in the company. The return generated by the relevant portfolio companies will also depend on the level of interest charged under such debt and, consequently, may vary in function of the variations in interest rates.

<b>42. YELLOWCREEK SELECTION SUB-FUND</b>
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## **1. INVESTMENT OBJECTIVE AND STRATEGY**

### **1.1. *Investment Objective and Strategy***

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private equity funds invested in all kinds of private equity situations across the whole private equity spectrum including, but not limited to, venture capital, buyout, mezzanine debt, secondaries, distressed credit, special opportunities or real estate exposures.

Due to the broad focus on the whole private equity spectrum, the Sub-Fund will invest opportunistically in each and every private equity fund with the most interesting proposals without being restricted by fixed allocation guidelines. Nevertheless, the Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio across geographies and underlying strategies.

The Investment Advisor's highly exclusive relationships to top fund managers provide significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest in private equity funds which may have varying terms and structures including, but not limited to limited partnership structures, feeder structures or even evergreen structures.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in Euros (EUR) and in US

Dollars (USD), unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

### **1.2. *Investment Process***

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM.

Through its strong network, the Investment Advisor will assist the AIFM in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds managers;
- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;

- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analyzing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

In private equity fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realizations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private equity fund. However, as common in the private equity environment, potential exit routes for interests in private funds include, *inter alia*, a sale to other investors, a buyout by the management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in Euro (EUR).

## **4. SHARE CLASSES**

### **4.1. *Investors Shares***

One (1) Class of Investors Shares, namely A Shares (the "**A Shares**"), is available for subscription in the Sub-Fund.

### **4.2. *Participating Shares***

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

## **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for up to fifty million Euro (EUR 50,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

## **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of ten (10) years as from the end of the Investment Period (as defined in section

7.4. below) with three (3) possible consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's investments, at its sole discretion.

## **7. CAPITAL FUNDING**

### **7.1. Commitments and Drawdowns**

The Investors are permitted to commit to subscribe for A Shares in the Sub-Fund from 12 June 2017 until 30 June 2021.

For the purpose of this Sub-Fund, there may be one (1) or several closings per year (the "Closings", each a "Closing"). The Investors will be permitted to commit to subscribe with a minimum of ten million Euro (EUR 10,000,000.-) on the first Closing.

The General Partner may decide, at its discretion, to advance or postpone the date of each Closing; in such case, the Investors will be informed of the amended date of the Closing and the date on which the corresponding part of its commitment has to be paid.

### **7.2. Drawdowns**

After each Closing, such portions of the Commitments made by the Investors shall be drawn down in successive installments, as determined by the General Partner. The General Partner will give the Investors a seven (7) Business Day prior notice for each drawdown.

Class A Shares issued in relation to each drawdown shall be issued fully paid-up at a subscription price of one hundred Euro (EUR 100.-).

The subscription price of A Shares issued must be paid on the relevant drawdown date.

### **7.3. Return of Drawdowns**

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since each Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### **7.4. Investment Period & Drawdown Period**

**Investment Period:** The Investment Period will extend from the first Closing until 30 June 2022, with an optional extension of six (6) months at the sole discretion of the General Partner.

The General Partner will invest the annual Commitment over a period of twelve (12) months after the respective Closing dates, with an optional extension of six (6) months at the sole discretion of the General Partner.

**Drawdown Period:** Commitments will be called in accordance with section 7.2 until the Sub-Fund's term (i) to fund investments initiated during the Investment Period (ii) for follow-on investments in, or relating to, existing underlying investments, or (iii) to pay relevant ongoing fees and expenses of the Company allocated to the Sub-Fund during its remaining term.

## **8. OVERCOMMITMENT AND LIQUIDITY MANAGEMENT**

The Commitments made by the Sub-Fund in its underlying investments may be higher

than the Commitments made by the Investors in the Sub-Fund.

The General Partner will ensure that, at any time of the life of the Sub-Fund, the uncalled Commitments from the underlying investments will not exceed one hundred and fifty percent (150%) of the aggregate of (i) the Investors' uncalled Commitment plus (ii) the cash and/or liquid assets available for the Sub-Fund.

The General Partner will also use from time to time all or part of the distributions received from the Sub-Fund's investments to fund all or part of the capital calls made by the Sub-Fund's investments in order to ensure that the Sub-Fund will meet its obligations with regards to uncalled Commitments.

## **9. REDEMPTIONS**

The Investors may not at their own initiative require the Company to redeem its A Shares.

## **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

## **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The quarterly report provides the Investors with updates on the portfolio of investments.

## **12. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of A Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of A Shares, the redemption price will be equal to the last Net Asset Value per relevant A Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 14 below), except in the situation described in section 8.

## **13. RECALL**

The Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them:

- (i) to fund such portion of a reimbursement obligation of the Sub-Fund towards a target fund within the portfolio of investments as provided for in the constitutive/contractual documents of such target fund; or
- (ii) to fund such portion of the Sub-Fund's commitment that would exceed the outstanding Commitments;

provided however that distributions hereunder will not increase the Investors' undrawn Commitments beyond the amounts initially committed by the Investors.

The Investors may be required to recontribute either to the Sub-Fund or directly to the General Partner for recontribution to the target funds.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

The Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out here above.

#### **14. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

##### **14.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal :

- (i) Over a period of two (2) years as from the first closing, zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the aggregate of (i) the Net Asset Value attributable to the Investors Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to the Investors Shares as of the end of the preceding quarter, up to a maximum amount of forty thousand Euro (EUR 40,000.-) per annum;
- (ii) Thereafter, zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the Net Asset Value attributable to the Investors Shares as of the end of the preceding quarter.

##### **14.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the "**AIFM Remuneration**"), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 14.5. respectively 14.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner's service fees.

##### **14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the "**Investment Advisory Fee**") will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

##### **14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed

investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the "**Portfolio Investments Expenses**").

#### **14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the "**Creation Expenses**") will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point five percent (0.5%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **14.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Net Asset Value plus the unfunded portion of the Aggregate Commitments of the Sub-Fund as of the end of each year.

##### **14.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **14.6.2. Operating Expenses**

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the "**Operating Expenses**"). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

#### **15. SPECIFIC RISK CONSIDERATIONS**

The Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Portfolio valuation risks:** the Investors should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of *inter alia* sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments



held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or the Investors will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, the Investors must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Drawdown Period:** Amounts Committed to underlying investments during the

Investment Period may be drawn down by such underlying investments over their own drawdown period and the Sub-Fund intends to pass on such drawdown notices to the Investors when they come. This is likely to occur over a period that exceeds the Investment Period, so that the Investors may be required to pay and subscribe the relevant portion of their capital contribution over a significant period of time.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for the interests in such underlying private equity funds, whose transfer may be restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.

<b>43. TC40 – BCA12 SUB-FUND</b>
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### **1. INVESTMENT OBJECTIVE AND STRATEGY**

The TC40 – BCA12 Sub-Fund (the “**Sub-Fund**”) is solely aimed at investing in “Bain Capital Fund (Lux) XII, SCSp” (the “**Target Fund**”).

Besides, for defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

#### **1.1. The Target Fund**

The Target Fund is established as a Luxembourg special limited partnership (*société en commandite spéciale*) under the 1915 Law, and registered with the *Registre de Commerce et des Sociétés* in Luxembourg under number B213210. The Target Fund is intended for investors domiciled or with a registered office in the European Economic Area (EEA) or Switzerland. The Target Fund is a parallel fund of Bain Capital Fund XII, L.P., a Cayman Islands exempted limited partnership, (together with the Target Fund the “**Bain XII Funds**”). The Bain XII Funds will generally invest proportionately alongside any other parallel funds on the basis of their respective capital commitments.

The Target Fund is managed by Bain Capital Investors (Lux), S.à r.l., a Luxembourg private limited liability company registered with *Registre de Commerce et des Sociétés* in Luxembourg under number B213128 (the “**Target Fund General Partner**”).

Bain Capital Investments (Europe) Limited, an English private limited company, acts as the external alternative investment fund manager of the Target Fund (the “**Target Fund AIFM**”). The Target Fund AIFM has delegated to Bain Capital Investors, LLC, a Delaware limited liability company, the responsibility for the day-to-day portfolio management of the Target Fund, subject to the supervision and oversight of the Target Fund AIFM, pursuant to a delegation agreement (the “**Target Fund Portfolio Manager**”). The Target Fund Portfolio Manager has appointed Bain Capital Private Equity, LP, a Delaware limited partnership to provide it with investment advisory services in connection with the Target Fund Portfolio Manager’s delegated portfolio management responsibilities in respect of the Target Fund, pursuant to an advisory agreement (the “**Target Fund Management Company**”). The Target Fund Management Company and the Target Fund Portfolio Manager, are subsidiaries of Bain Capital, LLC (together “**Bain Capital**”).

Bain Capital is an independent private equity firm formed in 1984 using a differentiated investment model designed to tackle attractive but complex investment opportunities which enabled them to now manage seventy five billion US Dollars (USD 75,000,000,000.-) of assets across a variety of transaction types, industries and geographies. Bain Capital’s team of two hundred and fifteen (215) private equity investment professionals as of 1 March 2017 is among the largest in the industry.

The Target Fund will be the successor fund to eleven (11) funds from 1984 until 2016.

#### **1.2. Investment Objective and Strategy of the Target Fund**

The Target Fund will primarily pursue investments in companies headquartered in North America and may make investments in companies based in other parts of the world, including in conjunction with Bain

Capital's Asia and Europe focused or other funds.

The Target Fund's investment strategy focuses on businesses with sustainable competitive advantage and opportunities to drive transformational operational change. The execution of the strategy is powered by a combination of deep global vertical expertise and local market knowledge, leveraging differentiated diligence capabilities, and the ability to tackle complex situations. Investing behind consolidation platforms, research and development, sales force innovation, and operating improvements can create break-out growth.

The Target Fund's investment strategy focuses on five industry sectors: Consumer & Retail, Financial & Business Services, Healthcare, Industrials and Technology, Media & Telecommunications and will pursue the same investment strategy applied since 1984. Investments have included traditional buyouts, growth capital investments and turnaround situations, many of which have required transformative change, both strategically and operationally, to realise attractive returns.

### 1.3. **Investment Restrictions of the Target Fund**

The Target Fund contemplates making up a diversified portfolio across economic sectors; however, no allocation of investments by branch of industry will be predetermined.

Without the approval of the advisory board of the Target Fund (the "**Target Fund Advisory Board**"), the Target Fund shall not at any time invest more than fifteen percent (15%) of its aggregate capital commitments (or up to twenty-five percent (25%) of its aggregate capital commitments in any one portfolio company if the excess over fifteen percent (15%) of its aggregate capital commitments is a bridge investment) in any one portfolio company (the "**Single**

**Investment Limit**"); provided that prior to the Target Fund final closing date, the Single Investment Limit will be calculated based on the Target Fund General Partner's good faith estimation of its aggregate capital commitments at the final closing date.

Unless otherwise approved by the Target Fund Advisory Board, the Target Fund shall not enter into derivative transactions for speculative purposes.

### 1.4. **Bain Capital's Track Record**

Bain Capital's core objective is to generate strong returns as a principal investor and on behalf of the Target Fund's limited partners.

The following table summarises Bain Capital's investment performance through its previous funds since 2000:

*In million USD*

Funds	Vintage	Invested Capital	Net MoM <sup>3</sup>	Net IRR <sup>4</sup>
Fund VII	2000	2.2	2.42x	26.6%
Fund VIII	2004	3.2	2.27x	16.3%
Fund IX	2006	7.8	1.77x	10.4%
Fund X	2008	10.0	1.61x	11%
Fund XI	2014	3.5	1.44x	28.5%

*Figures as of 31 December 2016 / Source: Private placement memorandum of the Target Fund*

Recent investment performance has been strong. In the past five (5) years Bain Capital has invested six point one billion US Dollars (USD 6,100,000,000.-) in twenty-six (26) investments corresponding as of 31 December 2016 to a net MoM of 1.64x and a net IRR of 23.6%.

### 1.5. **Investment Approach of the Target Fund**

Bain Capital's investment strategy is designed to deliver strong returns by

<sup>3</sup> Multiple of Money, adjusted returns for the Target Fund's class A terms

<sup>4</sup> Internal Rate of Return, adjusted returns for the Target Fund's class A terms

identifying high potential businesses and working hands-on with management teams to help grow and enhance the performance of those companies. The investment strategy focuses on businesses that have a sustainable competitive advantage, where the Bain Capital team has conviction about substantial strategic and operational transformation and a view on the industry or market dynamics that is more positive than conventional wisdom.

The Target Fund will primarily pursue investments in companies headquartered in North America and may make investments in companies based in other parts of the world, including in conjunction with Bain Capital's Asia and Europe focused or other funds. Bain Capital typically underwrites its investments to target a twenty percent plus (20%+) gross IRR and a two point five plus (2.5x+) gross MoM, with adjustments based on particular risk factors including geographic, company-specific, and industry specific risks.

Bain Capital's investment strategy features three (3) distinct competencies:

- **Focused sourcing** on specific sectors where Bain Capital can leverage its industry expertise and relationships to identify opportunities for differential insights and value creation. Bain Capital seeks to utilise its integrated global platform and deep vertical teams to create sourcing and investment advantage focused on "Bain Capital archetype" investments that play to its strengths, such as founder transitions, corporate carve-outs and merger and acquisition consolidation.
- **Disciplined selection process**, which focuses on strongly defensible market positions, situations with transformational potential, and/or assets that can be

acquired at attractive valuations. Bain Capital seeks opportunities where it can create process advantages, through global scale, situational complexity or strategic partnerships.

- **Unique post-acquisition support** which delivers strong returns from the deployment of Bain Capital's dedicated portfolio group, as well as investment professionals with strategy consulting and operating backgrounds, to pursue revenue growth and profit opportunities through business transformation.

Bain Capital has applied this same successful core investment approach since 1984 to invest in approximately three hundred (300) companies worldwide. Investments have included traditional buyouts, growth capital investments and turnaround situations, many of which have required transformative change, both strategically and operationally, to realise attractive returns. Thanks to its substantial and experienced team, Bain Capital is able to dedicate a significant amount of time, resources and effort to take a proactive approach to sourcing. Bain Capital cultivates the most attractive investment opportunities that it sees, building close relationships with owners and management teams, often well before the start of formal sale processes, to position itself as a differentiated buyer and value-added partner. Management teams and founders recognise the value of Bain Capital's significant resource commitment to help their companies grow and compound equity value at higher rates. In addition, Bain Capital believes that corporate selling counter-parties value the capabilities of its team to understand complexity and undertake significant transitions in corporate carve-outs.

This proven and differentiated investment strategy has generated strong returns across Bain Capital's investments. The

Target Fund, being the twelfth generation, will seek to pursue that same investment strategy going forward.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

The Target Fund may however utilise leverage (as that term is understood in the context of the AIFMD), in particular as a result of entering into currency hedging transactions.

The circumstances in which the Target Fund may utilise leverage, the types and sources of leverage permitted and the associated risks are set out in the private placement memorandum of the Target Fund, but this does not consist in leverage at the Sub-Fund level in accordance with articles 7 and 8 of AIFMR.

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in US Dollars (USD).

## **4. SHARE CLASSES**

### ***4.1. Investors Shares***

Four (4) Classes of Investors Shares, all denominated in US Dollars (USD), are available for subscription in the Sub-Fund, namely:

- A Shares (the “**Class A Shares**”) sub-divided into:
  - o **Class A-1 Shares** for Investors subscribing below five hundred thousand US Dollars (USD 500,000.-);
  - o **Class A-2 Shares** for Investors subscribing five hundred thousand US Dollars (USD 500,000.-) and above but below one million US Dollars (USD 1,000,000.-); and
  - o **Class A-3 Shares** for Investors subscribing one million US Dollars (USD 1,000,000.-) and above.
- B Shares (the “**Class B Shares**”);
- C Shares (the “**Class C Shares**”);
- D Shares (the “**Class D Shares**”);

(altogether the “**Investors Shares**”).

For the avoidance of doubt, the commitments subscribed by Investors are considered with segregated referenced positions should they subscribe for Investors Shares directly or indirectly.

The following Classes of Investors Shares are, at the sole discretion of the General Partner, reserved to Investors having concluded with any of the entities of the CA Indosuez Wealth Management group (the “**CA Indosuez Wealth Management Group**”) a services agreement or equivalent with respect to private equity investments (the “**Private Equity Agreement**”):

- the Class A Shares;

- the Class B Shares, it being understood that such Class of Shares is reserved to Investors managed by the AIFM;
- the Class C Shares, it being understood that such Class of Shares is reserved to Investors having also concluded a specific remuneration agreement with any of the entities of the CA Indosuez Wealth Management Group (the “**Specific Remuneration Agreement**”).

The General Partner reserves the right to accept or reject, at its sole discretion, any subscription into Class A-1, A-2 and A-3 Shares regardless of the amount subscribed.

The following Classes of Investors Shares are reserved to Investors having not concluded with any of the entities of the CA Indosuez Wealth Management Group a Private Equity Agreement:

- the Class D Shares.

Notwithstanding the below paragraph, should an Investor having subscribed to Class C Shares terminates the Specific Remuneration Agreement, the General Partner may decide, at its sole discretion, to convert its Class C Shares into Class A Shares.

The General Partner may decide, at its sole discretion, to convert Class A Shares, Class B Shares and/or Class C Shares into Class D Shares should an Investor terminates the Private Equity Agreement.

#### **4.2. Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

### **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for forty million US Dollars (USD 40,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

### **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of eleven (11) years as from the Last Closing (as defined in the first paragraph of section 7.2 below), with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Target Fund, at its sole discretion.

The investment in the Target Fund may require a substantial length of time to liquidate and there may remain some obligations outstanding for the Target Fund, even if it has closed to liquidation. The liquidation process of the Sub-Fund may consequently require a substantial length of time subsequent to the making of a decision to liquidate the Sub-Fund.

### **7. CAPITAL FUNDING**

#### **7.1. Commitments and Drawdowns**

Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund from 30 June 2017 until the latest of either (i) on or about the final closing of the Target Fund as determined in the private placement memorandum thereof or (ii) 30 June 2019.

The Commitment Period will extend from the First Closing until the Last Closing (the

**“Commitment Period”**).

Investors, the Commitments of which are accepted on the first closing (the **“First Closing”** and the **“Initial Investors”**), shall be required to pay a portion of their respective committed amounts no later than ninety (90) Business Days following the notification of the First Closing to the Initial Investors, following which Investors Shares are to be issued fully paid-up at a price of one hundred US Dollars (USD 100) each (the **“Subscription Price”**) corresponding to the funded Commitment.

## **7.2. Commitments and Drawdowns after the First Closing**

After the First Closing, Commitments to subscribe Investors Shares will be accepted from Initial Investors and other investors at such closings (**“Subsequent Closings”** and **“Subsequent Closings Investors”**) as determined by the General Partner during a period commencing the day after the date of the First Closing, and terminating on 30 June 2019, unless extended by the General Partner (the **“Last Closing”**). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of Investors Shares and pay up the relevant portion of their Commitments no later than seven (7) Business Days following the notification of the drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to postpone the date of any closing (including the Last Closing); in such case, the Investors will be informed of the amended date of the relevant closing and the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing by a Subsequent Closing Investor:

- (a) the Subsequent Closing Investor shall participate in investments

made and fees and expenses (including the Management Fee as defined in the first paragraph of section 14.1 below) incurred by the Sub-Fund prior to its admission and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the First Closing, at the Subscription Price;

- (b) the Subsequent Closing Investor shall pay an additional amount equal to five per cent (5%) per annum, calculated from the date on which the Initial Investors have contributed and paid in their first subscriptions relating to the First Closing up to the date of the capital contributions actually made with respect to the Subsequent Closing in question, and such amount shall be payable to the Sub-Fund (the **“Actualization Interest”**).

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the First Closing, then the General Partner may change the Subscription Price for Investors Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Investors Shares as of the relevant Subsequent Closing; in which case all such Investors Shares issued on the same closing shall constitute a separate series. In this case, no Actualization Interest will be due.

## **7.3. Drawdowns**

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the Commitments made by the Investors shall be drawn down in successive instalments, as determined by the General Partner. The General Partner will give each Investor a

seven (7) Business Day prior notice for each drawdown.

Investors Shares issued in relation to each drawdown made after the First Closing shall be issued fully paid-up at a subscription price either (i) equal to the Subscription Price plus, if applicable, the Actualization Interest or (ii) based on the Net Asset Value of such Investors Shares on such drawdown date, at the General Partner's discretion. If Investors Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The Subscription Price of the Investors Shares issued after the First Closing shall be paid within the limits specified in the relevant drawdown notice.

#### **7.4. *Return of Drawdowns***

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since the First Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

#### **8. MINIMUM COMMITMENT**

Commitments may only be accepted from Well-Informed Investors investing a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund. Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept Commitments in lesser amounts.

#### **9. REDEMPTIONS AND CONVERSIONS**

An Investor may not at its own initiative require the Company to redeem its Investors Shares.

Investors are not authorised to convert their Investors Shares from this Sub-Fund into another Sub-Fund or from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

The General Partner, however, may decide, under the circumstances described in section 4.1. above or in the best interest of the Investors, to convert Investors Shares from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

#### **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

#### **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements, which shall contain at least a balance sheet, a statement of profit



and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than four (4) months after each quarter end. The quarterly report provides the Investors with updates on the portfolio of investments.

## **12. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Investors Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Investors Shares, the redemption price will be equal to the last Net Asset Value per relevant Investors Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 14 below).

## **13. RECALL**

The Target Fund may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions in the cases provided for in the constitutive/issuing documents of the Target Fund. In such cases the Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the Target Fund, provided however that distributions hereunder will not increase an Investor's

undrawn Commitment beyond the amount initially committed by Investors.

Investors may be required to recontribute either to the Sub-Fund (if it is still in existence) or directly to the General Partner for recontribution to the Target Fund.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out hereabove.

## **14. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

### **14.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal:

- with respect to Class A-1 Shares, zero point seventy-five percent (0.75%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-1 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-1 Shares as of the end of the preceding quarter;

- with respect to Class A-2 Shares, zero point sixty-five percent (0.65%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-2 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-2 Shares as of the end of the preceding quarter;
- with respect to Class A-3 Shares, zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-3 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-3 Shares as of the end of the preceding quarter;
- with respect to Class B Shares, zero percent (0%) per annum;
- with respect to Class C Shares, zero point zero seven percent (0.07%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class C Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class C Shares as of the end of the preceding quarter;
- with respect to Class D shares, zero point ninety-five percent (0.95%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class D Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class D Shares as of the end of the preceding quarter.

The Management Fee will accrue as of the First Closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

#### **14.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the “**AIFM Remuneration**”), to the exception of the Creation Expenses and the Operating Expenses as referred to in sections 14.5, respectively 14.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner’s service fees.

#### **14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the “**Investment Advisory Fee**”) will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

#### **14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm’s length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund’s investments, including any transfer taxes

and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the "**Portfolio Investments Expenses**").

#### **14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the "**Creation Expenses**") will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equalling zero point five percent (0.5%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **14.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Net Asset Value plus the unfunded portion of the Aggregate Commitments of the Sub-Fund as of the end of each year.

##### **14.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **14.6.2. Operating Expenses**

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or

attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the "**Operating Expenses**"). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

### **15. SPECIFIC RISK CONSIDERATIONS**

Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Illiquid and long-term investments:** An investment in the Target Fund is speculative and volatile, requiring a long-term commitment with no certainty of return. In most cases, the Target Fund's investments will be long term in nature and may require many years from the date of investment to the date of disposition. During that time, a portfolio company may not distribute any dividends or other income to the Target Fund, and, as a result, investors should not expect to receive any distributions from the Target Fund for an extended period of time. The Target Fund's investments are considered highly speculative and may result in the loss of the Target Fund's entire investment. Because the Target Fund may only make a limited number of investments and because many of the Target Fund's investments may involve a high degree of risk, poor performance by a few of the investments could significantly reduce the total returns to the investors.

**Market and economic risks:** The ability to realise investments depends not only on portfolio companies and their historical results and prospects, but also on political, market and economic conditions at the time of such realisations. In the past, many private equity funds looked to the public securities markets as a potential exit strategy, and there can be no assurance, particularly given the recent volatility in the financial markets and a potential lack of investor appetite for new issues in the public securities markets, that the Target Fund will be able to exit from an investment by listing its shares on securities exchanges. The trading market, if any, for the securities of any portfolio company may not be sufficiently liquid to enable the Target Fund to sell these securities when the Target Fund General Partner believes it is most advantageous to do so, or without adversely affecting the stock price. Continued or renewed volatility in the financial sector may have a material adverse effect on the ability of the Target Fund to buy, sell and partially dispose of its portfolio company investments. The Target Fund may be adversely affected to the extent that it seeks to dispose of any of its investments in an illiquid or volatile market and the Target Fund may find itself unable to dispose of investments at prices that the Target Fund General Partner believes reflect the fair value of such investments. The duration and ultimate effect of current market conditions and whether such conditions may worsen cannot be predicted. The ability of portfolio companies to refinance debt securities may depend on their ability to sell new securities in the debt market or otherwise. No assurance can be given as to the effect of these economic conditions on the Target Fund's investment objectives.

**Operating and financial risks of portfolio companies:** Portfolio companies often face intense competition, including competition from companies with greater financial resources, more extensive development,

manufacturing, marketing and other capabilities, or a larger number of qualified managerial and technical personnel. As a result, portfolio companies that Bain Capital expects to be stable at times will likely operate at a loss or have significant variations in operating results, may require substantial additional capital to support their operations or to maintain their competitive position or at times will likely have a weak financial condition or be experiencing financial distress.

**No market for interests; restrictions on transferability :** Pursuant to the Target Fund limited partnership agreement, a limited partnership interest is not transferable except with the consent of the Target Fund General Partner in its discretion, and an investor may not withdraw from or withdraw capital from the Target Fund except in extremely limited circumstances. In addition, transferability of the limited partnership interests will be affected by restrictions on resales imposed by U.S. federal and state securities laws, non-U.S. laws and restrictions on transfers imposed as a result of U.S. federal income tax laws. The Target Fund General Partner has not registered, and has no intention in the future to register, such interests for public sale under the U.S. Securities Act of 1933 or the securities laws of any other jurisdiction. Therefore, no public market for such interests exists, and the Target Fund General Partner does not expect one to develop. These restrictions on an investor's ability to transfer its interest and to withdraw from the Target Fund materially increase the risk of an investment in the Target Fund, and investors must be prepared to bear the risks of owning interests in the Target Fund for an extended period of time. An investment in the Target Fund should be considered illiquid.

**Valuation risks:** Target Fund investments are valued at estimated fair value as determined in good faith by the Target Fund AIFM. Due to the generally illiquid nature of

the securities held, fair values determined by the Target Fund AIFM may not reflect the prices that actually would be received when such investments are realized. The process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities may ultimately be sold. With respect to the Target Fund, the exercise of discretion in valuation by the Target Fund AIFM may give rise to conflicts of interest, as management fees and profits interests are calculated based, in part, on these valuations and such valuations affect performance return calculations. In addition, the Target Fund AIFM may or may not value the investments differently with how the same or similar investments are valued by the general partners of the other related funds.

**Bridge Investments:** From time to time, the Target Fund may lend to portfolio companies on a short-term, unsecured basis or may otherwise invest in a portfolio company on an interim basis with the expectation of a subsequent refinancing or sell down. Investments made by the Target Fund with the intention of realising all or a portion of such investment within eighteen (18) months are referred to as "Bridge Investments". For reasons not always in the Target Fund's control, such refinancing or sell down may not occur, which would result in the Bridge Investment remaining outstanding longer than anticipated. In such event the Target Fund may have more risk associated with such investment or a larger overall investment in such portfolio company than originally anticipated. If a Bridge Investment is not realized within eighteen (18) months and, as a result, the investment exceeds fifteen percent (15%) of the capital commitments, the Target Fund General Partner and the Target Fund Management Company will not be deemed to have breached the investment limitations so long

as they continue to use commercially reasonable efforts to dispose of such excess investment. In addition, in order to comply with the investment limitations, the Target Fund may be required to sell excess investments (or portions thereof) on unfavorable terms or may seek the Target Fund Advisory Board approval to waive such limits.

**Reinvestments:** Under certain circumstances and subject to certain conditions, proceeds from the partial or complete liquidation of any investment may be retained and reinvested (or recalled for reinvestment) by the Target Fund General Partner or used (or recalled for use) by the Target Fund General Partner for any other Target Fund purpose. Accordingly, an investor may be required to fund for portfolio investments an aggregate amount in excess of its capital commitment during the term of the Target Fund, and to the extent such recalled or retained amounts are reinvested in portfolio investments, an investor will remain subject to investment and other risks associated with such portfolio investments.

<p><b>44. MASIRAT SELECTION SUB-FUND</b></p>
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Dollars (USD), unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

## **1. INVESTMENT OBJECTIVE AND STRATEGY**

### ***1.1. Investment Objective and Strategy***

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private equity funds invested in all kinds of private equity situations across the whole private equity spectrum including, but not limited to, venture capital, buyout, mezzanine debt, secondaries, distressed credit, special opportunities or real estate exposures.

Due to the broad focus on the whole private equity spectrum, the Sub-Fund will invest opportunistically in each and every private equity fund with the most interesting proposals without being restricted by fixed allocation guidelines. Nevertheless, the Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio across geographies and underlying strategies.

The Investment Advisor's highly exclusive relationships to top fund managers provide significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest in private equity funds which may have varying terms and structures including, but not limited to limited partnership structures, feeder structures or even evergreen structures.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in Euros (EUR) and in US

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

### ***1.2. Investment Process***

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM.

Through its strong network, the Investment Advisor will assist the AIFM in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds managers;
- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;

- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analyzing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

In private equity fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realizations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private equity fund. However, as common in the private equity environment, potential exit routes for interests in private funds include, *inter alia*, a sale to other investors, a buyout by the management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in US Dollars (USD).

## **4. SHARE CLASSES**

### **4.1. *Investors Shares***

One (1) Class of Investors Shares, namely A Shares (the "**A Shares**"), is available for subscription in the Sub-Fund.

### **4.2. *Participating Shares***

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

## **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for up to fifty million US Dollars (USD 50,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

## **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of ten (10) years as from the end of the Investment Period (as defined in section

7.4. below) with three (3) possible consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's investments, at its sole discretion.

## **7. CAPITAL FUNDING**

### **7.1. Commitments and Drawdowns**

The Investors are permitted to commit to subscribe for A Shares in the Sub-Fund from 28 August 2017 until 31 July 2021.

For the purpose of this Sub-Fund, there may be one (1) or several closings per year (the "**Closings**", each a "**Closing**"). The Investors will be permitted to commit to subscribe with a minimum of ten million US Dollars (USD 10,000,000.-) on the first Closing. Such Minimum Commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept Commitments in a higher or lesser amount.

The General Partner may decide, at its discretion, to advance or postpone the date of each Closing; in such case, the Investors will be informed of the amended date of the Closing and the date on which the corresponding part of its commitment has to be paid.

### **7.2. Drawdowns**

After each Closing, such portions of the Commitments made by the Investors shall be drawn down in successive installments, as determined by the General Partner. The General Partner will give the Investors a seven (7) Business Day prior notice for each drawdown.

Class A Shares issued in relation to each drawdown shall be issued fully paid-up at a

subscription price of one hundred US Dollars (USD 100.-).

The subscription price of A Shares issued must be paid on the relevant drawdown date.

### **7.3. Return of Drawdowns**

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since each Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### **7.4. Investment Period & Drawdown Period**

**Investment Period:** The Investment Period will extend from the first Closing until 31 July 2022, with an optional extension of twelve (12) months at the sole discretion of the General Partner.

The General Partner will invest the annual Commitment over a period of twelve (12) months after the respective Closing dates, with an optional extension of six (6) months at the sole discretion of the General Partner.

**Drawdown Period:** Commitments will be called in accordance with section 7.2 until the Sub-Fund's term (i) to fund investments initiated during the Investment Period (ii) for follow-on investments in, or relating to, existing underlying investments, or (iii) to pay relevant ongoing fees and expenses of the Company allocated to the Sub-Fund during its remaining term.



## **8. OVERCOMMITMENT AND LIQUIDITY MANAGEMENT**

The Commitments made by the Sub-Fund in its underlying investments may be higher than the Commitments made by the Investors in the Sub-Fund.

The General Partner will ensure that, at any time of the life of the Sub-Fund, the uncalled Commitments from the underlying investments will not exceed one hundred and fifty percent (150%) of the aggregate of (i) the Investors' uncalled Commitment plus (ii) the cash and/or liquid assets available for the Sub-Fund.

The General Partner will also use from time to time all or part of the distributions received from the Sub-Fund's investments to fund all or part of the capital calls made by the Sub-Fund's investments in order to ensure that the Sub-Fund will meet its obligations with regards to uncalled Commitments.

## **9. REDEMPTIONS**

The Investors may not at their own initiative require the Company to redeem its A Shares.

## **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

## **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The quarterly report provides the Investors with updates on the portfolio of investments.

## **12. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of A Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of A Shares, the redemption price will be equal to the last Net Asset Value per relevant A Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 14 below), except in the situation described in section 8.

### **13. RECALL**

The Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them:

- (i) to fund such portion of a reimbursement obligation of the Sub-Fund towards a target fund within the portfolio of investments as provided for in the constitutive/contractual documents of such target fund; or
- (ii) to fund such portion of the Sub-Fund's commitment that would exceed the outstanding Commitments;

provided however that distributions hereunder will not increase the Investors' undrawn Commitments beyond the amounts initially committed by the Investors.

The Investors may be required to recontribute either to the Sub-Fund or directly to the General Partner for recontribution to the target funds.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

The Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out here above.

## **14. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

### **14.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to

receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the aggregate of (i) the Net Asset Value attributable to the A Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to the A Shares as of the end of the preceding quarter.

### **14.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the "**AIFM Remuneration**"), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 14.5. respectively 14.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner's service fees.

### **14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the "**Investment Advisory Fee**") will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

### **14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes

and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the "**Portfolio Investments Expenses**").

#### **14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the "**Creation Expenses**") will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point five percent (0.5%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **14.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Net Asset Value plus the unfunded portion of the Aggregate Commitments of the Sub-Fund as of the end of each year.

##### **14.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **14.6.2. Operating Expenses**

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied

against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the "**Operating Expenses**"). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

#### **15. SPECIFIC RISK CONSIDERATIONS**

The Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Portfolio valuation risks:** the Investors should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of *inter alia* sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or the Investors will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method

would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, the Investors must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Drawdown Period:** Amounts Committed to underlying investments during the Investment Period may be drawn down by such underlying investments over their own drawdown period and the Sub-Fund intends to pass on such drawdown notices to the Investors when they come. This is likely to occur over a period that exceeds the Investment Period, so that the Investors may be required to pay and subscribe the

relevant portion of their capital contribution over a significant period of time.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for the interests in such underlying private equity funds, whose transfer may be restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.

<b>45. BC SELECTION 2015 – USD SUB-FUND</b>
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## **1. INVESTMENT OBJECTIVE AND STRATEGY**

### **1.1. *Investment Objective and Strategy***

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private equity funds invested in all kinds of private equity situations across the whole private equity spectrum including, but not limited to, venture capital, buyout, mezzanine debt, secondaries, distressed credit, special opportunities or real estate exposures.

Due to the broad focus on the whole private equity spectrum, the Sub-Fund will invest opportunistically in each and every private equity fund with the most interesting proposals without being restricted by fixed allocation guidelines. Nevertheless, the Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio across geographies and underlying strategies.

The Investment Advisor's highly exclusive relationships to top fund managers provides significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest in private equity funds which may have varying terms and structures including, but not limited to limited partnership structures, feeder structures or even evergreen structures.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in US Dollars (USD),

unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

### **1.2. *Investment Process***

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM.

Through its strong network, the Investment Advisor will assist the AIFM in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds managers;
- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;

- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analyzing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

In private equity fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realizations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private equity fund. However, as common in the private equity environment, potential exit routes for interests in private funds include, *inter alia*, a sale to other investors, a buyout by the management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in US Dollars (USD).

## **4. SHARE CLASSES**

### **4.1. Investors Shares**

One (1) Class of Investors Shares, namely A Shares (the "**A Shares**"), is available for subscription in the Sub-Fund.

### **4.2. Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

## **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for up to two hundred million US Dollars (USD 200,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

## **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of fifteen (15) years as from the first Closing with three (3) possible consecutive

extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's investments, at its sole discretion.

## **7. CAPITAL FUNDING**

### **7.1. *Commitments and Drawdowns***

One sole Investor is permitted to commit to subscribe for A Shares in the Sub-Fund from 28 September 2017 until 31 December 2021.

For the purpose of this Sub-Fund, there will be one (1) closing per year (the “**Closings**”, each a “**Closing**”). The Investor will be permitted over a period of five (5) years to commit to subscribe annually ten million US Dollars (USD 10,000,000,-) minimum (the “**Annual Commitment**”).

The General Partner has however the right to accept an Annual Commitment from the Investor in a higher or lesser amount.

The General Partner may decide, at its discretion, to advance or postpone the date of each Closing; in such case, the Investor will be informed of the amended date of the Closing and the date on which the corresponding part of its commitment has to be paid.

### **7.2. *Drawdowns***

After each Closing, such portions of the Commitments made by the Investor shall be drawn down in successive installments, as determined by the General Partner. The General Partner will give the Investor a seven (7) Business Day prior notice for each drawdown.

A Shares issued in relation to each drawdown shall be issued fully paid-up at a

subscription price of one hundred US Dollars (USD 100.-).

The subscription price of A Shares issued must be paid on the relevant drawdown date.

### **7.3. *Return of Drawdowns***

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investor in the event such drawdowns made since each Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### **7.4. *Investment Period & Drawdown Period***

**Investment Period:** The Investment Period will extend from the first Closing until 30 June 2022, with an optional extension of six (6) months at the sole discretion of the General Partner.

The General Partner will invest the Annual Commitment over a period of six (6) months after the respective Closing dates, with an optional extension of six (6) months at the sole discretion of the General Partner.

**Drawdown Period:** Commitments will be called in accordance with section 7.2 until the Sub-Fund's term (i) to fund investments initiated during the Investment Period (ii) for follow-on investments in, or relating to, existing underlying investments, or (iii) to pay ongoing fees and operating expenses of the Company allocated to the Sub-Fund during its remaining term.

## **8. MINIMUM COMMITMENT**

The minimum annual Commitment from the Investor is the Annual Commitment, subject however to the General Partner's right to accept an Annual Commitment from the Investor in a lesser amount.

## **9. REDEMPTIONS**

The Investor may not at its own initiative require the Company to redeem its A Shares.

## **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

## **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30

September and 31 December which is made available to the Investor no later than five (5) months after each quarter end. The quarterly report provides the Investor with updates on the portfolio of investments.

## **12. DISTRIBUTIONS**

### **12.1. *Distributions***

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of A Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of A Shares, the redemption price will be equal to the last Net Asset Value per relevant A Shares calculated by the Administrative Agent.

### **12.2. *Recycling***

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 14 below), except in the situation described below.

The commitments made by the Sub-Fund in its underlying investments may amount up to one hundred and fifteen percent (115%) of the Commitments made by the Investor in the Sub-Fund. The General Partner will use from time to time all or part of the distributions received from the Sub-Fund's investments to fund all or part of the capital calls made by the Sub-Fund's investments.

## **13. RECALL**

Target funds within the portfolio of investments may request the Sub-Fund to



fully or partially reimburse the amounts received as interim distributions in the cases provided for in the constitutive/issuing documents of the target funds. In such cases the Investor may be requested to fully or partially refund the Sub-Fund of the amounts distributed to him in proportion with the amounts requested by the target funds, provided however that distributions hereunder will not increase the Investor's undrawn Commitments beyond the amounts initially committed by the Investor.

The Investor may be required to recontribute either to the Sub-Fund (if it is still in existence) or directly to the General Partner for recontribution to the target funds.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

The Investor should inform himself and should take appropriate advice on the legal requirements as to possible tax consequences which he might encounter under the laws of the countries of his citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out hereabove.

#### **14. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

##### **14.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal zero point five percent (0.5%) per annum (plus value added tax, if applicable) on the aggregate of (i) the Net Asset Value plus (ii) the unfunded portion of the Aggregate

Commitments of the Sub-Fund as of the end of the preceding quarter.

##### **14.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the "**AIFM Remuneration**"), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 14.5. respectively 14.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner's service fees.

##### **14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the "**Investment Advisory Fee**") will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

##### **14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the "**Portfolio Investments Expenses**").

#### **14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the “**Creation Expenses**”) will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point five percent (0.5%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **14.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Aggregate Commitments of the Sub-Fund.

##### **14.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **14.6.2. Operating Expenses**

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the “**Operating Expenses**”). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the

Aggregate Commitments of the Sub-Fund as at that same date.

#### **15. SPECIFIC RISK CONSIDERATIONS**

The Investor is advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled “General Risk Considerations” in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund’s investment objectives and strategy:

**Portfolio valuation risks:** the Investor should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of *inter alia* sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or the Investor will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such

underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, the Investor must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depository and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Drawdown Period:** Amounts Committed to underlying investments during the Investment Period may be drawn down by such underlying investments over their own drawdown period and the Sub-Funds intends to pass on such drawdown notices to the Investor when they come. This is likely to occur over a period that exceeds the Investment Period, so that the Investor may be required to pay and subscribe the relevant portion of its capital contribution over a significant period of time.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for the interests in such underlying private equity funds, whose transfer may be restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of

time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.

<b>46. SECONDARY OPPORTUNITIES VI SUB-FUND</b>
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## **1. INVESTMENT OBJECTIVE AND STRATEGY**

### **1.1. *Investment Objective and Strategy***

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in (i) top quality private equity secondary funds and/or (ii) through the acquisition of limited partnership interests in private equity funds on the secondary market, invested in all kinds of private equity situations across the whole private equity spectrum including, but not limited to, venture capital, buyout, mezzanine debt, secondaries, distressed, special opportunities or real estate exposures.

Due to the broad focus on the whole private equity spectrum, the Sub-Fund will invest opportunistically in each and every private equity fund with the most interesting proposals without being restricted by fixed allocation guidelines. Nevertheless, the Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio.

The Investment Advisor's highly exclusive relationships with top fund managers provides significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest in private equity funds which may have varying terms and structures including, but not limited, to limited partnership structures.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its

liquid assets in Euros (EUR) and in US Dollars (USD), unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

### **1.2. *Investment Process***

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM and to the General Partner.

Through its strong network and experience on the secondary market, the Investment Advisor will assist the AIFM and the General Partner in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds;

- Maintaining relationships with the network of private equity investors to create proprietary secondary transactions;
- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;
- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches;
- Leveraging its portfolio of secondary funds managers to access secondary co-investment opportunities; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM and to the General Partner, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analysing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

The investments in private equity funds are passive investments meaning that the Board has no influence over exits. In private equity fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realisations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private

equity fund. However, as common in the private equity environment, potential exit routes for interests in private funds include, inter alia, a sale to other investors, a buyout by the management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in US Dollars (USD).

## **4. SHARE CLASSES**

### **4.1. Investors Shares**

Four (4) Classes of Investors Shares, all denominated in US Dollars (USD), are available for subscription in the Sub-Fund, namely:

- A Shares (the “**Class A Shares**”);
- B Shares (the “**Class B Shares**”);
- C Shares (the “**Class C Shares**”);

- D Shares (the “**Class D Shares**”);  
(altogether the “**Investors Shares**”).

For the avoidance of doubt, the commitments subscribed by Investors are considered with segregated referenced positions should they subscribe for Investors Shares directly or indirectly.

The following Classes of Investors Shares are, at the sole discretion of the General Partner, reserved to Investors having concluded with any of the entities of the CA Indosuez Wealth Management group (the “**CA Indosuez Wealth Management Group**”) a services agreement or equivalent with respect to private equity investments (the “**Private Equity Agreement**”):

- the Class A Shares;
- the Class B Shares, it being understood that such Class of Shares is reserved to Investors managed by the AIFM;
- the Class C Shares, it being understood that such Class of Shares is reserved to Investors having also concluded a specific remuneration agreement with any of the entities of CA Indosuez Wealth Management (the “**Specific Remuneration Agreement**”). The following Class of Investors Shares are reserved to Investors having not concluded with any of the entities of the CA Indosuez Wealth Management Group a Private Equity Agreement:
- the Class D Shares.

Notwithstanding the below paragraph, should an Investor having subscribed to Class C Shares terminates the Specific Remuneration Agreement, the General Partner may decide, at its sole discretion, to convert its Class C Shares into Class A Shares.

The General Partner may decide, at its sole discretion, to convert Class A Shares, Class B Shares, and/or Class C Shares into Class D Shares should an Investor terminates the Private Equity Agreement.

#### **4.2. Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

#### **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for one hundred million US Dollars (USD 100,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

#### **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of thirteen (13) years as from the Last Closing (as defined in the first paragraph of section 7.2 below), with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund’s investments, at its sole discretion.

The investment in the Target Fund may require a substantial length of time to liquidate and there may remain some obligations outstanding for the Target Fund, even if it has closed to liquidation. The liquidation process of the Sub-Fund may consequently require a substantial length of time subsequent to the making of a decision to liquidate the Sub-Fund.

## **7. CAPITAL FUNDING**

### **7.1. Commitments and drawdowns**

Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund from 28 August 2017 until 31 December 2018.

Investors, the Commitments of which are accepted on the first closing (the “First Closing” and the “**Initial Investors**”), shall be required to pay a portion of their respective committed amounts no later than ninety (90) Business Days following the notification of the First Closing to the Initial Investors, following which Investors Shares are to be issued fully paid-up at a price of one hundred US Dollars (USD 100) each (the “**Subscription Price**”) corresponding to the funded Commitment.

### **7.2. Commitments and Drawdowns after the First Closing**

After the First Closing, Commitments to subscribe Investors Shares will be accepted from Initial Investors and other investors at such closings (“**Subsequent Closings**” and “**Subsequent Closings Investors**”) as determined by the General Partner during a period terminating on 31 December 2018, unless extended by the General Partner (the “**Last Closing**”). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of Investors Shares and pay up the relevant portion of their Commitments no later than seven (7) Business Days following the notification of the drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to postpone the date of any closing (including the Last Closing); in such case, the Investors will be informed of the amended date of the relevant closing and the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing by a Subsequent Closing Investor:

- (a) the Subsequent Closing Investor shall participate in investments made and fees and expenses (including the Management Fee as defined in the first paragraph of section 14.1 below) incurred by the Sub-Fund prior to its admission and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the First Closing, at the Subscription Price;
- (b) the Subsequent Closing Investor shall pay an additional amount equal to two per cent (2%) per annum, calculated from the date on which the Initial Investors have contributed and paid in their first subscriptions relating to the First Closing up to the date of the capital contributions actually made with respect to the Subsequent Closing in question, and such amount shall be payable to the Sub-Fund (the “**Actualization Interest**”).

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the First Closing, then the General Partner may change the Subscription Price for Investors Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Investors Shares as of the relevant Subsequent Closing; in which case all such Investors Shares issued on the same closing shall constitute a separate series. In this case, no Actualization Interest will be due.

### **7.3. Drawdowns**

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be

paid, additional portions of the Commitments made by the Investors shall be drawn down in successive instalments, as determined by the General Partner. Such drawdowns may only take place provided their amount is not less than one percent (1%) of each Investor's Commitment. The General Partner will give each Investor a seven (7) Business Day prior notice for each drawdown.

Investors Shares issued in relation to each drawdown made after the First Closing shall be issued fully paid-up at a subscription price either (i) equal to the Subscription Price plus, if applicable, the Actualization Interest or (ii) based on the Net Asset Value of such Investors Shares on such drawdown date, at the General Partner's discretion. If Investors Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The Subscription Price of the Investors Shares issued after the First Closing shall be paid within the limits specified in the relevant drawdown notice.

#### **7.4. Return of Drawdowns**

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since the First Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

#### **7.5. Commitment Period**

The Commitment Period will extend from the First Closing until the Last Closing (the "**Commitment Period**").

#### **7.6. Investment period & Drawdown period**

**Investment Period:** The Investment Period will extend from the First Closing until 30 June 2019, with an optional extension of six (6) months at the sole discretion of the General Partner.

**Drawdown Period:** Commitments will be called in accordance with section 7.3 until the Sub-Fund's term (i) to fund investments initiated during the Investment Period (ii) for follow-on investments in, or relating to, existing underlying investments, or (iii) to pay relevant ongoing fees and expenses of the Company allocated to the Sub-Fund during its remaining term.

#### **8. MINIMUM COMMITMENT**

Commitments may only be accepted from Well-Informed Investors investing a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund. Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept Commitments in lesser amounts.

#### **9. REDEMPTIONS AND CONVERSIONS**

An Investor may not at its own initiative require the Company to redeem its Investors Shares.

Investors are not authorised to convert their Investors Shares from this Sub-Fund into another Sub-Fund or from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

The General Partner, however, may decide, under the circumstances described in section 4.1 above or in the best interest of the Investors, to convert Investors Shares



from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

## **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

## **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements, which shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The quarterly report provides the Investors with updates on the portfolio of investments.

## **12. DISTRIBUTIONS**

### **12.1. *Distributions***

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Investors Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Investors Shares, the redemption price will be equal to the last Net Asset Value per relevant Investors Shares calculated by the Administrative Agent.

### **12.2. *Recycling***

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 14 below), except in the situation described below.

The commitments made by the Sub-Fund in its underlying investments may amount up to one hundred and fifty percent (150%) of the Commitments made by the Investors in the Sub-Fund. The General Partner will use from time to time all or part of the distributions received from the Sub-Fund's investments to fund all or part of the capital calls made by the Sub-Fund's investments.

## **13. RECALL**

Target funds within the portfolio of investments may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions in the cases provided for in the constitutive/issuing documents of the target funds. In such cases the Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion

with the amounts requested by the target funds, provided however that distributions hereunder will not increase the Investors' undrawn Commitments beyond the amounts initially committed by the Investors. Investors may be required to recontribute either to the Sub-Fund (if it is still in existence) or directly to the General Partner for recontribution to the Target Fund.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out hereabove.

#### **14. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

##### **14.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal:

- with respect to Class A Shares, one percent (1%) per annum (plus value added tax, if applicable) on the Net Asset Value attributable to Class A Shares as of the end of the preceding quarter;
- with respect to Class B Shares, zero percent (0%) per annum;

- with respect to Class C Shares zero point one hundred fifteen percent (0.115%) per annum (plus value added tax, if applicable) on the Net Asset Value attributable to Class C Shares as of the end of the preceding quarter;
- with respect to Class D shares, one point five percent (1.5%) per annum (plus value added tax, if applicable) on the Net Asset Value attributable to Class D Shares as of the end of the preceding quarter.

The Management Fee will accrue as of the First Closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

##### **14.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the "**AIFM Remuneration**"), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 14.5. respectively 14.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner's service fees.

##### **14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the "**Investment Advisory Fee**") will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees

shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

#### **14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the "**Portfolio Investments Expenses**").

#### **14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the "**Creation Expenses**") will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point five percent (0.5%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **14.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Net Asset Value

plus the unfunded portion of the Aggregate Commitments of the Sub-Fund as of the end of each year.

##### **14.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **14.6.2. Operating Expenses**

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the "**Operating Expenses**"). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

#### **15. SPECIFIC RISK CONSIDERATIONS**

Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Risk of capital loss:** An investment in private equity is long term and with no certainty of return. The value of an interest and the distributions in respect of them can fluctuate down as well as up and an Investor

may get back less than it contributed to the Sub-Fund or lose its entire investment.

**Portfolio valuation risks:** Prospective investors should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of inter alia sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or any Investor will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, investors must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the

absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for the interests in such underlying private equity funds, whose transfer may be restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.

**Unpredictability of distributions:** Return of capital and realization of gains, if any, on investments will generally occur only upon the distribution or other disposition by the Sub-Fund's underlying private equity funds of portfolio company securities, which may not occur for several years after the Sub-Fund's initial investments. Such distributions are likely to be unpredictable and may occur earlier than or later than anticipated by the managers. Investors should not expect significant returns for a period of years after their investment is made.

**Control of invested funds:** The private equity funds generally will not have the right to participate in the day-to-day management, control or operations of the underlying funds in which they are investing, nor will they have the right to remove the managers thereof. The private equity funds

will also not necessarily have the opportunity to evaluate the relevant economic, financial and other information which will be utilized by the underlying funds in which they are investing in their selection, structuring, monitoring and disposition of investments.

**Portfolio company risks:** The portfolio investments in which the private equity funds will invest may invest in companies that involve a high degree of business or financial risk. They may be start-ups or in an early stage of development, may be distressed or have operating losses or significant variations in operating results and may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence. The companies may also be experiencing or are expected to experience financial difficulties, which may never be overcome. In addition, they may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, or may otherwise have a weak financial condition. Portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities and a larger number of qualified managerial and technical personnel. In addition, in the event that the company does not perform as anticipated or incurs unanticipated liabilities, high leverage will magnify the adverse effect on the value of the equity of the company and could result in substantial diminution in or the total loss of an equity investment in the company. The return generated by the relevant portfolio companies will also depend on the level of interest charged under such debt and, consequently, may vary in function of the variations in interest rates.

<b>47. NAT PE SELECTION SUB-FUND</b>
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**1. INVESTMENT OBJECTIVE AND STRATEGY****1.1. *Investment Objective and Strategy***

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private equity funds invested in all kinds of private equity situations across the whole private equity spectrum including, but not limited to, venture capital, buyout, mezzanine debt, secondaries, distressed credit, special opportunities, infrastructure or real estate exposures.

Due to the broad focus on the whole private equity spectrum, the Sub-Fund will invest opportunistically in each and every private equity fund with the most interesting proposals without being restricted by fixed allocation guidelines. Nevertheless, the Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio across geographies and underlying strategies.

The Investment Advisor's highly exclusive relationships to top fund managers provide significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest directly in private equity funds which may have varying terms and structures including, but not limited to limited partnership structures, feeder structures or even evergreen structures, limited partnership structures and/or indirectly through the sub-funds of the Company and/or of Tiera Capital S.C.A., SICAR, a *société en commandite par actions* qualifying as a *société*

*d'investissement en capital à risque* (SICAR) also managed by the AIFM.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in Euros (EUR) and in US Dollars (USD), unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

**1.2. *Investment Process***

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM.

Through its strong network, the Investment Advisor will assist the AIFM in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds managers;
- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;
- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analyzing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

In private equity fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realizations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private equity fund. However, as common in the private equity environment, potential exit routes for interests in private funds include, *inter alia*, a sale to other investors, a buyout by the management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in Euros (EUR).

## **4. SHARE CLASSES**

### **4.1. Investors Shares**

One Class of Investors Shares, all denominated in Euros (EUR), are available for subscription in the Sub-Fund, namely:

- A Shares (the "Class A Shares");

(altogether the "Investors Shares").

### **4.2. Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

## **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for up to fifty

million Euros (EUR 50,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

## **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of ten (10) years as from the end of the Investment Period (as defined in section 7.4 below) with three (3) possible consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's investments, at its sole discretion.

## **7. CAPITAL FUNDING**

### ***7.1. Commitments and Drawdowns***

The Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund from 30 November 2017 until 31 December 2019.

For the purpose of this Sub-Fund, there may be several closings per year (the "Closings", each a "Closing"). The Investors will be permitted to commit to subscribe to Class A Shares for a minimum of twenty-seven million Euros (EUR 27,000,000.-) on the first Closing; and thereafter, at the discretion of the Investors, a minimum of five million Euros (EUR 5,000,000.-) annually.

The General Partner has however the right to reject any offer from Investors for any reason or to accept an annual Commitment from the Investors in a higher or lesser amount.

The General Partner may decide, at its discretion, to advance or postpone the date of each Closing; in such case, the Investors will be informed of the amended date of the

Closing and the date on which the corresponding part of its commitment has to be paid.

### ***7.2. Drawdowns***

After each Closing, such portions of the Commitments made by the Investors shall be drawn down in successive installments, as determined by the General Partner. The General Partner will give the Investors a seven (7) Business Day prior notice for each drawdown.

Investors Shares issued in relation to each drawdown shall be issued fully paid-up at a subscription price of one hundred Euros (EUR 100.-).

The subscription price of Investors Shares issued must be paid on the relevant drawdown date.

### ***7.3. Return of Drawdowns***

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since each Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### ***7.4. Investment Period & Drawdown Period***

**Investment Period:** The Investment Period will extend from the first Closing until 31 December 2019, with an optional extension of six (6) months at the sole discretion of the General Partner (the "Initial Investment Period").

After each subsequent Closing, the General Partner may open an additional investment period for a period of twelve (12) months



following such Closing with an optional extension of six (6) months (each an “**Additional Investment Period**”).

**Drawdown Period:** Commitments will be called in accordance with section 7.2 until the Sub-Fund’s term (i) to fund investments initiated during the Investment Period (ii) for follow-on investments in, or relating to, existing underlying investments, or (iii) to pay relevant ongoing fees and expenses of the Company allocated to the Sub-Fund during its remaining term.

#### **8. OVERCOMMITMENT AND LIQUIDITY MANAGEMENT**

The Commitments made by the Sub-Fund in its underlying investments may be higher than the Commitments made by the Investors in the Sub-Fund.

The General Partner will ensure that, at any time of the life of the Sub-Fund, the uncalled Commitments from the underlying investments will not exceed one hundred and seventy-five percent (175%) of the aggregate of (i) the Investors’ uncalled Commitments plus (ii) the cash and/or liquid assets available for the Sub-Fund.

The General Partner will also use from time to time all or part of the distributions received from the Sub-Fund’s investments to fund all or part of the capital calls made by the Sub-Fund’s investments in order to ensure that the Sub-Fund will meet its obligations with regards to uncalled Commitments.

#### **9. REDEMPTIONS**

The Investors may not at their own initiative require the Company to redeem its Investors Shares.

#### **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

#### **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than six (6) months after each quarter end. The quarterly report provides the Investors with updates on the portfolio of investments.

#### **12. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Investors Shares or the allocation of the Sub-Fund’s liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Investors Shares, the redemption price will be equal to the last Net Asset Value per relevant Investors Shares calculated by the Administrative Agent.

The Investors will be entitled to receive all proceeds arising from the realization of the Sub-Fund's investments after the deduction of the relevant fees and expenses (as defined in section 14 below), except in the situation described in section 8.

### **13. RECALL**

The Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them:

- (i) to fund such portion of a reimbursement obligation of the Sub-Fund towards a target fund within the portfolio of investments as provided for in the constitutive/contractual documents of such target fund; or
- (ii) to fund such portion of the Sub-Fund's commitment that would exceed the outstanding Commitments;

provided however that distributions hereunder will not increase the Investors' undrawn Commitments beyond the amounts initially committed by the Investors.

The Investors may be required to recontribute either to the Sub-Fund or directly to the General Partner for recontribution to the target funds.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

The Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax

consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out here above.

## **14. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

### **14.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal to :

- zero point one percent (0.1%) per annum on the Net Asset Value as of the end of the preceding quarter of the underlying investments acquired before 30 September 2018; and
- zero point seventy-five percent (0.75%) per annum on the Net Asset Value as of the end of the preceding quarter of the underlying investments acquired from 1 October 2018;

The Management Fee will accrue as of the first Closing and will be calculated by reference to the amounts drawn down from the Investors in the case no Net Asset Value has been calculated.

### **14.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the "AIFM Remuneration"), to the exception of the Creation Expenses and the Operating Expenses as referred to in sections 14.5. respectively 14.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-

Fund, such remuneration shall be deducted from the General Partner's service fees.

#### **14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the "**Investment Advisory Fee**") will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

#### **14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the "**Portfolio Investments Expenses**").

#### **14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the "**Creation Expenses**") will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point five percent (0.5%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-

Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **14.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Net Asset Value plus the unfunded portion of the Aggregate Commitments of the Sub-Fund as of the end of each year.

##### **14.6.1 The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **14.6.2 Operating Expenses**

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the "**Operating Expenses**"). All of the above Operating Expenses will as a rule be paid by the AIFM, excluding any expenses which shall remain borne by the Sub-Fund for regulatory, tax or accounting purposes. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

#### **15. SPECIFIC RISK CONSIDERATIONS**

The Investors are advised to carefully consider the risks of investing in the Sub-

Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Portfolio valuation risks:** the Investors should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of *inter alia* sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or the Investors will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, the Investors must nevertheless be aware that investments in unregulated underlying funds are more risky

than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Drawdown Period:** Amounts Committed to underlying investments during the Investment Period may be drawn down by such underlying investments over their own drawdown period and the Sub-Fund intends to pass on such drawdown notices to the Investors when they come. This is likely to occur over a period that exceeds the Investment Period, so that the Investors may be required to pay and subscribe the relevant portion of their capital contribution over a significant period of time.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for the interests in such underlying private equity funds, whose transfer may be restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.

<b>48. GPE SELECTION 4 SUB-FUND</b>
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## **1. INVESTMENT OBJECTIVE AND STRATEGY**

### **1.1. Investment Objective and Strategy**

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private equity funds invested in all kinds of private equity situations across the whole private equity spectrum including, but not limited to, venture capital, buyout, mezzanine debt, secondaries, distressed credit, special opportunities, infrastructure or real estate exposures.

Due to the broad focus on the whole private equity spectrum, the Sub-Fund will invest opportunistically in each and every private equity fund with the most interesting proposals without being restricted by fixed allocation guidelines. Nevertheless, the Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio across geographies and underlying strategies.

The Investment Advisor's highly exclusive relationships to top fund managers provide significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest directly in private equity funds which may have varying terms and structures including, but not limited to limited partnership structures, feeder structures or even evergreen structures, limited partnership structures and/or indirectly through the sub-funds of the Company and/or of Tiera Capital S.C.A., SICAR, a *société en commandite par actions* qualifying as a *société*

*d'investissement en capital à risque* (SICAR) also managed by the AIFM.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in Euros (EUR) and in US Dollars (USD), unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

### **1.2. Investment Process**

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM.

Through its strong network, the Investment Advisor will assist the AIFM in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds managers;
- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;
- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analyzing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

In private equity fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realizations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private equity fund. However, as common in the private equity environment, potential exit routes for interests in private funds include, *inter alia*, a sale to other investors, a buyout by the management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in Euros (EUR).

## **4. SHARE CLASSES**

### **4.1. Investors Shares**

Two (2) Classes of Investors Shares, all denominated in Euros (EUR), are available for subscription in the Sub-Fund, namely:

- A Shares (the "Class A Shares");
- B Shares (the "Class B Shares")

(altogether the "**Investors Shares**").

For the avoidance of doubt, the commitments subscribed by Investors are considered with segregated referenced positions should they subscribe for Investors Shares directly or indirectly.

#### **4.2. Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

#### **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for up to eighty million Euros (EUR 80,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

#### **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of ten (10) years as from the end of the Investment Period (as defined in section 7.4 below) with three (3) possible consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's investments, at its sole discretion.

#### **7. CAPITAL FUNDING**

##### **7.1. Commitments and Drawdowns**

The Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund from 30 November 2017 until 31 December 2022.

For the purpose of this Sub-Fund, there may be several closings per year (the "Closings", each a "Closing"). The Investors will be permitted to commit to subscribe:

- **A Shares:**
  - A maximum of six million Euros (EUR 6,000,000.-) on the first Closing; and
- **B Shares:**
  - A minimum of five million Euros (EUR 5,000,000.-) on the first Closing; and
  - Thereafter a minimum of one million Euros (EUR 1,000,000.-) annually.

(the "Annual Commitment").

The General Partner has however the right to reject any offer from Investors for any reason or to accept an annual Commitment from the Investors in a higher or lesser amount.

The General Partner may decide, at its discretion, to advance or postpone the date of each Closing; in such case, the Investors will be informed of the amended date of the Closing and the date on which the corresponding part of its commitment has to be paid.

##### **7.2. Drawdowns**

After each Closing, such portions of the Commitments made by the Investors shall be drawn down in successive installments, as determined by the General Partner. The General Partner will give the Investors a seven (7) Business Day prior notice for each drawdown.

Investors Shares issued in relation to each drawdown shall be issued fully paid-up at a subscription price of one hundred Euros (EUR 100.-).

The subscription price of A Shares and B Shares issued must be paid on the relevant drawdown date.

### **7.3. Return of Drawdowns**

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since each Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### **7.4. Investment Period & Drawdown Period**

**Investment Period:** The Investment Period will extend from the first Closing until 31 December 2023, with an optional extension of six (6) months at the sole discretion of the General Partner.

The General Partner will invest the Annual Commitment over a period of twelve (12) months after the respective Closing dates, with an optional extension of six (6) months at the sole discretion of the General Partner.

**Drawdown Period:** Commitments will be called in accordance with section 7.2 until the Sub-Fund's term (i) to fund investments initiated during the Investment Period (ii) for follow-on investments in, or relating to, existing underlying investments, or (iii) to pay relevant ongoing fees and expenses of the Company allocated to the Sub-Fund during its remaining term.

### **8. OVERCOMMITMENT AND LIQUIDITY MANAGEMENT**

The Commitments made by the Sub-Fund in its underlying investments may be higher than the Commitments made by the Investors in the Sub-Fund.

The General Partner will ensure that, at any time of the life of the Sub-Fund, the uncalled Commitments from the underlying investments will not exceed one hundred and fifty percent (150%) of the aggregate of (i) the Investors' uncalled Commitments plus (ii) the cash and/or liquid assets available for the Sub-Fund.

The General Partner will also use from time to time all or part of the distributions received from the Sub-Fund's investments to fund all or part of the capital calls made by the Sub-Fund's investments in order to ensure that the Sub-Fund will meet its obligations with regards to uncalled Commitments.

### **9. REDEMPTIONS**

The Investors may not at their own initiative require the Company to redeem its Investors Shares.

### **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.



## **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The quarterly report provides the Investors with updates on the portfolio of investments.

## **12. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Investors Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Investors Shares, the redemption price will be equal to the last Net Asset Value per relevant Investors Shares calculated by the Administrative Agent.

The Investors will be entitled to receive all proceeds arising from the realization of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 14 below), except in the situation described in section 8.

## **13. RECALL**

The Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them:

- (i) to fund such portion of a reimbursement obligation of the Sub-Fund towards a target fund within the portfolio of investments as provided for in the constitutive/contractual documents of such target fund; or
- (ii) to fund such portion of the Sub-Fund's commitment that would exceed the outstanding Commitments;

provided however that distributions hereunder will not increase the Investors' undrawn Commitments beyond the amounts initially committed by the Investors.

The Investors may be required to recontribute either to the Sub-Fund or directly to the General Partner for recontribution to the target funds.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

The Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out here above.

**14. MANAGEMENT FEE, AIFM  
REMUNERATION, INVESTMENT ADVISORY  
FEE AND OTHER EXPENSES**

**14.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the “**Management Fee**”), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal:

- with respect to Class A Shares, zero percent (0%) per annum;
- with respect to Class B Shares, zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class B Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class B Shares as of the end of the preceding quarter.

The Management Fee will accrue as of the first Closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund in the case no Net Asset Value has been calculated.

**14.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the “**AIFM Remuneration**”), to the exception of the Creation Expenses and the Operating Expenses as referred to in sections 14.5. respectively 14.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner’s service fees.

**14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the “**Investment Advisory Fee**”) will as a rule be paid by the AIFM out of its own

assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

**14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm’s length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund’s investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the “**Portfolio Investments Expenses**”).

**14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the “**Creation Expenses**”) will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay to the AIFM, a fixed fee of twenty thousand Euros (EUR 20,000.-) (exclusive of VAT and tax), payable as soon as practicable.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **14.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Aggregate Commitments of the Sub-Fund.

##### **14.6.1 The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **14.6.2 Operating Expenses**

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the "**Operating Expenses**"). All of the above Operating Expenses will as a rule be paid by the AIFM, excluding any expenses which shall remain borne by the Sub-Fund for regulatory, tax or accounting purposes. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

#### **15. SPECIFIC RISK CONSIDERATIONS**

The Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Portfolio valuation risks:** the Investors should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of *inter alia* sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or the Investors will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, the Investors must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising

the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Drawdown Period:** Amounts Committed to underlying investments during the Investment Period may be drawn down by such underlying investments over their own drawdown period and the Sub-Fund intends to pass on such drawdown notices to the Investors when they come. This is likely to occur over a period that exceeds the Investment Period, so that the Investors may be required to pay and subscribe the relevant portion of their capital contribution over a significant period of time.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for the interests in such underlying private equity funds, whose transfer may be restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.

<b>49. GPE SELECTION 5 SUB-FUND</b>
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**1. INVESTMENT OBJECTIVE AND STRATEGY****1.1. *Investment Objective and Strategy***

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private equity funds invested in all kinds of private equity situations across the whole private equity spectrum including, but not limited to, venture capital, buyout, mezzanine debt, secondaries, distressed credit, special opportunities, infrastructure or real estate exposures.

Due to the broad focus on the whole private equity spectrum, the Sub-Fund will invest opportunistically in each and every private equity fund with the most interesting proposals without being restricted by fixed allocation guidelines. Nevertheless, the Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio across geographies and underlying strategies.

The Investment Advisor's highly exclusive relationships to top fund managers provide significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest directly in private equity funds which may have varying terms and structures including, but not limited to limited partnership structures, feeder structures or even evergreen structures, limited partnership structures and/or indirectly through the sub-funds of the Company and/or of Tiera Capital S.C.A., SICAR, a *société en commandite par actions* qualifying as a *société*

*d'investissement en capital à risque* (SICAR) also managed by the AIFM.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in Euros (EUR) and in US Dollars (USD), unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

**1.2. *Investment Process***

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM.

Through its strong network, the Investment Advisor will assist the AIFM in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds managers;
- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;
- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analyzing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

In private equity fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realizations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private equity fund. However, as common in the private equity environment, potential exit routes for interests in private funds include, *inter alia*, a sale to other investors, a buyout by the

management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in Euros (EUR).

## **4. SHARE CLASSES**

### **4.1. Investors Shares**

One (1) Class of Investors Shares, namely A Shares (the "**A Shares**"), is available for subscription in the Sub-Fund.

### **4.2. Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

## **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for up to fifty million Euros (EUR 50,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

## **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of ten (10) years as from the end of the Investment Period (as defined in section 7.4 below) with three (3) possible consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's investments, at its sole discretion.

## **7. CAPITAL FUNDING**

### **7.1. Commitments and Drawdowns**

The Investors are permitted to commit to subscribe for A Shares in the Sub-Fund from 30 November 2017 until 31 December 2022.

For the purpose of this Sub-Fund, there may be several closings per year (the "**Closings**", each a "**Closing**"). The Investors will be permitted to commit to subscribe:

- A minimum of five million Euros (EUR 5,000,000.-) on the first Closing; and
- Thereafter a minimum of one million Euros (EUR 1,000,000.-) annually (the "**Annual Commitment**").

The General Partner has however the right to reject any offer from Investors for any reason or to accept an annual Commitment from the Investors in a higher or lesser amount.

The General Partner may decide, at its discretion, to advance or postpone the date of each Closing; in such case, the Investors will be informed of the amended date of the Closing and the date on which the corresponding part of its commitment has to be paid.

### **7.2. Drawdowns**

After each Closing, such portions of the Commitments made by the Investors shall be drawn down in successive installments, as determined by the General Partner. The General Partner will give the Investors a seven (7) Business Day prior notice for each drawdown.

Class A Shares issued in relation to each drawdown shall be issued fully paid-up at a subscription price of one hundred Euros (EUR 100.-).

The subscription price of A Shares issued must be paid on the relevant drawdown date.

### **7.3. Return of Drawdowns**

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since each Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

#### **7.4. Investment Period & Drawdown Period**

**Investment Period:** The Investment Period will extend from the first Closing until 31 December 2023, with an optional extension of six (6) months at the sole discretion of the General Partner.

The General Partner will invest the Annual Commitment over a period of twelve (12) months after the respective Closing dates, with an optional extension of six (6) months at the sole discretion of the General Partner.

**Drawdown Period:** Commitments will be called in accordance with section 7.2 until the Sub-Fund's term (i) to fund investments initiated during the Investment Period (ii) for follow-on investments in, or relating to, existing underlying investments, or (iii) to pay relevant ongoing fees and expenses of the Company allocated to the Sub-Fund during its remaining term.

#### **8. OVERCOMMITMENT AND LIQUIDITY MANAGEMENT**

The Commitments made by the Sub-Fund in its underlying investments may be higher than the Commitments made by the Investors in the Sub-Fund.

The General Partner will ensure that, at any time of the life of the Sub-Fund, the uncalled Commitments from the underlying investments will not exceed one hundred and fifty percent (150%) of the aggregate of (i) the Investors' uncalled Commitments plus (ii) the cash and/or liquid assets available for the Sub-Fund.

The General Partner will also use from time to time all or part of the distributions received from the Sub-Fund's investments to fund all or part of the capital calls made by the Sub-Fund's investments in order to ensure that the Sub-Fund will meet its

obligations with regards to uncalled Commitments.

#### **9. REDEMPTIONS**

The Investors may not at their own initiative require the Company to redeem its A Shares.

#### **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

#### **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The quarterly report provides the Investors with updates on the portfolio of investments.



## **12. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of A Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of A Shares, the redemption price will be equal to the last Net Asset Value per relevant A Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 14 below), except in the situation described in section 8.

## **13. RECALL**

The Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them:

- (i) to fund such portion of a reimbursement obligation of the Sub-Fund towards a target fund within the portfolio of investments as provided for in the constitutive/contractual documents of such target fund; or
- (ii) to fund such portion of the Sub-Fund's commitment that would exceed the outstanding Commitments;

provided however that distributions hereunder will not increase the Investors' undrawn Commitments beyond the amounts initially committed by the Investors.

The Investors may be required to recontribute either to the Sub-Fund or directly to the General Partner for

recontribution to the target funds.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

The Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out here above.

## **14. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

### ***14.1. Management Fee***

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal zero point forty-five percent (0.45%) per annum (plus value added tax, if applicable) on the aggregate of (i) the Net Asset Value attributable to the Investors Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to the Investors Shares as of the end of the preceding quarter.

### ***14.2. AIFM Remuneration***

Any remuneration payable to the AIFM (the "**AIFM Remuneration**"), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 14.5. respectively 14.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-

Fund, such remuneration shall be deducted from the General Partner's service fees.

#### **14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the "**Investment Advisory Fee**") will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

#### **14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the "**Portfolio Investments Expenses**").

#### **14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the "**Creation Expenses**") will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point five percent (0.5%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-

Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **14.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Aggregate Commitments of the Sub-Fund.

##### **14.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **14.6.2. Operating Expenses**

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the "**Operating Expenses**"). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

### **15. SPECIFIC RISK CONSIDERATIONS**

The Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks

specific to the Sub-Fund's investment objectives and strategy:

**Portfolio valuation risks:** the Investors should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of *inter alia* sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or the Investors will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, the Investors must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the

absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Drawdown Period:** Amounts Committed to underlying investments during the Investment Period may be drawn down by such underlying investments over their own drawdown period and the Sub-Fund intends to pass on such drawdown notices to the Investors when they come. This is likely to occur over a period that exceeds the Investment Period, so that the Investors may be required to pay and subscribe the relevant portion of their capital contribution over a significant period of time.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for the interests in such underlying private equity funds, whose transfer may be restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.

<b>50. EIGHTSTONE SELECTION II SUB-FUND</b>
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## **1. INVESTMENT OBJECTIVE AND STRATEGY**

### **1.1. *Investment Objective and Strategy***

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private equity funds invested in all kinds of private equity situations across the whole private equity spectrum including, but not limited to, venture capital, buyout, mezzanine debt, secondaries, distressed credit, special opportunities or real estate exposures.

Due to the broad focus on the whole private equity spectrum, the Sub-Fund will invest opportunistically in each and every private equity fund with the most interesting proposals without being restricted by fixed allocation guidelines. Nevertheless, the Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio across geographies and underlying strategies.

The Investment Advisor's highly exclusive relationships to top fund managers provide significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest in private equity funds which may have varying terms and structures including, but not limited to limited partnership structures, feeder structures or even evergreen structures, limited partnership structures and/or indirectly through the sub-funds of the Company and/or of Tiera Capital S.C.A., SICAR, a *société en commandite par actions* qualifying as a *société d'investissement en capital à risque*

(SICAR) also managed by the AIFM.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in Euros (EUR) and in US Dollars (USD), unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

### **1.2. *Investment Process***

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM.

Through its strong network, the Investment Advisor will assist the AIFM in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds managers;
- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;
- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analyzing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

In private equity fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realizations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private equity fund. However, as common in the private equity environment, potential exit routes for interests in private funds include, *inter alia*, a sale to other investors, a buyout by the management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in US Dollars (USD).

## **4. SHARE CLASSES**

### **4.1. Investors Shares**

One (1) Class of Investors Shares, namely A Shares (the "**A Shares**"), is available for subscription in the Sub-Fund.

### **4.2. Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

## **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for up to twenty million US Dollars (USD 20,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate

Commitments totalling less than, or in excess of, this amount.

## **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of ten (10) years as from the end of the Investment Period (as defined in section 7.4. below) with three (3) possible consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's investments, at its sole discretion.

## **7. CAPITAL FUNDING**

### ***7.1. Commitments and Drawdowns***

The Investors are permitted to commit to subscribe for A Shares in the Sub-Fund from 14 December 2017 until 30 June 2020.

For the purpose of this Sub-Fund, there may be one (1) or several closings per year (the "**Closings**", each a "**Closing**"). However the General Partner has the right to reject any offer from Investors for any reason.

The General Partner may decide, at its discretion, to advance or postpone the date of each Closing; in such case, the Investors will be informed of the amended date of the Closing and the date on which the corresponding part of its commitment has to be paid.

### ***7.2. Drawdowns***

After each Closing, such portions of the Commitments made by the Investors shall be drawn down in successive installments, as determined by the General Partner. The General Partner will give the Investors a seven (7) Business Day prior notice for each drawdown.

Class A Shares issued in relation to each drawdown shall be issued fully paid-up at a subscription price of one hundred US Dollars (USD 100.-).

The subscription price of A Shares issued must be paid on the relevant drawdown date.

### ***7.3. Return of Drawdowns***

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since each Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### ***7.4. Investment Period & Drawdown Period***

**Investment Period:** The Investment Period will extend from the first Closing until 30 June 2021, with an optional extension of six (6) months at the sole discretion of the General Partner.

**Drawdown Period:** Commitments will be called in accordance with section 7.2 until the Sub-Fund's term (i) to fund investments initiated during the Investment Period (ii) for follow-on investments in, or relating to, existing underlying investments, or (iii) to pay relevant ongoing fees and expenses of the Company allocated to the Sub-Fund during its remaining term.

## **8. OVERCOMMITMENT AND LIQUIDITY MANAGEMENT**

The Commitments made by the Sub-Fund in its underlying investments may be higher than the Commitments made by the Investors in the Sub-Fund.

The General Partner will ensure that, at any time of the life of the Sub-Fund, the uncalled Commitments from the underlying investments will not exceed one hundred and fifteen percent (115%) of the aggregate of (i) the Investors' uncalled Commitment plus (ii) the cash and/or liquid assets available for the Sub-Fund.

The General Partner will also use from time to time all or part of the distributions received from the Sub-Fund's investments to fund all or part of the capital calls made by the Sub-Fund's investments in order to ensure that the Sub-Fund will meet its obligations with regards to uncalled Commitments.

## **9. REDEMPTIONS**

The Investors may not at their own initiative require the Company to redeem its A Shares.

## **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

## **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The quarterly report provides the Investors with updates on the portfolio of investments.

## **12. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of A Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of A Shares, the redemption price will be equal to the last Net Asset Value per relevant A Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 14 below), except in the situation described in section 8.

### **13. RECALL**

The Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them:

- (i) to fund such portion of a reimbursement obligation of the Sub-Fund towards a target fund within the portfolio of investments as provided for in the constitutive/contractual documents of such target fund; or
- (ii) to fund such portion of the Sub-Fund's commitment that would exceed the outstanding Commitments;

provided however that distributions hereunder will not increase the Investors' undrawn Commitments beyond the amounts initially committed by the Investors.

The Investors may be required to recontribute either to the Sub-Fund or directly to the General Partner for recontribution to the target funds.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

The Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out here above.

## **14. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

### **14.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to

receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General Partner.

The Management Fee shall equal:

- Over a period of one (1) year as from the first Closing, zero point three percent (0.3%) per annum (plus value added tax, if applicable) on the aggregate of (i) the Net Asset Value attributable to the A Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to the A Shares as of the end of the preceding quarter;
- Thereafter, zero point three percent (0.3%) per annum (plus value added tax, if applicable) on the Net Asset Value attributable to the A Shares as of the end of the preceding quarter

### **14.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the "**AIFM Remuneration**"), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 14.5. respectively 14.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner's service fees.

### **14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the "**Investment Advisory Fee**") will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.



#### **14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the "**Portfolio Investments Expenses**").

#### **14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the "**Creation Expenses**") will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point five percent (0.5%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **14.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Net Asset Value plus the unfunded portion of the Aggregate Commitments of the Sub-Fund as of the end of each year.

##### **14.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **14.6.2. Operating Expenses**

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the "**Operating Expenses**"). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

#### **15. SPECIFIC RISK CONSIDERATIONS**

The Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Portfolio valuation risks:** the Investors should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of *inter alia* sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General

Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or the Investors will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, the Investors must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the

foregoing, unregulated funds are generally considered to be a higher risk investment.

**Drawdown Period:** Amounts Committed to underlying investments during the Investment Period may be drawn down by such underlying investments over their own drawdown period and the Sub-Fund intends to pass on such drawdown notices to the Investors when they come. This is likely to occur over a period that exceeds the Investment Period, so that the Investors may be required to pay and subscribe the relevant portion of their capital contribution over a significant period of time.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for the interests in such underlying private equity funds, whose transfer may be restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.

<b>51. WPM 2018 SELECTION SUB-FUND</b>
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## **1. INVESTMENT OBJECTIVE AND STRATEGY**

### **1.1. *Investment Objective and Strategy***

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private equity funds invested in all kinds of private equity situations across the whole private equity spectrum including, but not limited to, venture capital, buyout, mezzanine debt, secondaries, distressed credit, special opportunities or real estate exposures.

Due to the broad focus on the whole private equity spectrum, the Sub-Fund will invest opportunistically in each and every private equity fund with the most interesting proposals without being restricted by fixed allocation guidelines. Nevertheless, the Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio across geographies and underlying strategies.

The Investment Advisor's highly exclusive relationships to top fund managers provide significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest in private equity funds which may have varying terms and structures including, but not limited to limited partnership structures, feeder structures or even evergreen structures or limited partnership structures and/or directly or indirectly through the sub-funds of the Company and/or of Tiera Capital S.C.A., SICAR, a *société en commandite par actions* qualifying as a *société*

*d'investissement en capital à risque* (SICAR) also managed by the AIFM.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in Euros (EUR) and in US Dollars (USD), unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

### **1.2. *Investment Process***

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM.

Through its strong network, the Investment Advisor will assist the AIFM in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds managers;
- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;
- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analyzing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

In private equity fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realizations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private equity fund. However, as common in the private equity environment, potential exit routes for interests in private funds include, *inter alia*, a sale to other investors, a buyout by the

management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in Euros (EUR).

## **4. SHARE CLASSES**

### **4.1. Investors Shares**

One (1) Class of Investors Shares, namely A Shares (the "**A Shares**"), is available for subscription in the Sub-Fund.

### **4.2. Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

## **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for up to thirty million Euros (EUR 30,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

## **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of ten (10) years as from the end of the Investment Period (as defined in section 7.4. below) with three (3) possible consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's investments, at its sole discretion.

## **7. CAPITAL FUNDING**

### ***7.1. Commitments and Drawdowns***

One sole Investor is permitted to commit to subscribe for A Shares in the Sub-Fund from 14 December 2017 until 31 December 2019.

For the purpose of this Sub-Fund, there may be one (1) or several closings per year (the "**Closings**", each a "**Closing**"). The Investor will commit to subscribe a minimum of fifteen million Euros (EUR 15,000,000.-) on the first Closing. Such minimum commitment rules are subject however to the General Partner's right to reject any offer from the Investor for any reason or to accept Commitments in a higher or lesser amount.

The General Partner may decide, at its discretion, to advance or postpone the date of each Closing; in such case, the Investor

will be informed of the amended date of the Closing and the date on which the corresponding part of its commitment has to be paid.

### ***7.2. Drawdowns***

After each Closing, the amount of the Commitment subscribed by the Investor shall be drawn down in one unique installment. The General Partner will give the Investor a seven (7) Business Day prior notice for each drawdown.

Class A Shares issued in relation to each drawdown shall be issued fully paid-up at a subscription price of one hundred Euros (EUR 100.-).

The subscription price of A Shares issued must be paid on the relevant drawdown date.

### ***7.3. Return of Drawdowns***

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investor in the event such drawdowns made since each Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### ***7.4. Investment Period & Drawdown Period***

**Investment Period:** The Investment Period will extend from the first Closing until 31 December 2020, with an optional extension of six (6) months at the sole discretion of the General Partner.

## **8. OVERCOMMITMENT AND LIQUIDITY MANAGEMENT**

The Commitments made by the Sub-Fund in its underlying investments may be higher than the Commitments made by the Investor in the Sub-Fund.

The General Partner will ensure that, at any time of the life of the Sub-Fund, the uncalled Commitments from the underlying investments will not exceed one hundred and sixty percent (160%) of the aggregate of (i) the Investor's uncalled Commitment plus (ii) the cash and/or liquid assets available for the Sub-Fund.

The General Partner will also use from time to time all or part of the distributions received from the Sub-Fund's investments to fund all or part of the capital calls made by the Sub-Fund's investments in order to ensure that the Sub-Fund will meet its obligations with regards to uncalled Commitments.

## **9. REDEMPTIONS**

The Investor may not at their own initiative require the Company to redeem its A Shares.

## **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

## **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investor no later than five (5) months after each quarter end. The quarterly report provides the Investor with updates on the portfolio of investments.

## **12. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of A Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of A Shares, the redemption price will be equal to the last Net Asset Value per relevant A Shares calculated by the Administrative Agent.

The Investor will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 14 below), except in the situation described in section 8.

### **13. RECALL**

The Investor may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them:

- (i) to fund such portion of a reimbursement obligation of the Sub-Fund towards a target fund within the portfolio of investments as provided for in the constitutive/contractual documents of such target fund; or
- (ii) to fund such portion of the Sub-Fund's commitment that would exceed the outstanding Commitments;

provided however that distributions hereunder will not increase the Investor's undrawn Commitments beyond the amounts initially committed by the Investor.

The Investor may be required to recontribute either to the Sub-Fund or directly to the General Partner for recontribution to the target funds.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

The Investor should inform himself and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out here above.

### **14. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

#### **14.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to

receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal zero point seven percent (0.7%) per annum (plus value added tax, if applicable) on the Net Asset Value attributable to the A Shares as of the end of the preceding quarter.

#### **14.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the "**AIFM Remuneration**"), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 14.5. respectively 14.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner's service fees.

#### **14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the "**Investment Advisory Fee**") will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

#### **14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses

related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the “**Portfolio Investments Expenses**”).

#### **14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the “**Creation Expenses**”) will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point two percent (0.2%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **14.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Net Asset Value plus the unfunded portion of the Aggregate Commitments of the Sub-Fund as of the end of each year.

##### **14.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **14.6.2. Operating Expenses**

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the “**Operating**

**Expenses**”). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

#### **15. SPECIFIC RISK CONSIDERATIONS**

The Investor is advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Portfolio valuation risks:** the Investor should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of *inter alia* sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or the Investor will realise with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.



**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, the Investors must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Drawdown Period:** Amounts Committed to underlying investments during the Investment Period may be drawn down by such underlying investments over their own drawdown period and the Sub-Fund intends to pass on such drawdown notices to the Investor when they come. This is likely to occur over a period that exceeds the Investment Period, so that the Investor may be required to pay and subscribe the relevant portion of their capital contribution over a significant period of time.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for the interests in such underlying private equity funds, whose transfer may be restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.

<p align="center"><b>52. BRP INVEST SUB-FUND</b></p>
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## **1. INVESTMENT OBJECTIVE AND STRATEGY**

### **1.1. *Investment objective and strategy***

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private equity funds invested in all kinds of private equity situations across the whole private equity spectrum including, but not limited to, venture capital, buyout, mezzanine debt, secondaries, distressed credit, special opportunities or real estate exposures.

Due to the broad focus on the whole private equity spectrum, the Sub-Fund will invest opportunistically in each and every private equity fund with the most interesting proposals without being restricted by fixed allocation guidelines. Nevertheless, the Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio across geographies and underlying strategies.

The Investment Advisor's highly exclusive relationships to top fund managers provide significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest in private equity funds (the "**Portfolio Investments**") which may have varying terms and structures including, but not limited to limited partnership structures, feeder structures or even evergreen structures and/or directly or indirectly through the sub-funds of the Company and/or any other vehicle also managed by the AIFM.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in Euros (EUR) and in US Dollars (USD), unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

### **1.2. *Investment process***

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM and to the General Partner.

Through its strong network, the Investment Advisor will assist the AIFM in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds;
- Maintaining relationship with the network of private equity investors to create proprietary secondary transactions;

- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;
- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches;
- Leveraging its portfolio of secondary funds managers to access secondary co investment opportunities; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM and to the General Partner, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analyzing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

In private equity fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realizations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private equity fund. However, as common in the private equity environment, potential exit routes for interests in private funds include, *inter alia*, a sale to other investors, a buyout by the management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in Euros (EUR).

## **4. SHARE CLASSES**

### **4.1. Investors Shares**

One (1) Class of Investors Shares, namely A Shares (the "**A Shares**"), is available for subscription in the Sub-Fund.

### **4.2. Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

## **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for up to fifty million Euros (EUR 50,000,000.-). At its sole

discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

## **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of twelve (12) years as from the end of the Investment Period (as defined in section 7.4. below) with three (3) possible consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's Portfolio Investments, at its sole discretion.

## **7. CAPITAL FUNDING**

### ***7.1. Commitments and drawdowns***

The Investors are permitted to commit to subscribe for A Shares in the Sub-Fund from 13 January 2020 until 31 December 2023 (the "**Subscription Period**"), unless extended by the General Partner at its sole discretion.

For the purpose of this Sub-Fund, there may be one (1) or several closings per year (the "**Closings**", each a "**Closing**"). The Investors will commit to subscribe a minimum of fifteen million Euros (EUR 15,000,000.-) on the first Closing. For the avoidance of doubt, no new investors will be admitted at subsequent Closings. Such minimum commitment rules are subject however to the General Partner's right to reject any offer from Investors for any reason or to accept Commitments in a higher or lesser amount.

The General Partner may decide, at its discretion, to advance or postpone the date of each Closing; in such case, the Investors will be informed of the amended date of the

relevant Closing and the date on which the corresponding part of their Commitment has to be paid.

### ***7.2. Drawdowns***

After each Closing, such portions of the Commitments made by the Investors shall be drawn down in successive installments, as determined by the General Partner. The General Partner will give the Investors prior notice for each drawdown and the Investors will pay up the relevant portion of their Commitments no later than the date specified on the relevant drawdown notice.

Class A Shares issued in relation to each drawdown shall be issued fully paid-up at a subscription price of one hundred Euros EUR 100.-).

The subscription price of the class A Shares issued must be paid on the relevant drawdown date.

### ***7.3. Return of drawdowns***

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since each Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### ***7.4. Investment Period & Drawdown Period***

**Investment Period:** The Investment Period will extend from the first Closing until 31 December 2024 with an optional extension of six (6) months at the sole discretion of the General Partner (the "**Initial Investment Period**").

After each subsequent Closing, the General Partner may open an additional investment period for a period of twelve (12) months following such Closing with an optional extension of six (6) months (each an “**Additional Investment Period**”).

**Drawdown Period:** Commitments will be called in accordance with section 7.2 until the end of the Sub-Fund’s term (i) to fund investments initiated during the Investment Period (ii) for follow-on investments in, or relating to, existing underlying investments, or (iii) to pay relevant ongoing fees and expenses of the Company allocated to the Sub-Fund during its remaining term.

#### **8. OVERCOMMITMENT AND LIQUIDITY MANAGEMENT**

The Commitments made by the Sub-Fund in its Portfolio Investments may be higher than the Commitments made by the Investors in the Sub-Fund.

The General Partner will ensure that, as from the end of the Subscription Period, the commitments made by the Sub-Fund in its Portfolio Investments will not exceed one hundred and fifty percent (150%) of the Commitments made by the Investors in the Sub-Fund.

In that context, The General Partner will also use from time to time all or part of the distributions received from the Sub-Fund’s Portfolio Investments to fund all or part of the capital calls made by the Sub-Fund’s Portfolio Investments in order to ensure that the Sub-Fund will meet its obligations with regards to uncalled Commitments.

#### **9. MINIMUM COMMITMENT**

Commitments may only be accepted from Eligible Investors investing a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund.

Such minimum commitment rules are subject however to the General Partner’s right to reject any offer from investors for any reason or to accept Commitments in lesser amounts.

#### **10. REDEMPTIONS AND CONVERSIONS**

The Investors may not at their own initiative require the Company to redeem its A Shares.

Investors are not authorised to convert their Investors Shares from this Sub-Fund into another Sub-Fund.

#### **11. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

#### **12. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a

quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The quarterly report provides the Investors with updates on the Portfolio Investments.

### **13. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of A Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of A Shares, the redemption price will be equal to the last Net Asset Value per relevant A Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's Portfolio Investments after the deduction of the relevant fees and expenses (pursuant to section 15 below), except in the situation described in section 8.

### **14. RECALL**

The Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them:

- (i) to fund such portion of a reimbursement obligation of the Sub-Fund towards the Portfolio Investments as provided for in the constitutive/contractual documents of the relevant Portfolio Investment; or
- (ii) to fund such portion of the Sub-Fund's commitment that would exceed the outstanding Commitments;

provided however that distributions hereunder will not increase the Investors' undrawn Commitments beyond the amounts initially committed by the Investors.

The Investors may be required to recontribute either to the Sub-Fund or directly to the General Partner for recontribution to the Portfolio Investments.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

The Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out here above.

### **15. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

#### **15.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the Net Asset Value of the Sub-Fund attributable to the A Shares as of the end of the preceding quarter.

#### **15.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the "**AIFM Remuneration**"), with the exception of the Creation Expenses and the Operating Expenses as referred below in sections 15.5

and 15.6.2 respectively, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner's service fees.

### **15.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the "**Investment Advisory Fee**") will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

### **15.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the "**Portfolio Investments Expenses**").

### **15.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the "**Creation Expenses**") will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point two percent

(0.2%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

### **15.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Net Asset Value plus the unfunded portion of the Aggregate Commitments of the Sub-Fund as of the end of each year.

#### **15.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

#### **15.6.2. Operating Expenses**

The operating expenses include the Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees, any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the "**Operating Expenses**"). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

## **16. SPECIFIC RISK CONSIDERATIONS**

Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Risk of capital loss:** An investment in private equity is long term and with no certainty of return. The value of an interest and the distributions in respect of them can fluctuate down as well as up and an Investor may get back less than it contributed to the Sub-Fund or lose its entire investment.

**Portfolio valuation risks:** Prospective Investors should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of *inter alia* sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or any Investors will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these

vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, Investors must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Drawdown Period:** Amounts Committed to underlying investments during the Investment Period may be drawn down by such underlying investments over their own drawdown period and the Sub-Fund intends to pass on such drawdown notices to the Investors when they come. This is likely to occur over a period that exceeds the Investment Period, so that the Investors may be required to pay and subscribe the relevant portion of their capital contribution over a significant period of time.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for the interests in such underlying private equity funds, whose transfer may be



restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.

**Unpredictability of distributions:** Return of capital and realization of gains, if any, on investments will generally occur only upon the distribution or other disposition by the Sub-Fund's underlying private equity funds of portfolio company securities, which may not occur for several years after the Sub-Fund's initial investments. Such distributions are likely to be unpredictable and may occur earlier than or later than anticipated by the managers. Investors should not expect significant returns for a period of years after their investment is made.

**Portfolio company risks:** The Portfolio Investments in which the private equity funds will invest may invest in companies that involve a high degree of business or financial risk. They may be start-ups or in an early stage of development, may be distressed or have operating losses or significant variations in operating results and may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence. The companies may also be experiencing or are expected to experience financial difficulties, which may never be overcome. In addition, they may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, or may otherwise have a weak financial condition. Portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities and a larger number of qualified managerial and technical personnel. In addition, in the event that the company does not perform as anticipated or

incurs unanticipated liabilities, high leverage will magnify the adverse effect on the value of the equity of the company and could result in substantial diminution in or the total loss of an equity investment in the company. The return generated by the relevant portfolio companies will also depend on the level of interest charged under such debt and, consequently, may vary in function of the variations in interest rates.

<p><b>53. METAPHORA PE SELECTION SUB-FUND</b></p>
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## 1. INVESTMENT OBJECTIVE AND STRATEGY

### 1.1. *Investment Objective and Strategy*

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private equity funds and co-investments invested in all kinds of private equity strategies across the whole private equity spectrum including, but not limited to, venture capital, buyout, mezzanine debt, secondaries, distressed credit or special opportunities.

The Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio.

The Investment Advisor's highly exclusive relationships to top fund managers provide significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest in private equity funds (the "**Portfolio Investments**") which may have varying terms and structures including, but not limited to limited partnership structures, feeder structures or even evergreen structures or limited partnership structures and/or directly or indirectly through the sub-funds of the Company and/or of Tiera Capital S.C.A., SICAR, a *société en commandite par actions* qualifying as a *société d'investissement en capital à risque* (SICAR) also managed by the AIFM.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in Euros (EUR), unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

### 1.2. *Investment Process*

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM.

Through its strong network, the Investment Advisor will assist the AIFM in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds managers;

- Maintaining relationships with the network of private equity investors to create proprietary secondary transactions;
- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;
- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches;
- Leveraging its portfolio of secondary funds managers to access secondary co-investment opportunities; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analysing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

In private equity fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realizations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private equity fund. However, as common in the private equity environment, potential exit routes for interests in private funds include, *inter alia*,

a sale to other investors, a buyout by the management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in Euros (EUR).

## **4. SHARE CLASSES**

### **4.1. Investors Shares**

One (1) Class of Investors Shares, namely A Shares (the "**A Shares**") denominated in Euros (EUR), is available for subscription in the Sub-Fund, sub-divided into:

- **A-1 Shares** for Investors subscribing below five million Euros (EUR 5,000,000.-);
- **A-2 Shares** for Investors subscribing five million Euros (EUR 5,000,000.-) and above.

#### **4.2. Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

#### **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for up to fifty million Euros (EUR 50,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

#### **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of twelve (12) years as from the end of the Investment Period (as defined in section 7.5 below) with possible consecutive extensions upon the Investor's approval, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's Portfolio Investments, at its sole discretion. Any extension option will be used solely for the purpose of managing the liquidation process of the Sub-Fund, should residual assets subsist at the end of the initial maturity.

#### **7. CAPITAL FUNDING**

##### **7.1. Commitments and Drawdowns**

Investors are permitted to commit to subscribe for A Shares in the Sub-Fund from 26 March 2018 until 31 December 2019, unless extended by the General Partner at its sole discretion.

For the purpose of this Sub-Fund, there may be one (1) or several closings per year (the "Closings", each a "Closing"). The Investors will commit to subscribe a total

minimum of ten million Euros (EUR 10,000,000.-) on the first Closing. Such minimum commitment rules are subject however to the General Partner's right to reject any offer from the Investors for any reason or to accept Commitments in a higher or lesser amount.

Investors, the Commitments of which are accepted on the first closing (the "**First Closing**" and the "**Initial Investors**"), shall be required to pay a portion of their respective committed amounts no later than ninety (90) Business Days following the notification of the First Closing to the Initial Investors, following which A Shares are to be issued fully paid-up at a price of one hundred Euros (EUR 100) each (the "**Subscription Price**") corresponding to the funded Commitment.

##### **7.2. Commitments and Drawdowns after the First Closing**

After the First Closing, Commitments to subscribe A Shares will be accepted from Initial Investors and other investors at such closings ("**Subsequent Closings**" and "**Subsequent Closings Investors**") as determined by the General Partner during a period terminating on 31 December 2019, unless extended by the General Partner (the "**Last Closing**"). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of A Shares and pay up the relevant portion of their Commitments no later than the date specified in the relevant drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to postpone the date of any closing (including the Last Closing); in such case, the Investors will be informed of the amended date of the relevant closing and the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing by a Subsequent Closing Investor:

- (a) the Subsequent Closing Investor shall participate in investments made and fees and expenses (including the Management Fee as defined in the first paragraph of section 15.1 below) incurred by the Sub-Fund prior to its admission and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the First Closing, at the Subscription Price;
- (b) the Subsequent Closing Investor shall pay an additional amount equal to two per cent (2%) per annum, calculated from the date on which the Initial Investors have contributed and paid in their first subscriptions relating to the First Closing up to the date of the capital contributions actually made with respect to the Subsequent Closing in question, and such amount shall be payable to the Sub-Fund (the “**Actualisation Interest**”).

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the First Closing, then the General Partner may change the Subscription Price for A Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such A Shares as of the relevant Subsequent Closing; in which case all such A Shares issued on the same closing shall constitute a separate series. In this case, no Actualization Interest will be due.

### **7.3. Drawdowns**

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the

Commitments made by the Investors shall be drawn down in successive instalments, as determined by the General Partner. The General Partner will give each Investor prior notice for each drawdown.

A Shares issued in relation to each drawdown made after the First Closing shall be issued fully paid-up at a subscription price either (i) equal to the Subscription Price plus, if applicable, the Actualization Interest or (ii) based on the Net Asset Value of such A Shares on such drawdown date, at the General Partner's discretion. If A Shares are issued at a price based on the Net Asset Value per Share, no Actualisation Interest will be due.

The Subscription Price of the A Shares issued after the First Closing shall be paid within the limits specified in the relevant drawdown notice.

### **7.4. Return of Drawdowns**

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since each Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### **7.5. Investment Period & Drawdown Period**

**Investment Period:** The Investment Period will extend from the First Closing until 31 December 2020, with an optional extension of six (6) months at the sole discretion of the General Partner (the “Initial Investment Period”).

After each subsequent Closing, the General Partner may open an additional investment period for a period of eighteen (18) months

following such Closing with an optional extension of six (6) months (each an “Additional Investment Period”).

**Drawdown Period:** Commitments will be called in accordance with section 7.3 until the Sub-Fund’s term (i) to fund investments initiated during the Investment Period (ii) for follow-on investments in, or relating to, existing underlying investments, or (iii) to pay ongoing fees and operating expenses of the Company allocated to the Sub-Fund during its remaining term.

#### **8. OVERCOMMITMENT AND LIQUIDITY MANAGEMENT**

The Commitments made by the Sub-Fund in its underlying investments may be higher than the Commitments made by the Investors in the Sub-Fund.

The General Partner will ensure that, at any time of the life of the Sub-Fund, the uncalled Commitments from the underlying investments will not exceed one hundred and sixty percent (160%) of the aggregate of (i) the Investors uncalled Commitment plus (ii) the cash and/or liquid assets available for the Sub-Fund.

The General Partner will also use from time to time all or part of the distributions received from the Sub-Fund’s investments to fund all or part of the capital calls made by the Sub-Fund’s investments in order to ensure that the Sub-Fund will meet its obligations with regards to uncalled Commitments.

#### **9. MINIMUM COMMITMENT**

Commitments may only be accepted from Eligible Investors investing a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund.

Such minimum commitment rules are subject however to the General Partner’s right to reject any offer from investors for any reason or to accept Commitments in lesser amounts.

#### **10. REDEMPTIONS**

The Investors may not at their own initiative require the Company to redeem their A Shares.

#### **11. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

#### **12. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The

quarterly report provides the Investors with updates on the portfolio of investments.

### **13. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of A Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of A Shares, the redemption price will be equal to the last Net Asset Value per relevant A Shares calculated by the Administrative Agent.

The Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 15 below), except in the situation described in section 8.

### **14. RECALL**

The Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them:

- (i) to fund such portion of a reimbursement obligation of the Sub-Fund towards the Portfolio Investments as provided for in the constitutive/contractual documents of such Portfolio Investment; or
- (ii) to fund such portion of the Sub-Fund's commitment that would exceed the outstanding Commitments;

provided however that distributions hereunder will not increase the Investors undrawn Commitments beyond the amounts initially committed by the Investors.

The Investors may be required to recontribute either to the Sub-Fund or

directly to the General Partner for recontribution to the Portfolio Investments.

The above mentioned callable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

The Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out here above.

### **15. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

#### **15.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal to:

- With respect to A-1 Shares, one percent (1%) per annum (plus value added tax, if applicable) on the aggregate of (i) the Net Asset Value attributable to A-1 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to A-1 Shares as of the end of the preceding quarter;
- With respect to A-2 Shares, zero point five percent (0.5%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to A-2 Shares plus (ii) the unfunded

portion of the Aggregate Commitments of the Sub-Fund attributable to A-2 Shares as of the end of the preceding quarter.

The Management Fee will accrue as of the First Closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualisation Interest.

### **15.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the “**AIFM Remuneration**”), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 15.5. respectively 15.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner’s service fees.

### **15.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the “**Investment Advisory Fee**”) will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

### **15.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not

implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm’s length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund’s investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the “**Portfolio Investments Expenses**”).

### **15.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the “**Creation Expenses**”) will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point fifteen percent (0.15%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

### **15.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.3%) per annum based on the Net Asset Value plus the unfunded portion of the Aggregate Commitments of the Sub-Fund as of the end of each year.

#### **15.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.



### 15.6.2. Operating Expenses

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the “**Operating Expenses**”). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

### 16. SPECIFIC RISK CONSIDERATIONS

The Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Risk of capital loss:** An investment in private equity is long term and with no certainty of return. The value of an interest and the distributions in respect of them can fluctuate down as well as up and an Investor may get back less than it contributed to the Sub-Fund or lose its entire investment.

**Portfolio valuation risks:** Prospective investors should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of inter alia sectors, geographies, financial statements formats, reference currencies, accounting principles, types and

liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or any Investor will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, investors must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to

investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for the interests in such underlying private equity funds, whose transfer may be restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.

**Unpredictability of distributions:** Return of capital and realization of gains, if any, on investments will generally occur only upon the distribution or other disposition by the Sub-Fund's underlying private equity funds of portfolio company securities, which may not occur for several years after the Sub-Fund's initial investments. Such distributions are likely to be unpredictable and may occur earlier than or later than anticipated by the managers. Investors should not expect significant returns for a period of years after their investment is made.

**Control of invested funds:** The private equity funds generally will not have the right to participate in the day-to-day management, control or operations of the underlying funds in which they are investing, nor will they have the right to remove the managers thereof. The private equity funds will also not necessarily have the opportunity to evaluate the relevant economic, financial and other information which will be utilized by the underlying funds in which they are investing in their selection, structuring, monitoring and disposition of investments.

**Portfolio company risks:** The portfolio investments in which the private equity

funds will invest may invest in companies that involve a high degree of business or financial risk. They may be start-ups or in an early stage of development, may be distressed or have operating losses or significant variations in operating results and may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence. The companies may also be experiencing or are expected to experience financial difficulties, which may never be overcome. In addition, they may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, or may otherwise have a weak financial condition. Portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities and a larger number of qualified managerial and technical personnel. In addition, in the event that the company does not perform as anticipated or incurs unanticipated liabilities, high leverage will magnify the adverse effect on the value of the equity of the company and could result in substantial diminution in or the total loss of an equity investment in the company. The return generated by the relevant portfolio companies will also depend on the level of interest charged under such debt and, consequently, may vary in function of the variations in interest rates.

<b>54. METAPHORA PE RE SELECTION SUB-FUND</b>
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## **1. INVESTMENT OBJECTIVE AND STRATEGY**

### **1.1. *Investment Objective and Strategy***

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private equity real estate and infrastructure funds and co-investments pursuing core, value added and opportunistic investments into real estate assets or companies in North America, Europe, Asia and Africa.

The eligible private equity real estate and infrastructure investments will be accessed through the primary or secondary market and will primarily focus on real estate-related strategies including, but not limited to equity corporate investments, structure mezzanine debt, preferred equity investments or distressed for control transactions.

The Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio.

The Investment Advisor's highly exclusive relationships to top fund managers provide significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest in private equity funds (the "**Portfolio Investments**") which may have varying terms and structures including, but not limited to limited partnership structures, feeder structures or even evergreen structures or limited partnership structures and/or directly or indirectly through the sub-funds of the Company and/or of Tiera

Capital S.C.A., SICAR, a *société en commandite par actions* qualifying as a *société d'investissement en capital à risque* (SICAR) also managed by the AIFM.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in Euros (EUR), unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

### **1.2. *Investment Process***

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM.

Through its strong network, the Investment Advisor will assist the AIFM in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds managers;
- Maintaining relationships with the network of private equity investors to create proprietary secondary transactions;
- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;
- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches;
- Leveraging its portfolio of secondary funds managers to access secondary co-investment opportunities; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analysing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

In private equity fund investments, the general partners and managers of the underlying funds have full discretion

regarding exits and realizations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private equity fund. However, as common in the private equity environment, potential exit routes for interests in private funds include, *inter alia*, a sale to other investors, a buyout by the management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in Euros (EUR).

## **4. SHARE CLASSES**

### **4.1. Investors Shares**

One (1) Class of Investors Shares, namely A Shares (the "**A Shares**") denominated in Euros (EUR), is available for subscription in the Sub-Fund, sub-divided into:

- **A-1 Shares** for Investors subscribing below five million Euros (EUR 5,000,000.-);
- **A-2 Shares** for Investors subscribing five million Euros (EUR 5,000,000.-) and above.

#### **4.2. Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

### **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for up to fifty million Euros (EUR 50,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

### **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of fifteen (15) years as from the end of the Investment Period (as defined in section 7.5 below) with possible consecutive extensions upon the Investor's approval, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's Portfolio Investments, at its sole discretion. Any extension option will be used solely for the purpose of managing the liquidation process of the Sub-Fund, should residual assets subsist at the end of the initial maturity.

### **7. CAPITAL FUNDING**

#### **7.1. Commitments and Drawdowns**

Investors are permitted to commit to subscribe for A Shares in the Sub-Fund from 26 March 2018 until 31 December

2019, unless extended by the General Partner at its sole discretion.

For the purpose of this Sub-Fund, there may be one (1) or several closings per year (the "**Closings**", each a "**Closing**"). The Investors will commit to subscribe a total minimum of ten million Euros (EUR 10,000,000.-) on the first Closing. Such minimum commitment rules are subject however to the General Partner's right to reject any offer from the Investors for any reason or to accept Commitments in a higher or lesser amount.

Investors, the Commitments of which are accepted on the first closing (the "**First Closing**" and the "**Initial Investors**"), shall be required to pay a portion of their respective committed amounts no later than ninety (90) Business Days following the notification of the First Closing to the Initial Investors, following which A Shares are to be issued fully paid-up at a price of one hundred Euros (EUR 100) each (the "**Subscription Price**") corresponding to the funded Commitment.

#### **7.2. Commitments and Drawdowns after the First Closing**

After the First Closing, Commitments to subscribe A Shares will be accepted from Initial Investors and other investors at such closings ("**Subsequent Closings**" and "**Subsequent Closings Investors**") as determined by the General Partner during a period terminating on 31 December 2019, unless extended by the General Partner (the "**Last Closing**"). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of A Shares and pay up the relevant portion of their Commitments no later than the date specified in the relevant drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to postpone the date of any

closing (including the Last Closing); in such case, the Investors will be informed of the amended date of the relevant closing and the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing by a Subsequent Closing Investor:

- (a) the Subsequent Closing Investor shall participate in investments made and fees and expenses (including the Management Fee as defined in the first paragraph of section 15.1 below) incurred by the Sub-Fund prior to its admission and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the First Closing, at the Subscription Price;
- (b) the Subsequent Closing Investor shall pay an additional amount equal to two per cent (2%) per annum, calculated from the date on which the Initial Investors have contributed and paid in their first subscriptions relating to the First Closing up to the date of the capital contributions actually made with respect to the Subsequent Closing in question, and such amount shall be payable to the Sub-Fund (the "**Actualisation Interest**").

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the First Closing, then the General Partner may change the Subscription Price for A Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such A Shares as of the relevant Subsequent Closing; in which case all such A Shares issued on the same closing shall constitute a separate series. In this case, no Actualization Interest will be due.

### **7.3. Drawdowns**

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the Commitments made by the Investors shall be drawn down in successive instalments, as determined by the General Partner. The General Partner will give each Investor prior notice for each drawdown.

A Shares issued in relation to each drawdown made after the First Closing shall be issued fully paid-up at a subscription price either (i) equal to the Subscription Price plus, if applicable, the Actualization Interest or (ii) based on the Net Asset Value of such A Shares on such drawdown date, at the General Partner's discretion. If A Shares are issued at a price based on the Net Asset Value per Share, no Actualisation Interest will be due.

The Subscription Price of the A Shares issued after the First Closing shall be paid within the limits specified in the relevant drawdown notice.

### **7.4. Return of Drawdowns**

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since each Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### **7.5. Investment Period & Drawdown Period**

**Investment Period:** The Investment Period will extend from the First Closing until 31

December 2021, with an optional extension of six (6) months at the sole discretion of the General Partner (the “**Initial Investment Period**”).

After each subsequent Closing, the General Partner may open an additional investment period for a period of eighteen (18) months following such Closing with an optional extension of six (6) months (each an “**Additional Investment Period**”).

**Drawdown Period:** Commitments will be called in accordance with section 7.3 until the Sub-Fund’s term (i) to fund investments initiated during the Investment Period (ii) for follow-on investments in, or relating to, existing underlying investments, or (iii) to pay ongoing fees and operating expenses of the Company allocated to the Sub-Fund during its remaining term.

#### **8. OVERCOMMITMENT AND LIQUIDITY MANAGEMENT**

The Commitments made by the Sub-Fund in its underlying investments may be higher than the Commitments made by the Investors in the Sub-Fund.

The General Partner will ensure that, at any time of the life of the Sub-Fund, the uncalled Commitments from the underlying investments will not exceed one hundred and sixty percent (160%) of the aggregate of (i) the Investors uncalled Commitment plus (ii) the cash and/or liquid assets available for the Sub-Fund.

The General Partner will also use from time to time all or part of the distributions received from the Sub-Fund’s investments to fund all or part of the capital calls made by the Sub-Fund’s investments in order to ensure that the Sub-Fund will meet its obligations with regards to uncalled Commitments.

#### **9. MINIMUM COMMITMENT**

Commitments may only be accepted from Eligible Investors investing a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund.

Such minimum commitment rules are subject however to the General Partner’s right to reject any offer from investors for any reason or to accept Commitments in lesser amounts.

#### **10. REDEMPTIONS**

The Investors may not at their own initiative require the Company to redeem their A Shares.

#### **11. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

#### **12. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit

and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The quarterly report provides the Investors with updates on the portfolio of investments.

### **13. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of A Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of A Shares, the redemption price will be equal to the last Net Asset Value per relevant A Shares calculated by the Administrative Agent.

The Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 15 below), except in the situation described in section 8.

### **14. RECALL**

The Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them:

- (i) to fund such portion of a reimbursement obligation of the Sub-Fund towards the Portfolio Investments as provided for in the constitutive/contractual documents of such Portfolio Investment; or

- (ii) to fund such portion of the Sub-Fund's commitment that would exceed the outstanding Commitments;

provided however that distributions hereunder will not increase the Investors undrawn Commitments beyond the amounts initially committed by the Investors.

The Investors may be required to recontribute either to the Sub-Fund or directly to the General Partner for recontribution to the Portfolio Investments.

The above mentioned callable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

The Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out here above.

### **15. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

#### ***15.1. Management Fee***

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal to:

- With respect to A-1 Shares, one percent (1%) per annum (plus value added tax, if applicable) on the aggregate of (i) the Net Asset Value attributable to the A-1 Shares plus (ii) the unfunded



portion of the Aggregate Commitments of the Sub-Fund attributable to A-1 Shares as of the end of the preceding quarter;

- With respect to A-2 Shares, zero point five percent (0.5%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to A-2 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to A-2 Shares as of the end of the preceding quarter.

The Management Fee will accrue as of the First Closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualisation Interest.

#### **15.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the “**AIFM Remuneration**”), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 15.5. respectively 15.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner’s service fees.

#### **15.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the “**Investment Advisory Fee**”) will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees

shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

#### **15.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm’s length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund’s investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the “**Portfolio Investments Expenses**”).

#### **15.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the “**Creation Expenses**”) will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point fifteen percent (0.15%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **15.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Net Asset Value

plus the unfunded portion of the Aggregate Commitments of the Sub-Fund as of the end of each year.

#### 15.6.1. The Depositary

The Sub-Fund shall bear the fees and disbursements of the Depositary.

#### 15.6.2. Operating Expenses

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the “**Operating Expenses**”). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

### 16. SPECIFIC RISK CONSIDERATIONS

The Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Risk of capital loss:** An investment in private equity is long term and with no certainty of return. The value of an interest and the distributions in respect of them can fluctuate down as well as up and an Investor

may get back less than it contributed to the Sub-Fund or lose its entire investment.

**Portfolio valuation risks:** Prospective investors should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of inter alia sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or any Investor will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, investors must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the

absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for the interests in such underlying private equity funds, whose transfer may be restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.

**Unpredictability of distributions:** Return of capital and realization of gains, if any, on investments will generally occur only upon the distribution or other disposition by the Sub-Fund's underlying private equity funds of portfolio company securities, which may not occur for several years after the Sub-Fund's initial investments. Such distributions are likely to be unpredictable and may occur earlier than or later than anticipated by the managers. Investors should not expect significant returns for a period of years after their investment is made.

**Control of invested funds:** The private equity funds generally will not have the right to participate in the day-to-day management, control or operations of the underlying funds in which they are investing, nor will they have the right to remove the managers thereof. The private equity funds will also not necessarily have the

opportunity to evaluate the relevant economic, financial and other information which will be utilized by the underlying funds in which they are investing in their selection, structuring, monitoring and disposition of investments.

**Portfolio company risks:** The portfolio investments in which the private equity funds will invest may invest in companies that involve a high degree of business or financial risk. They may be start-ups or in an early stage of development, may be distressed or have operating losses or significant variations in operating results and may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence. The companies may also be experiencing or are expected to experience financial difficulties, which may never be overcome. In addition, they may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, or may otherwise have a weak financial condition. Portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities and a larger number of qualified managerial and technical personnel. In addition, in the event that the company does not perform as anticipated or incurs unanticipated liabilities, high leverage will magnify the adverse effect on the value of the equity of the company and could result in substantial diminution in or the total loss of an equity investment in the company. The return generated by the relevant portfolio companies will also depend on the level of interest charged under such debt and, consequently, may vary in function of the variations in interest rates.

<p><b>55. EUROPEAN PRIVATE EQUITY OPPORTUNITIES VIII SUB-FUND</b></p>
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## **1. INVESTMENT OBJECTIVE AND STRATEGY**

### **1.1. *Investment Objective and Strategy***

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private equity funds mainly invested in European headquartered companies across diverse strategies including, but not limited to leveraged buyout transactions, growth capital transactions and special situations.

The Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio.

The Investment Advisor's highly exclusive relationships to top fund managers provides significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest in private equity funds (the "**Portfolio Investments**") which may have varying terms and structures including, but not limited to limited partnership structures or even evergreen structures and/or indirectly through the sub-funds of the Company and/or of Tiera Capital S.C.A., SICAR, a *société en commandite par actions* qualifying as a *société d'investissement en capital à risque* (SICAR) also managed by the AIFM.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in Euros (EUR), unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

### **1.2. *Investment Process***

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM and to the General Partner.

Through its strong network, the Investment Advisor will assist the AIFM and the General Partner in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds;

- Maintaining relationships with the network of private equity investors to create proprietary secondary transactions;
- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;
- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches;
- Leveraging its portfolio of secondary funds managers to access secondary co-investment opportunities; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM and to the General Partner, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analyzing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

The investments in private equity funds are passive investments meaning that the Board has no influence over exits. In private equity fund investments, the general partners and managers of the underlying funds have full

discretion regarding exits and realizations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private equity fund. However, as common in the private equity environment, potential exit routes for interests in private funds include, *inter alia*, a sale to other investors, a buyout by the management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in Euros (EUR).

## **4. SHARE CLASSES**

### **4.1 Investors Shares**

Four (4) Classes of Investors Shares, all denominated in Euros (EUR), are available for subscription in the Sub-Fund, namely:

- A Shares (the “**Class A Shares**”) sub-divided into:
  - o **Class A-1 Shares** for Investors subscribing below five hundred thousand Euros (EUR 500,000.-);
  - o **Class A-2 Shares** for Investors subscribing five hundred thousand Euros (EUR 500,000.-) and above but below one million Euros (EUR 1,000,000.-); and
  - o **Class A-3 Shares** for Investors subscribing one million Euros (EUR 1,000,000.-) and above.
- B Shares (the “**Class B Shares**”);
- C Shares (the “**Class C Shares**”);
- D Shares (the “**Class D Shares**”);

(altogether the “**Investors Shares**”).

For the avoidance of doubt, the commitments subscribed by Investors are considered with segregated referenced positions should they subscribe for Investors Shares directly or indirectly.

The following Classes of Investors Shares are, at the sole discretion of the General Partner, reserved to Investors having concluded with any of the entities of CA Indosuez Wealth Management (“**CA Indosuez Wealth Management**”) a services agreement or equivalent with respect to private equity investments (the “**Private Equity Agreement**”):

- the Class A Shares;
- the Class B Shares, it being understood that such Class of Shares is reserved to Investors managed by the AIFM;
- the Class C Shares, it being understood that such Class of Shares is reserved to Investors

having also concluded a specific remuneration agreement with any of the entities of CA Indosuez Wealth Management (the “**Specific Remuneration Agreement**”).

The General Partner reserves the right to accept or reject, at its sole discretion, any subscription into Class A-1, A-2 and A-3 Shares regardless of the amount subscribed.

The following Classes of Investors Shares are reserved to Investors having not concluded with any of the entities of CA Indosuez Wealth Management a Private Equity Agreement:

- the Class D Shares.

Notwithstanding the below paragraph, should an Investor having subscribed to Class C Shares terminates the Specific Remuneration Agreement, the General Partner may decide, at its sole discretion, to convert its Class C Shares into Class A Shares.

The General Partner may decide, at its sole discretion, to convert Class A Shares, Class B Shares and/or Class C Shares into Class D Shares should an Investor terminates the Private Equity Agreement.

#### **4.2 Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

### **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for forty million Euros (EUR 40,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

## **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of thirteen (13) years as from the Last Closing (as defined in the first paragraph of section 7.2 below), with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's Portfolio Investments, at its sole discretion.

The investment in a Portfolio Investment may require a substantial length of time to liquidate and there may remain some obligations outstanding for a Portfolio Investment, even if it has closed to liquidation. The liquidation process of the Sub-Fund may consequently require a substantial length of time subsequent to the making of a decision to liquidate the Sub-Fund.

## **7. CAPITAL FUNDING**

### **7.1. Commitments and Drawdowns**

Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund from 26 March 2018 until 31 December 2019, unless extended by the General Partner at its sole discretion.

Investors, the Commitments of which are accepted on the first closing (the "**First Closing**" and the "**Initial Investors**"), shall be required to pay a portion of their respective committed amounts no later than ninety (90) Business Days following the notification of the First Closing to the Initial Investors, following which Investors Shares are to be issued fully paid-up at a price of one hundred Euros (EUR 100) each (the "**Subscription Price**") corresponding to the funded Commitment.

### **7.2. Commitments and Drawdowns after the First Closing**

After the First Closing, Commitments to subscribe Investors Shares will be accepted from Initial Investors and other investors at such closings ("**Subsequent Closings**" and "**Subsequent Closings Investors**") as determined by the General Partner during a period commencing the day after the date of the First Closing, and terminating on 31 December 2019, unless extended by the General Partner (the "**Last Closing**"). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of Investors Shares and pay up the relevant portion of their Commitments no later than the date specified in the relevant drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to postpone the date of any closing (including the Last Closing); in such case, the Investors will be informed of the amended date of the relevant closing and the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing by a Subsequent Closing Investor:

- (a) the Subsequent Closing Investor shall participate in investments made and fees and expenses (including the Management Fee as defined in the first paragraph of section 15.1 below) incurred by the Sub-Fund prior to its admission and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the First Closing, at the Subscription Price;
- (b) the Subsequent Closing Investor shall pay an additional amount

equal to two per cent (2%) per annum, calculated from the date on which the Initial Investors have contributed and paid in their first subscriptions relating to the First Closing up to the date of the capital contributions actually made with respect to the Subsequent Closing in question, and such amount shall be payable to the Sub-Fund (the “**Actualization Interest**”).

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the First Closing, then the General Partner may change the Subscription Price for Investors Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Investors Shares as of the relevant Subsequent Closing; in which case all such Investors Shares issued on the same closing shall constitute a separate series. In this case, no Actualization Interest will be due.

### **7.3. Drawdowns**

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the Commitments made by the Investors shall be drawn down in successive installments, as determined by the General Partner. The General Partner will give each Investor prior notice for each drawdown.

Investors Shares issued in relation to each drawdown made after the First Closing shall be issued fully paid-up at a subscription price equal, at the General Partner's discretion, either (i) to the Subscription Price plus, if applicable, the Actualization Interest or (ii) to the Net Asset Value of such Investors Shares on such drawdown date. If Investors Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The Subscription Price of the Investors Shares issued after the First Closing must be paid within the limits specified in the relevant drawdown notice.

### **7.4. Return of Drawdowns**

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since the First Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the Portfolio Investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

## **8. OVERCOMMITMENT AND LIQUIDITY MANAGEMENT**

The commitments made by the Sub-Fund in its Portfolio Investments may be higher than the Commitments made by the Investor in the Sub-Fund.

The General Partner will ensure that, at any time of the life of the Sub-Fund, the uncalled Commitments from the Portfolio Investments will not exceed one hundred and twenty percent (120%) of the aggregate of (i) the Investor's uncalled Commitments plus (ii) the cash and/or liquid assets available for the Sub-Fund.

In that context, the General Partner will also use from time to time all or part of the distributions received from the Sub-Fund's Portfolio Investments to fund all or part of the capital calls made by the Sub-Fund's Portfolio Investments in order to ensure that the Sub-Fund will meet its obligations with regards to uncalled Commitments.



## **9. MINIMUM COMMITMENT**

Commitments may only be accepted from Eligible Investors investing a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund.

Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept Commitments in lesser amounts.

## **10. REDEMPTIONS AND CONVERSIONS**

An Investor may not at its own initiative require the Company to redeem its Investors Shares.

Investors are not authorised to convert their Investors Shares from this Sub-Fund into another Sub-Fund or from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

The General Partner, however, may decide, under the circumstances described in section 4.1 above or in the best interest of the Investors, to convert Investors Shares from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

## **11. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General

Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

## **12. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The quarterly report provides the Investors with updates on the Portfolio Investments.

## **13. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Investors Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Investors Shares, the redemption price will be equal to the last Net Asset Value per relevant Investors Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's Portfolio Investments after the deduction of the relevant fees and expenses (pursuant to section 15 below), except in the situation described in section 8.

Partner. The Management Fee shall equal to:

#### **14. RECALL**

The Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them to fund such portion of a reimbursement obligation of the Sub-Fund towards the Portfolio Investments as provided for in the constitutive/contractual documents of the relevant the Portfolio Investment, provided however that distributions hereunder will not increase the Investors' undrawn Commitments beyond the amounts initially committed by the Investors.

The Investors may be required to recontribute either to the Sub-Fund or directly to the General Partner for recontribution to the Portfolio Investments.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

The Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out here above.

#### **15. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

##### **15.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General

- with respect to Class A-1 Shares, zero point seventy-five percent (0.75%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-1 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-1 Shares as of the end of the preceding quarter;
- with respect to Class A-2 Shares, zero point sixty-five percent (0.65%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-2 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-2 Shares as of the end of the preceding quarter;
- with respect to Class A-3 Shares, zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-3 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-3 Shares as of the end of the preceding quarter;
- with respect to Class B Shares, zero percent (0%) per annum;
- with respect to Class C Shares zero point twelve percent (0.12%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class C Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund

attributable to Class C Shares as of the end of the preceding quarter;

- with respect to Class D shares, zero point ninety-five percent (0.95%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class D Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class D Shares as of the end of the preceding quarter.

The Management Fee will accrue as of the First Closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

#### **15.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the “**AIFM Remuneration**”), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 15.5, respectively 15.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner’s service fees.

#### **15.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the “**Investment Advisory Fee**”) will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees

shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

#### **15.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm’s length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund’s investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund. (the “**Portfolio Investments Expenses**”).

#### **15.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the “**Creation Expenses**”) will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point five percent (0.5%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **15.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Net Asset Value

plus the unfunded portion of the Aggregate Commitments of the Sub-Fund as of the end of each year.

#### 15.6.1 The Depositary

The Sub-Fund shall bear the fees and disbursements of the Depositary.

#### 15.6.2 Operating Expenses

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the “**Operating Expenses**”). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

### 16. SPECIFIC RISK CONSIDERATIONS

Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Risk of capital loss:** An investment in private equity is long term and with no certainty of return. The value of an interest and the distributions in respect of them can fluctuate down as well as up and an Investor

may get back less than it contributed to the Sub-Fund or lose its entire investment.

**Portfolio valuation risks:** Prospective investors should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of inter alia sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or any Investor will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, investors must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the

absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for the interests in such underlying private equity funds, whose transfer may be restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.

**Unpredictability of distributions:** Return of capital and realization of gains, if any, on investments will generally occur only upon the distribution or other disposition by the Sub-Fund's underlying private equity funds of portfolio company securities, which may not occur for several years after the Sub-Fund's initial investments. Such distributions are likely to be unpredictable and may occur earlier than or later than anticipated by the managers. Investors should not expect significant returns for a period of years after their investment is made.

**Control of invested funds:** The private equity funds generally will not have the right to participate in the day-to-day management, control or operations of the underlying funds in which they are investing, nor will they have the right to remove the managers thereof. The private equity funds

will also not necessarily have the opportunity to evaluate the relevant economic, financial and other information which will be utilized by the underlying funds in which they are investing in their selection, structuring, monitoring and disposition of investments.

**Portfolio company risks:** The portfolio investments in which the private equity funds will invest may invest in companies that involve a high degree of business or financial risk. They may be start-ups or in an early stage of development, may be distressed or have operating losses or significant variations in operating results and may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence. The companies may also be experiencing or are expected to experience financial difficulties, which may never be overcome. In addition, they may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, or may otherwise have a weak financial condition. Portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities and a larger number of qualified managerial and technical personnel. In addition, in the event that the company does not perform as anticipated or incurs unanticipated liabilities, high leverage will magnify the adverse effect on the value of the equity of the company and could result in substantial diminution in or the total loss of an equity investment in the company. The return generated by the relevant portfolio companies will also depend on the level of interest charged under such debt and, consequently, may vary in function of the variations in interest rates.

<p><b>56. FRANCE PRIVATE EQUITY OPPORTUNITIES IV SUB-FUND</b></p>
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## **1. INVESTMENT OBJECTIVE AND STRATEGY**

### **1.1. Investment Objective and Strategy**

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private equity funds mainly invested in French headquartered companies across diverse strategies including, but not limited to leveraged buyout transactions, growth capital transactions and special situations.

The Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio.

The Investment Advisor's highly exclusive relationships to top fund managers provides significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest directly in private equity funds (the "**Portfolio Investments**") which may have varying terms and structures including, but not limited to limited partnership structures and/or indirectly through the sub-funds of the Company and/or of Tiera Capital S.C.A., SICAR, a *société en commandite par actions* qualifying as a *société d'investissement en capital à risque* (SICAR) and Tiera Capital FPCI, a French *fonds professionnel de capital investissement*, also managed by the AIFM.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in Euros (EUR), unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

### **1.2. Investment Process**

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM and to the General Partner.

Through its strong network, the Investment Advisor will assist the AIFM and the General Partner in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds;

- Maintaining relationships with the network of private equity investors to create proprietary secondary transactions;
- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;
- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches;
- Leveraging its portfolio of secondary funds managers to access secondary co-investment opportunities; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM and to the General Partner, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analyzing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

The investments in private equity funds are passive investments meaning that the Board has no influence over exits. In private equity fund investments, the general partners and managers of the underlying funds have full

discretion regarding exits and realizations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private equity fund. However, as common in the private equity environment, potential exit routes for interests in private funds include, *inter alia*, a sale to other investors, a buyout by the management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in Euros (EUR).

## **4. SHARE CLASSES**

### **4.1 Investors Shares**

Four (4) Classes of Investors Shares, all denominated in Euros (EUR), are available for subscription in the Sub-Fund, namely:

- A Shares (the “**Class A Shares**”) sub-divided into:
  - o **Class A-1 Shares** for Investors subscribing below five hundred thousand Euros (EUR 500,000.-);
  - o **Class A-2 Shares** for Investors subscribing five hundred thousand Euros (EUR 500,000.-) and above but below one million Euros (EUR 1,000,000.-); and
  - o **Class A-3 Shares** for Investors subscribing one million Euros (EUR 1,000,000.-) and above.
- B Shares (the “**Class B Shares**”);
- C Shares (the “**Class C Shares**”);
- D Shares (the “**Class D Shares**”);

(altogether the “**Investors Shares**”).

For the avoidance of doubt, the commitments subscribed by Investors are considered with segregated referenced positions should they subscribe for Investors Shares directly or indirectly.

The following Classes of Investors Shares are, at the sole discretion of the General Partner, reserved to Investors having concluded with any of the entities of CA Indosuez Wealth Management (“**CA Indosuez Wealth Management**”) a services agreement or equivalent with respect to private equity investments (the “**Private Equity Agreement**”):

- the Class A Shares;
- the Class B Shares, it being understood that such Class of Shares is reserved to Investors managed by the AIFM;
- the Class C Shares, it being understood that such Class of Shares is reserved to Investors

having also concluded a specific remuneration agreement with any of the entities of CA Indosuez Wealth Management (the “**Specific Remuneration Agreement**”).

The General Partner reserves the right to accept or reject, at its sole discretion, any subscription into Class A-1, A-2 and A-3 Shares regardless of the amount subscribed.

The following Classes of Investors Shares are reserved to Investors having not concluded with any of the entities of CA Indosuez Wealth Management a Private Equity Agreement:

- the Class D Shares.

Notwithstanding the below paragraph, should an Investor having subscribed to Class C Shares terminates the Specific Remuneration Agreement, the General Partner may decide, at its sole discretion, to convert its Class C Shares into Class A Shares.

The General Partner may decide, at its sole discretion, to convert Class A Shares, Class B Shares and/or Class C Shares into Class D Shares should an Investor terminates the Private Equity Agreement.

#### **4.2 Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

### **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for twenty five million Euros (EUR 25,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.



## **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of thirteen (13) years as from the Last Closing (as defined in the first paragraph of section 7.2 below), with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's Portfolio Investments, at its sole discretion.

The investment in a Portfolio Investment may require a substantial length of time to liquidate and there may remain some obligations outstanding for a Portfolio Investment, even if it has closed to liquidation. The liquidation process of the Sub-Fund may consequently require a substantial length of time subsequent to the making of a decision to liquidate the Sub-Fund.

## **7. CAPITAL FUNDING**

### **7.1. Commitments and Drawdowns**

Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund from 26 March 2018 until 31 December 2019, unless extended by the General Partner at its sole discretion.

Investors, the Commitments of which are accepted on the first closing (the "**First Closing**" and the "**Initial Investors**"), shall be required to pay a portion of their respective committed amounts no later than ninety (90) Business Days following the notification of the First Closing to the Initial Investors, following which Investors Shares are to be issued fully paid-up at a price of one hundred Euros (EUR 100) each (the "**Subscription Price**") corresponding to the funded Commitment.

### **7.2. Commitments and Drawdowns after the First Closing**

After the First Closing, Commitments to subscribe Investors Shares will be accepted from Initial Investors and other investors at such closings ("**Subsequent Closings**" and "**Subsequent Closings Investors**") as determined by the General Partner during a period commencing the day after the date of the First Closing, and terminating on 31 December 2019, unless extended by the General Partner (the "**Last Closing**"). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of Investors Shares and pay up the relevant portion of their Commitments no later than the date specified in the relevant drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to postpone the date of any closing (including the Last Closing); in such case, the Investors will be informed of the amended date of the relevant closing and the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing by a Subsequent Closing Investor:

- (a) the Subsequent Closing Investor shall participate in investments made and fees and expenses (including the Management Fee as defined in the first paragraph of section 15.1 below) incurred by the Sub-Fund prior to its admission and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the First Closing, at the Subscription Price;
- (b) the Subsequent Closing Investor shall pay an additional amount

equal to two per cent (2%) per annum, calculated from the date on which the Initial Investors have contributed and paid in their first subscriptions relating to the First Closing up to the date of the capital contributions actually made with respect to the Subsequent Closing in question, and such amount shall be payable to the Sub-Fund (the “**Actualization Interest**”).

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the First Closing, then the General Partner may change the Subscription Price for Investors Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Investors Shares as of the relevant Subsequent Closing; in which case all such Investors Shares issued on the same closing shall constitute a separate series. In this case, no Actualization Interest will be due.

### **7.3. Drawdowns**

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the Commitments made by the Investors shall be drawn down in successive installments, as determined by the General Partner. The General Partner will give each Investor prior notice for each drawdown.

Investors Shares issued in relation to each drawdown made after the First Closing shall be issued fully paid-up at a subscription price equal, at the General Partner's discretion, either (i) to the Subscription Price plus, if applicable, the Actualization Interest or (ii) to the Net Asset Value of such Investors Shares on such drawdown date. If Investors Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The Subscription Price of the Investors Shares issued after the First Closing must be paid within the limits specified in the relevant drawdown notice.

### **7.4. Return of Drawdowns**

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since the First Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the Portfolio Investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

## **8. OVERCOMMITMENT AND LIQUIDITY MANAGEMENT**

The commitments made by the Sub-Fund in its Portfolio Investments may be higher than the Commitments made by the Investor in the Sub-Fund.

The General Partner will ensure that, at any time of the life of the Sub-Fund, the uncalled Commitments from the Portfolio Investments will not exceed one hundred and twenty percent (120%) of the aggregate of (i) the Investor's uncalled Commitments plus (ii) the cash and/or liquid assets available for the Sub-Fund.

In that context, the General Partner will also use from time to time all or part of the distributions received from the Sub-Fund's Portfolio Investments to fund all or part of the capital calls made by the Sub-Fund's Portfolio Investments in order to ensure that the Sub-Fund will meet its obligations with regards to uncalled Commitments.

## **9. MINIMUM COMMITMENT**

Commitments may only be accepted from Eligible Investors investing a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund.

Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept Commitments in lesser amounts.

## **10. REDEMPTIONS AND CONVERSIONS**

An Investor may not at its own initiative require the Company to redeem its Investors Shares.

Investors are not authorised to convert their Investors Shares from this Sub-Fund into another Sub-Fund or from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

The General Partner, however, may decide, under the circumstances described in section 4.1 above or in the best interest of the Investors, to convert Investors Shares from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

## **11. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General

Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

## **12. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The quarterly report provides the Investors with updates on the Portfolio Investments.

## **13. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Investors Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Investors Shares, the redemption price will be equal to the last Net Asset Value per relevant Investors Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's Portfolio Investments after the deduction of the relevant fees and expenses (pursuant to section 15 below), except in the situation described in section 8.

#### **14. RECALL**

The Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them to fund such portion of a reimbursement obligation of the Sub-Fund towards the Portfolio Investments as provided for in the constitutive/contractual documents of the relevant the Portfolio Investment, provided however that distributions hereunder will not increase the Investors' undrawn Commitments beyond the amounts initially committed by the Investors.

The Investors may be required to recontribute either to the Sub-Fund or directly to the General Partner for recontribution to the Portfolio Investments.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

The Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out here above.

#### **15. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

##### **15.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal to:

- with respect to Class A-1 Shares, zero point seventy-five percent (0.75%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-1 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-1 Shares as of the end of the preceding quarter;
- with respect to Class A-2 Shares, zero point sixty-five percent (0.65%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-2 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-2 Shares as of the end of the preceding quarter;
- with respect to Class A-3 Shares, zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-3 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-3 Shares as of the end of the preceding quarter;
- with respect to Class B Shares, zero percent (0%) per annum;
- with respect to Class C Shares zero point twelve percent (0.12%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class C Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class C Shares as of the end of the preceding quarter;

- with respect to Class D shares, zero point ninety-five percent (0.95%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class D Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class D Shares as of the end of the preceding quarter.

The Management Fee will accrue as of the First Closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

### **15.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the “**AIFM Remuneration**”), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 15.5, respectively 15.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner’s service fees.

### **15.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the “**Investment Advisory Fee**”) will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

### **15.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm’s length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund’s investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund. (the “**Portfolio Investments Expenses**”).

### **15.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the “**Creation Expenses**”) will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point five percent (0.5%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

### **15.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Net Asset Value plus the unfunded portion of the Aggregate Commitments of the Sub-Fund as of the end of each year.

### 15.6.1 The Depositary

The Sub-Fund shall bear the fees and disbursements of the Depositary.

### 15.6.2 Operating Expenses

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the “**Operating Expenses**”). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

## **16. SPECIFIC RISK CONSIDERATIONS**

Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Risk of capital loss:** An investment in private equity is long term and with no certainty of return. The value of an interest and the distributions in respect of them can fluctuate down as well as up and an Investor may get back less than it contributed to the Sub-Fund or lose its entire investment.

**Portfolio valuation risks:** Prospective investors should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of inter alia sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or any Investor will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, investors must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising

the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for the interests in such underlying private equity funds, whose transfer may be restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.

**Unpredictability of distributions:** Return of capital and realization of gains, if any, on investments will generally occur only upon the distribution or other disposition by the Sub-Fund's underlying private equity funds of portfolio company securities, which may not occur for several years after the Sub-Fund's initial investments. Such distributions are likely to be unpredictable and may occur earlier than or later than anticipated by the managers. Investors should not expect significant returns for a period of years after their investment is made.

**Control of invested funds:** The private equity funds generally will not have the right to participate in the day-to-day management, control or operations of the underlying funds in which they are investing, nor will they have the right to remove the managers thereof. The private equity funds will also not necessarily have the opportunity to evaluate the relevant economic, financial and other information

which will be utilized by the underlying funds in which they are investing in their selection, structuring, monitoring and disposition of investments.

**Portfolio company risks:** The portfolio investments in which the private equity funds will invest may invest in companies that involve a high degree of business or financial risk. They may be start-ups or in an early stage of development, may be distressed or have operating losses or significant variations in operating results and may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence. The companies may also be experiencing or are expected to experience financial difficulties, which may never be overcome. In addition, they may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, or may otherwise have a weak financial condition. Portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities and a larger number of qualified managerial and technical personnel. In addition, in the event that the company does not perform as anticipated or incurs unanticipated liabilities, high leverage will magnify the adverse effect on the value of the equity of the company and could result in substantial diminution in or the total loss of an equity investment in the company. The return generated by the relevant portfolio companies will also depend on the level of interest charged under such debt and, consequently, may vary in function of the variations in interest rates.

<p style="text-align: center;"><b>57. SECONDARY FUND OPPORTUNITIES SUB-FUND</b></p>
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AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

## **1. INVESTMENT OBJECTIVE AND STRATEGY**

### **1.1. Investment Objective and Strategy**

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality secondary private equity funds, including but not limited to funds acquiring limited partnership interests through secondary market acquisitions in buyout, growth equity funds as well as fund's restructuring or direct interests in portfolios of operating companies.

The Sub-Fund will seek to build, to the extent possible, a well-balanced portfolio of target funds seeking to achieve diversification across a variety of funds, financial sponsors, vintage years, investment strategies, industry sectors and geographies.

The Investment Advisor's highly exclusive relationships to top secondary fund managers provides significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest in private equity funds (the "**Portfolio Investments**") which may have varying terms and structures including, but not limited to limited partnership structures or even evergreen structures.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in US Dollars (USD), unless otherwise decided by the

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

### **1.2. Investment Process**

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity secondary market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM and to the General Partner.

Through its strong network, the Investment Advisor will assist the AIFM and the General Partner in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality secondary funds;
- Maintaining relationships with the network of private equity investors



to create proprietary secondary transactions;

- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;
- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches;
- Leveraging its portfolio of secondary funds managers to access secondary co-investment opportunities; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM and to the General Partner, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analyzing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

The investments in private equity funds are passive investments meaning that the Board has no influence over exits. In private equity fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realizations of portfolio companies. As a result, the exit

from such investments may be closely linked to the term of each such private equity fund. However, as common in the private equity environment, potential exit routes for interests in private funds include, *inter alia*, a sale to other investors, a buyout by the management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in US Dollars (USD).

## **4. SHARE CLASSES**

### **4.1 Investors Shares**

Four (4) Classes of Investors Shares, all denominated in US Dollars (USD), are available for subscription in the Sub-Fund, namely:

- A Shares (the “**Class A Shares**”) sub-divided into:

- **Class A-1 Shares** for Investors subscribing below five hundred thousand US Dollars (USD 500,000.-);
- **Class A-2 Shares** for Investors subscribing five hundred thousand US Dollars (USD 500,000.-) and above but below one million US Dollars (USD 1,000,000.-); and
- **Class A-3 Shares** for Investors subscribing one million US Dollars (USD 1,000,000.-) and above.
- B Shares (the “**Class B Shares**”);
- C Shares (the “**Class C Shares**”);
- D Shares (the “**Class D Shares**”);

(altogether the “**Investors Shares**”).

For the avoidance of doubt, the commitments subscribed by Investors are considered with segregated referenced positions should they subscribe for Investors Shares directly or indirectly.

The following Classes of Investors Shares are, at the sole discretion of the General Partner, reserved to Investors having concluded with any of the entities of CA Indosuez Wealth Management (“**CA Indosuez Wealth Management**”) a services agreement or equivalent with respect to private equity investments (the “**Private Equity Agreement**”):

- the Class A Shares;
- the Class B Shares, it being understood that such Class of Shares is reserved to Investors managed by the AIFM;
- the Class C Shares, it being understood that such Class of Shares is reserved to Investors having also concluded a specific

remuneration agreement with any of the entities of CA Indosuez Wealth Management (the “**Specific Remuneration Agreement**”).

The General Partner reserves the right to accept or reject, at its sole discretion, any subscription into Class A-1, A-2 and A-3 Shares regardless of the amount subscribed.

The following Classes of Investors Shares are reserved to Investors having not concluded with any of the entities of CA Indosuez Wealth Management a Private Equity Agreement:

- the Class D Shares.

Notwithstanding the below paragraph, should an Investor having subscribed to Class C Shares terminates the Specific Remuneration Agreement, the General Partner may decide, at its sole discretion, to convert its Class C Shares into Class A Shares.

The General Partner may decide, at its sole discretion, to convert Class A Shares, Class B Shares and/or Class C Shares into Class D Shares should an Investor terminates the Private Equity Agreement.

#### **4.2 Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

### **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for two hundred million US Dollars (USD 200,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

## **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of thirteen (13) years as from the Last Closing (as defined in the first paragraph of section 7.2 below), with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's Portfolio Investments, at its sole discretion.

The investment in a Portfolio Investment may require a substantial length of time to liquidate and there may remain some obligations outstanding for a Portfolio Investment, even if it has closed to liquidation. The liquidation process of the Sub-Fund may consequently require a substantial length of time subsequent to the making of a decision to liquidate the Sub-Fund.

## **7. CAPITAL FUNDING**

### **7.1. Commitments and Drawdowns**

Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund from 26 March 2018 until 31 December 2019, unless extended by the General Partner at its sole discretion.

Investors, the Commitments of which are accepted on the first closing (the **"First Closing"** and the **"Initial Investors"**), shall be required to pay a portion of their respective committed amounts no later than ninety (90) Business Days following the notification of the First Closing to the Initial Investors, following which Investors Shares are to be issued fully paid-up at a price of one hundred US Dollars (USD 100) each (the **"Subscription Price"**) corresponding to the funded Commitment.

### **7.2. Commitments and Drawdowns after the First Closing**

After the First Closing, Commitments to subscribe Investors Shares will be accepted from Initial Investors and other investors at such closings (**"Subsequent Closings"** and **"Subsequent Closings Investors"**) as determined by the General Partner during a period commencing the day after the date of the First Closing, and terminating on 31 December 2019, unless extended by the General Partner (the **"Last Closing"**). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of Investors Shares and pay up the relevant portion of their Commitments no later than the date specified in the relevant drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to postpone the date of any closing (including the Last Closing); in such case, the Investors will be informed of the amended date of the relevant closing and the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing by a Subsequent Closing Investor:

- (a) the Subsequent Closing Investor shall participate in investments made and fees and expenses (including the Management Fee as defined in the first paragraph of section 15.1 below) incurred by the Sub-Fund prior to its admission and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the First Closing, at the Subscription Price;
- (b) the Subsequent Closing Investor shall pay an additional amount equal to two per cent (2%) per

annum, calculated from the date on which the Initial Investors have contributed and paid in their first subscriptions relating to the First Closing up to the date of the capital contributions actually made with respect to the Subsequent Closing in question, and such amount shall be payable to the Sub-Fund (the “**Actualization Interest**”).

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the First Closing, then the General Partner may change the Subscription Price for Investors Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Investors Shares as of the relevant Subsequent Closing; in which case all such Investors Shares issued on the same closing shall constitute a separate series. In this case, no Actualization Interest will be due.

### **7.3. Drawdowns**

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the Commitments made by the Investors shall be drawn down in successive installments, as determined by the General Partner. The General Partner will give each Investor prior notice for each drawdown.

Investors Shares issued in relation to each drawdown made after the First Closing shall be issued fully paid-up at a subscription price equal, at the General Partner's discretion, either (i) to the Subscription Price plus, if applicable, the Actualization Interest or (ii) to the Net Asset Value of such Investors Shares on such drawdown date. If Investors Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The Subscription Price of the Investors Shares issued after the First Closing must be paid within the limits specified in the relevant drawdown notice.

### **7.4. Return of Drawdowns**

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since the First Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the Portfolio Investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

## **8. OVERCOMMITMENT AND LIQUIDITY MANAGEMENT**

The commitments made by the Sub-Fund in its Portfolio Investments may be higher than the Commitments made by the Investor in the Sub-Fund.

The General Partner will ensure that, at any time of the life of the Sub-Fund, the uncalled Commitments from the Portfolio Investments will not exceed one hundred and fifty percent (150%) of the aggregate of (i) the Investor's uncalled Commitments plus (ii) the cash and/or liquid assets available for the Sub-Fund.

In that context, the General Partner will also use from time to time all or part of the distributions received from the Sub-Fund's Portfolio Investments to fund all or part of the capital calls made by the Sub-Fund's Portfolio Investments in order to ensure that the Sub-Fund will meet its obligations with regards to uncalled Commitments.

## **9. MINIMUM COMMITMENT**

Commitments may only be accepted from Eligible Investors investing a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund.

Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept Commitments in lesser amounts.

## **10. REDEMPTIONS AND CONVERSIONS**

An Investor may not at its own initiative require the Company to redeem its Investors Shares.

Investors are not authorised to convert their Investors Shares from this Sub-Fund into another Sub-Fund or from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

The General Partner, however, may decide, under the circumstances described in section 4.1 above or in the best interest of the Investors, to convert Investors Shares from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

## **11. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General

Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

## **12. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The quarterly report provides the Investors with updates on the Portfolio Investments.

## **13. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Investors Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Investors Shares, the redemption price will be equal to the last Net Asset Value per relevant Investors Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's Portfolio Investments after the deduction of the relevant fees and expenses (pursuant to section 15 below), except in the situation described in section 8.

Partner. The Management Fee shall equal to:

#### **14. RECALL**

The Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them to fund such portion of a reimbursement obligation of the Sub-Fund towards the Portfolio Investments as provided for in the constitutive/contractual documents of the relevant the Portfolio Investment, provided however that distributions hereunder will not increase the Investors' undrawn Commitments beyond the amounts initially committed by the Investors.

The Investors may be required to recontribute either to the Sub-Fund or directly to the General Partner for recontribution to the Portfolio Investments.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

The Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out here above.

#### **15. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

##### **15.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General

- with respect to Class A-1 Shares, zero point seventy-five percent (0.75%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-1 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-1 Shares as of the end of the preceding quarter;
- with respect to Class A-2 Shares, zero point sixty-five percent (0.65%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-2 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-2 Shares as of the end of the preceding quarter;
- with respect to Class A-3 Shares, zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-3 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-3 Shares as of the end of the preceding quarter;
- with respect to Class B Shares, zero percent (0%) per annum;
- with respect to Class C Shares zero point twelve percent (0.12%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class C Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund

attributable to Class C Shares as of the end of the preceding quarter;

- with respect to Class D shares, zero point ninety-five percent (0.95%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class D Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class D Shares as of the end of the preceding quarter.

The Management Fee will accrue as of the First Closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

#### **15.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the “**AIFM Remuneration**”), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 15.5, respectively 15.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner’s service fees.

#### **15.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the “**Investment Advisory Fee**”) will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees

shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

#### **15.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm’s length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund’s investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund. (the “**Portfolio Investments Expenses**”).

#### **15.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the “**Creation Expenses**”) will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point five percent (0.5%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **15.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Net Asset Value

plus the unfunded portion of the Aggregate Commitments of the Sub-Fund as of the end of each year.

#### 15.6.1 The Depositary

The Sub-Fund shall bear the fees and disbursements of the Depositary.

#### 15.6.2 Operating Expenses

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the “**Operating Expenses**”). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

### 16. SPECIFIC RISK CONSIDERATIONS

Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Risk of capital loss:** An investment in private equity is long term and with no certainty of return. The value of an interest and the distributions in respect of them can fluctuate down as well as up and an Investor

may get back less than it contributed to the Sub-Fund or lose its entire investment.

**Portfolio valuation risks:** Prospective investors should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of inter alia sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or any Investor will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, investors must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the



absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for the interests in such underlying private equity funds, whose transfer may be restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.

**Unpredictability of distributions:** Return of capital and realization of gains, if any, on investments will generally occur only upon the distribution or other disposition by the Sub-Fund's underlying private equity funds of portfolio company securities, which may not occur for several years after the Sub-Fund's initial investments. Such distributions are likely to be unpredictable and may occur earlier than or later than anticipated by the managers. Investors should not expect significant returns for a period of years after their investment is made.

**Control of invested funds:** The private equity funds generally will not have the right to participate in the day-to-day management, control or operations of the underlying funds in which they are investing, nor will they have the right to remove the managers thereof. The private equity funds

will also not necessarily have the opportunity to evaluate the relevant economic, financial and other information which will be utilized by the underlying funds in which they are investing in their selection, structuring, monitoring and disposition of investments.

**Portfolio company risks:** The portfolio investments in which the private equity funds will invest may invest in companies that involve a high degree of business or financial risk. They may be start-ups or in an early stage of development, may be distressed or have operating losses or significant variations in operating results and may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence. The companies may also be experiencing or are expected to experience financial difficulties, which may never be overcome. In addition, they may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, or may otherwise have a weak financial condition. Portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities and a larger number of qualified managerial and technical personnel. In addition, in the event that the company does not perform as anticipated or incurs unanticipated liabilities, high leverage will magnify the adverse effect on the value of the equity of the company and could result in substantial diminution in or the total loss of an equity investment in the company. The return generated by the relevant portfolio companies will also depend on the level of interest charged under such debt and, consequently, may vary in function of the variations in interest rates.

<b>58. TC44-KS5 SUB-FUND</b>
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## **1. INVESTMENT OBJECTIVE AND STRATEGY**

The TC44-KS5 Sub-Fund (the “**Sub-Fund**”) is solely aimed at investing in “Keensight V SLP” (the “**Target Fund**”).

Besides, for defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

### **1.1. The Target Fund**

The Target Fund is established as a French professional specialised fund (*fonds professionnel spécialisé*) in the form of a French *société en commandite simple* denominated as a *société de libre partenariat* governed by the provisions of articles L. 214-162-1 et seq. of the French Monetary and Financial Code.

The Target Fund is managed by Keensight Capital, a French company approved by the French Financial Markets Authority (“*Autorité des Marchés Financiers*” or “AMF”) under number GP-08000040 and also acts as alternative investment fund manager of the Target Fund (the “**Target Fund Management Company**” or “**Keensight**”).

The Target Fund Management Company is an independent private equity firm formed in 2013, following a spin-off from R Capital Management, the growth capital investment arm of Rotschild & Cie. Over the last nineteen (19) years, under the banner of R Capital Management and through four (4) funds, the investment team of the Target Fund Management Company invested in fifty (50) companies and completed thirty seven (37) exits. Keensight is composed of

fifteen (15) investment professionals as of 30 June 2018.

### **1.2. Investment Objective and Strategy of the Target Fund**

The purpose of the Target Fund is to invest primarily in shares and other transferable securities, including in the form of shareholder loans, in companies whose securities are not listed on a financial instruments market. The Target Fund may also invest within the limit of ten percent (10%) of its total commitments in companies whose securities are traded on a financial instruments market with a view to obtaining sufficient level of control to delist the portfolio company by withdrawing its securities from the relevant financial instruments market (Public to Private) or for PIPE (Private Investment in Public Entity).

Keensight is seeking aggregate commitments from investors for the Target Fund of seven hundred fifty million Euros (EUR 750,000,000.-).

The Target Fund will invest in European based companies in the range of twenty million Euros (EUR 20,000,000.-) to one hundred million Euros (EUR 100,000,000.-) to finance development, organic growth or enable strategic acquisitions with a view to create a diversified portfolio of both majority and influential minority investments. The Target Fund is making target investments in growing companies with a potential for development with established business models and certain technological risks. Keensight’s approach is to identify and focus on growth stage companies with a priority given to specific sectors with diversified risks, including information technologies, media, services provider companies and healthcare (the “**Target Companies**”).

The Target Fund is actively involved in the management of Target Companies. The Target Fund advises and assists the

management teams of the Target Companies and puts at their disposal their know-how and expertise to achieve their development.

### **1.3. Investment Restrictions of the Target Fund**

The Target Fund will invest in French companies at least fifty percent (50%) of the amount invested in Target Companies and the remainder will be generally invested in European companies. In order to diversify risks, the Target Fund will not invest more than twenty percent (20%) of its total commitments in any single Target Companies (including its affiliates).

### **1.4. Keensight Track Record**

Over the last nineteen (19) years, with the first four (4) funds, Keensight has invested in fifty (50) companies and completed thirty-seven (37) exits as at 31 December 2017.

<b>Fund</b>	<b>Vintage</b>	<b>Net MoIC</b>	<b>Net IRR</b>
Fund I	1997	2.2x	+34%
Fund II	2011	1.7x	+7%
Fund III	2009	2.3x	+25%
Fund IV	2014	1.2x	+12%

*Source: Draft Detailed Presentation dated June 2018*

### **1.5. Investment Approach of the Target Fund**

Keensight's investment strategy is designed to deliver strong returns by identifying high potential businesses and working hands-on with management teams to help growing and enhancing the performance of those companies. The investment strategy focuses on sourcing, selection and diligence on businesses in IT/media, and healthcare/wellness in which Keensight has an edge over potential competitors.

The Target Fund will primarily pursue investments in French and European headquartered companies and may make

investments in companies based in other parts of the world.

Keensight typically underwrites their investments to target a twenty percent plus (20%+) gross IRR and a two point five plus (2.5x+) gross MoM, with adjustments based on particular risk factors including geographic, company-specific, and industry-specific risks.

The Target Fund focuses predominantly on investing in fast-growing companies (i.e. potential annual revenue growth rate higher than ten percent (10%)).

Keensight believes the growth value creation objective can best be met by continuing to apply a sector specialisation approach representing a clear competitive advantage in the private equity segment they address. Over the years, Keensight has been continuously enriching its sector knowledge which gives it an edge to select attractive segments, identify interesting investment opportunities, analyse the hidden risks behind each deal, and convince entrepreneurs that they can bring real operational added value.

They will thus continue to leverage their proven sector expertise and hands-on investment approach to originate pro-actively attractive investment opportunities and convince Target Companies' management that Keensight is the best partner to help them grow their business and optimize the exit strategy.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

The circumstances in which the Target Fund may utilise leverage, the types and sources of leverage permitted and the associated risks are set out in the limited partnership agreement of the Target Fund, but this does not consist in leverage at the Sub-Fund level in accordance with articles 7 and 8 of AIFMR.

### 3. REFERENCE CURRENCY

The Sub-Fund is denominated in Euros (EUR).

### 4. SHARE CLASSES

#### 4.1. *Investors Shares*

Four (4) Classes of Investors Shares, all denominated in Euros (EUR), are available for subscription in the Sub-Fund, namely:

- A Shares (the “**Class A Shares**”) sub-divided into:
  - o **Class A-1 Shares** for Investors subscribing below five hundred thousand Euros (EUR 500,000.-);
  - o **Class A-2 Shares** for Investors subscribing five hundred thousand Euros (EUR 500,000.-) and above but below one million Euros (EUR 1,000,000.-); and

- o **Class A-3 Shares** for Investors subscribing one million Euros (EUR 1,000,000.-) and above.

- B Shares (the “**Class B Shares**”);
- C Shares (the “**Class C Shares**”);
- D Shares (the “**Class D Shares**”);

(altogether the “**Investors Shares**”).

For the avoidance of doubt, the commitments subscribed by Investors are considered with segregated referenced positions should they subscribe for Investors Shares directly or indirectly.

The following Classes of Investors Shares are, at the sole discretion of the General Partner, reserved to Investors having concluded with any of the entities of CA Indosuez Wealth Management (“**CA Indosuez Wealth Management**”) a services agreement or equivalent with respect to private equity investments (the “**Private Equity Agreement**”):

- the Class A Shares;
- the Class B Shares, it being understood that such Class of Shares is reserved to Investors managed by the AIFM;
- the Class C Shares, it being understood that such Class of Shares is reserved to Investors having also concluded a specific remuneration agreement with any of the entities of CA Indosuez Wealth Management (the “**Specific Remuneration Agreement**”).

The General Partner reserves the right to accept or reject, at its sole discretion, any subscription into Class A-1, A-2 and A-3 Shares regardless of the amount subscribed.

The following Classes of Investors Shares are reserved to Investors having not concluded with any of the entities of CA Indosuez Wealth Management a Private Equity Agreement:

- the Class D Shares.

Notwithstanding the below paragraph, should an Investor having subscribed to Class C Shares terminates the Specific Remuneration Agreement, the General Partner may decide, at its sole discretion, to convert its Class C Shares into Class A Shares.

The General Partner may decide, at its sole discretion, to convert Class A Shares, Class B Shares and/or Class C Shares into Class D Shares should an Investor terminates the Private Equity Agreement.

#### **4.2. Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

### **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for fifty million Euros (EUR 50,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

### **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of eleven (11) years as from the Last Closing (as defined in the first paragraph of section 7.2 below), with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of

the Sub-Fund depending on the timing of exits at the level of the Target Fund, at its sole discretion.

The investment in the Target Fund may require a substantial length of time to liquidate and there may remain some obligations outstanding for the Target Fund, even if it has closed to liquidation. The liquidation process of the Sub-Fund may consequently require a substantial length of time subsequent to the making of a decision to liquidate the Sub-Fund.

## **7. CAPITAL FUNDING**

### **7.1. Commitments and Drawdowns**

Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund from 24 August 2018 until the latest of either (i) on or about the final closing of the Target Fund as determined in the limited partnership agreement thereof or (ii) 30 September 2019.

The Commitment Period will extend from the First Closing until the Last Closing (the “**Commitment Period**”).

Investors, the Commitments of which are accepted on the first closing (the “**First Closing**” and the “**Initial Investors**”), shall be required to pay a portion of their respective committed amounts no later than ninety (90) Business Days following the notification of the First Closing to the Initial Investors, following which Investors Shares are to be issued fully paid-up at a price of one hundred Euros (EUR 100) each (the “**Subscription Price**”) corresponding to the funded Commitment.

### **7.2. Commitments and Drawdowns after the First Closing**

After the First Closing, Commitments to subscribe Investors Shares will be accepted from Initial Investors and other investors at

such closings (“**Subsequent Closings**” and “**Subsequent Closings Investors**”) as determined by the General Partner during a period commencing the day after the date of the First Closing, and terminating on 30 September 2019, unless extended by the General Partner (the “**Last Closing**”). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of Investors Shares and pay up the relevant portion of their Commitments no later than four (4) Business Days following the notification of the drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to postpone the date of any closing (including the Last Closing); in such case, the Investors will be informed of the amended date of the relevant closing and the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing by a Subsequent Closing Investor:

- (a) the Subsequent Closing Investor shall participate in investments made and fees and expenses (including the Management Fee as defined in the first paragraph of section 14.1 below) incurred by the Sub-Fund prior to its admission and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the First Closing, at the Subscription Price;
- (b) the Subsequent Closing Investor shall pay an additional amount equal to two per cent (2%) per annum, calculated from the date on which the Initial Investors have contributed and paid in their first subscriptions relating to the First Closing up to the date of the capital contributions actually made with

respect to the Subsequent Closing in question, and such amount shall be payable to the Sub-Fund (the “**Actualization Interest**”).

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the First Closing, then the General Partner may change the Subscription Price for Investors Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Investors Shares as of the relevant Subsequent Closing; in which case all such Investors Shares issued on the same closing shall constitute a separate series. In this case, no Actualization Interest will be due.

### **7.3. Drawdowns**

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the Commitments made by the Investors shall be drawn down in successive instalments, as determined by the General Partner. The General Partner will give each Investor a seven (7) Business Day prior notice for each drawdown.

Investors Shares issued in relation to each drawdown made after the First Closing shall be issued fully paid-up at a subscription price either (i) equal to the Subscription Price plus, if applicable, the Actualization Interest or (ii) based on the Net Asset Value of such Investors Shares on such drawdown date, at the General Partner’s discretion. If Investors Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The Subscription Price of the Investors Shares issued after the First Closing shall be paid within the limits specified in the relevant drawdown notice.

#### **7.4. Return of Drawdowns**

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since the First Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

#### **8. MINIMUM COMMITMENT**

Commitments may only be accepted from Eligible Investors investing a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund. Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept Commitments in lesser amounts.

#### **9. REDEMPTIONS AND CONVERSIONS**

An Investor may not at its own initiative require the Company to redeem its Investors Shares.

Investors are not authorised to convert their Investors Shares from this Sub-Fund into another Sub-Fund or from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

The General Partner, however, may decide, under the circumstances described in section 4.1. above or in the best interest of the Investors, to convert Investors Shares from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

#### **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

#### **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements, which shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The quarterly report provides the Investors with updates on the portfolio of investments.

#### **12. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Investors Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Investors Shares, the redemption price will be equal to the last Net Asset Value per relevant Investors Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 14 below).

### **13. RECALL**

The Target Fund may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions in the cases provided for in the constitutive/issuing documents of the Target Fund. In such cases the Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the Target Fund, provided however that distributions hereunder will not increase an Investor's undrawn Commitment beyond the amount initially committed by Investors.

Investors may be required to recontribute either to the Sub-Fund (if it is still in existence) or directly to the General Partner for retribution to the Target Fund.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out hereabove.

## **14. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

### **14.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal:

- (i) with respect to Class A-1 Shares, zero point seventy-five percent (0.75%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-1 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-1 Shares as of the end of the preceding quarter;
- (ii) with respect to Class A-2 Shares, zero point sixty-five percent (0.65%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-2 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-2 Shares as of the end of the preceding quarter;
- (iii) with respect to Class A-3 Shares, zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-3 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-3 Shares as of the end of the preceding quarter;



- (iv) with respect to Class B Shares, zero percent (0%) per annum;
- (v) with respect to Class C Shares, zero point twelve percent (0.12%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class C Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class C Shares as of the end of the preceding quarter;
- (vi) with respect to Class D shares, zero point ninety-five percent (0.95%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class D Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class D Shares as of the end of the preceding quarter.

The Management Fee will accrue as of the First Closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

#### **14.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the “**AIFM Remuneration**”), to the exception of the Creation Expenses and the Operating Expenses as referred to in sections 14.5, respectively 14.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-

Fund, such remuneration shall be deducted from the General Partner’s service fees.

#### **14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the “**Investment Advisory Fee**”) will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

#### **14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm’s length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund’s investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the “**Portfolio Investments Expenses**”).

#### **14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the “**Creation Expenses**”) will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point five percent (0.5%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not

exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **14.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Net Asset Value plus the unfunded portion of the Aggregate Commitments of the Sub-Fund as of the end of each year.

##### **14.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **14.6.2. Operating Expenses**

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the “**Operating Expenses**”). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as of the end of the preceding quarter.

#### **15. SPECIFIC RISK CONSIDERATIONS**

Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the

Sub-Fund's investment objectives and strategy:

**Illiquid and long-term investments:** An investment in the Target Fund is speculative and volatile, requiring a long-term commitment with no certainty of return. In most cases, the Target Fund's investments will be long term in nature and may require many years from the date of investment to the date of disposition. During that time, a portfolio company may not distribute any dividends or other income to the Target Fund, and, as a result, investors should not expect to receive any distributions from the Target Fund for an extended period of time. The Target Fund's investments are considered highly speculative and may result in the loss of the Target Fund's entire investment. Because the Target Fund may only make a limited number of investments and because many of the Target Fund's investments may involve a high degree of risk, poor performance by a few of the investments could significantly reduce the total returns to the investors.

**Market and economic risks:** The ability to realise investments depends not only on portfolio companies and their historical results and prospects, but also on political, market and economic conditions at the time of such realisations. In the past, many private equity funds looked to the public securities markets as a potential exit strategy, and there can be no assurance, particularly given the recent volatility in the financial markets and a potential lack of investor appetite for new issues in the public securities markets, that the Target Fund will be able to exit from an investment by listing its shares on securities exchanges. The trading market, if any, for the securities of any portfolio company may not be sufficiently liquid to enable the Target Fund to sell these securities when the Target Fund Management Company believes it is most advantageous to do so, or without adversely affecting the stock price. Continued or renewed volatility in the

financial sector may have a material adverse effect on the ability of the Target Fund to buy, sell and partially dispose of its portfolio company investments. The Target Fund may be adversely affected to the extent that it seeks to dispose of any of its investments in an illiquid or volatile market and the Target Fund may find itself unable to dispose of investments at prices that the Target Fund Management Company believes reflect the fair value of such investments. The duration and ultimate effect of current market conditions and whether such conditions may worsen cannot be predicted. The ability of portfolio companies to refinance debt securities may depend on their ability to sell new securities in the debt market or otherwise. No assurance can be given as to the effect of these economic conditions on the Target Fund's investment objectives.

**Operating and financial risks of portfolio companies:** Portfolio companies often face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities, or a larger number of qualified managerial and technical personnel. As a result, portfolio companies that the Target Fund Management Company expect to be stable at times will likely operate at a loss or have significant variations in operating results, may require substantial additional capital to support their operations or to maintain their competitive position or at times will likely have a weak financial condition or be experiencing financial distress.

**No market for interests; restrictions on Transferability :** Pursuant to the limited partnership agreement of the Target Fund, an interest is not transferable except with the consent of the Target Fund Management Company in its discretion, and an investor may not withdraw from or withdraw capital from the Target Fund except in extremely limited circumstances.

In addition, transferability of the limited partnership interests will be affected by restrictions on resales imposed by U.S. federal and state securities laws, non-U.S. laws and restrictions on transfers imposed as a result of U.S. federal income tax laws. These restrictions on an investor's ability to transfer its interest and to withdraw from the Target Fund materially increase the risk of an investment in the Target Fund, and investors must be prepared to bear the risks of owning interests in the Target Fund for an extended period of time. An investment in the Target Fund should be considered illiquid.

**Valuation risks:** Target Fund investments are valued at estimated fair value as determined in good faith by the Target Fund Management Company. Due to the generally illiquid nature of the securities held, fair values may not reflect the prices that actually would be received when such investments are realized. The process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities may ultimately be sold. With respect to the Target Fund, the exercise of discretion in valuation by the Target Fund Management Company may give rise to conflicts of interest, as management fees and profits interests are calculated based, in part, on these valuations and such valuations affect performance return calculations. In addition, the Target Fund Management Company may or may not value the investments differently from how the same or similar investments are valued by the general partners of the other related funds.

**Reinvestments:** Under certain circumstances and subject to certain conditions, proceeds from the partial or complete liquidation of any investment may be retained and reinvested (or Recalled for

reinvestment) by the Target Fund Management Company or used (or recalled for use) by the Target Fund Management Company for any other Target Fund purpose. Accordingly, an investor may be required to fund for portfolio investments an aggregate amount in excess of its capital commitment during the term of the Target Fund, and to the extent such recalled or retained amounts are reinvested in portfolio investments, an investor will remain subject to investment and other risks associated with such portfolio investments.

<p><b>59. EUROPE SELECTION III SUB-FUND</b></p>
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## **1. INVESTMENT OBJECTIVE AND STRATEGY**

### **1.1. Investment Objective and Strategy**

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private equity funds mainly invested in European headquartered companies across diverse strategies including, but not limited to leveraged buyout transactions, growth capital transactions and special situations.

The Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio.

The Investment Advisor's highly exclusive relationships to top fund managers provides significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest in private equity funds (the "**Portfolio Investments**") which may have varying terms and structures including, but not limited to limited partnership structures or even evergreen structures and/or indirectly through the sub-funds of the Company and/or of Tiera Capital S.C.A., SICAR, a *société en commandite par actions* qualifying as a *société d'investissement en capital à risque* (SICAR) also managed by the AIFM.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in Euros (EUR),

unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

### **1.2. Investment Process**

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM and to the General Partner.

Through its strong network, the Investment Advisor will assist the AIFM and the General Partner in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds;
- Maintaining relationships with the network of private equity investors

to create proprietary secondary transactions;

- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;
- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches;
- Leveraging its portfolio of secondary funds managers to access secondary co-investment opportunities; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM and to the General Partner, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analyzing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

The investments in private equity funds are passive investments meaning that the Board has no influence over exits. In private equity fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realizations of portfolio companies. As a result, the exit

from such investments may be closely linked to the term of each such private equity fund. However, as common in the private equity environment, potential exit routes for interests in private funds include, *inter alia*, a sale to other investors, a buyout by the management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in Euros (EUR).

## **4. SHARE CLASSES**

### **4.1 Investors Shares**

Four (4) Classes of Investors Shares, all denominated in Euros (EUR), are available for subscription in the Sub-Fund, namely:

- A Shares (the “**Class A Shares**”) sub-divided into:

- **Class A-1 Shares** for Investors subscribing below five hundred thousand Euros (EUR 500,000.-);
- **Class A-2 Shares** for Investors subscribing five hundred thousand Euros (EUR 500,000.-) and above but below one million Euros (EUR 1,000,000.-); and
- **Class A-3 Shares** for Investors subscribing one million Euros (EUR 1,000,000.-) and above.
- B Shares (the “**Class B Shares**”);
- C Shares (the “**Class C Shares**”);
- D Shares (the “**Class D Shares**”);

(altogether the “**Investors Shares**”).

For the avoidance of doubt, the Commitments subscribed by Investors are considered with segregated referenced positions should they subscribe for Investors Shares directly or indirectly.

The following Classes of Investors Shares are, at the sole discretion of the General Partner, reserved to Investors having concluded with any of the entities of CA Indosuez Wealth Management (“**CA Indosuez Wealth Management**”) a services agreement or equivalent with respect to private equity investments (the “**Private Equity Agreement**”):

- the Class A Shares;
- the Class B Shares, it being understood that such Class of Shares is reserved to Investors managed by the AIFM;
- the Class C Shares, it being understood that such Class of Shares is reserved to Investors having also concluded a specific remuneration agreement with any

of the entities of CA Indosuez Wealth Management (the “**Specific Remuneration Agreement**”).

The General Partner reserves the right to accept or reject, at its sole discretion, any subscription into Class A-1, A-2 and A-3 Shares regardless of the amount subscribed.

The following Classes of Investors Shares are reserved to Investors having not concluded with any of the entities of CA Indosuez Wealth Management a Private Equity Agreement:

- the Class D Shares.

Notwithstanding the below paragraph, should an Investor having subscribed to Class C Shares terminates the Specific Remuneration Agreement, the General Partner may decide, at its sole discretion, to convert its Class C Shares into Class A Shares.

The General Partner may decide, at its sole discretion, to convert Class A Shares, Class B Shares and/or Class C Shares into Class D Shares should an Investor terminates the Private Equity Agreement.

#### **4.2 Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

### **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for twenty million Euros (EUR 20,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

## **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of thirteen (13) years as from the Last Closing (as defined in the first paragraph of section 7.2 below), with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's Portfolio Investments, at its sole discretion.

The investment in a Portfolio Investment may require a substantial length of time to liquidate and there may remain some obligations outstanding for a Portfolio Investment, even if it has closed to liquidation. The liquidation process of the Sub-Fund may consequently require a substantial length of time subsequent to the making of a decision to liquidate the Sub-Fund.

## **7. CAPITAL FUNDING**

### ***7.1. Commitments and Drawdowns***

Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund from 29 October 2018 until 31 December 2019 (the "**Subscription Period**"), unless extended by the General Partner at its sole discretion.

Investors, the Commitments of which are accepted on the first closing (the "**First Closing**" and the "**Initial Investors**"), shall be required to pay a portion of their respective committed amounts no later than ninety (90) Business Days following the notification of the First Closing to the Initial Investors, following which Investors Shares are to be issued fully paid-up at a price of one hundred Euros (EUR 100) each (the "**Subscription Price**") corresponding to the funded Commitment.

### ***7.2. Commitments and Drawdowns after the First Closing***

After the First Closing, Commitments to subscribe Investors Shares will be accepted from Initial Investors and other investors at such closings ("**Subsequent Closings**" and "**Subsequent Closings Investors**") as determined by the General Partner during a period commencing the day after the date of the First Closing, and terminating on 31 December 2019, unless extended by the General Partner (the "**Last Closing**"). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of Investors Shares and pay up the relevant portion of their Commitments no later than the date specified in the relevant drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to postpone the date of any closing (including the Last Closing); in such case, the Investors will be informed of the amended date of the relevant closing and the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing by a Subsequent Closing Investor:

- (a) the Subsequent Closing Investor shall participate in investments made and fees and expenses (including the Management Fee as defined in the first paragraph of section 15.1 below) incurred by the Sub-Fund prior to its admission and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the First Closing, at the Subscription Price;
- (b) the Subsequent Closing Investor shall pay an additional amount equal to two per cent (2%) per annum, calculated from the date on which the Initial



Investors have contributed and paid in their first subscriptions relating to the First Closing up to the date of the capital contributions actually made with respect to the Subsequent Closing in question, and such amount shall be payable to the Sub-Fund (the “**Actualization Interest**”).

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the First Closing, then the General Partner may change the Subscription Price for Investors Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Investors Shares as of the relevant Subsequent Closing; in which case all such Investors Shares issued on the same closing shall constitute a separate series. In this case, no Actualization Interest will be due.

### **7.3. Drawdowns**

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the Commitments made by the Investors shall be drawn down in successive installments, as determined by the General Partner. The General Partner will give each Investor prior notice for each drawdown.

Investors Shares issued in relation to each drawdown made after the First Closing shall be issued fully paid-up at a subscription price equal, at the General Partner's discretion, either (i) to the Subscription Price plus, if applicable, the Actualization Interest or (ii) to the Net Asset Value of such Investors Shares on such drawdown date. If Investors Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The Subscription Price of the Investors Shares issued after the First Closing must

be paid within the limits specified in the relevant drawdown notice.

### **7.4. Return of Drawdowns**

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since the First Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the Portfolio Investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

## **8. OVERCOMMITMENT AND LIQUIDITY MANAGEMENT**

The commitments made by the Sub-Fund in its Portfolio Investments may be higher than the Commitments made by the Investors in the Sub-Fund.

The General Partner will ensure that as from the end of the Subscription Period, the commitments made by the Sub-Fund in its Portfolio Investments will not exceed one hundred and twenty percent (120%) of the Commitments made by the Investors in the Sub-Fund.

In that context, the General Partner will also use from time to time all or part of the distributions received from the Sub-Fund's Portfolio Investments to fund all or part of the capital calls made by the Sub-Fund's Portfolio Investments in order to ensure that the Sub-Fund will meet its obligations with regards to uncalled Commitments.

## **9. MINIMUM COMMITMENT**

Commitments may only be accepted from Eligible Investors investing a minimum

amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund.

Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept Commitments in lesser amounts.

#### **10. REDEMPTIONS AND CONVERSIONS**

An Investor may not at its own initiative require the Company to redeem its Investors Shares.

Investors are not authorised to convert their Investors Shares from this Sub-Fund into another Sub-Fund or from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

The General Partner, however, may decide, under the circumstances described in section 4.1 above or in the best interest of the Investors, to convert Investors Shares from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

#### **11. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

#### **12. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The quarterly report provides the Investors with updates on the Portfolio Investments.

#### **13. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Investors Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Investors Shares, the redemption price will be equal to the last Net Asset Value per relevant Investors Shares calculated by the Administrative Agent.

#### **14. RECALL**

The Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them to fund such portion of a reimbursement obligation of the Sub-Fund towards the Portfolio Investments as provided for in the

constitutive/contractual documents of the relevant the Portfolio Investment, provided however that distributions hereunder will not increase the Investors' undrawn Commitments beyond the amounts initially committed by the Investors.

The Investors may be required to recontribute either to the Sub-Fund or directly to the General Partner for recontribution to the Portfolio Investments.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

The Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out here above.

## **15. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

### **15.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal to:

- with respect to Class A-1 Shares, zero point seventy-five percent (0.75%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-1 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the

Sub-Fund attributable to Class A-1 Shares as of the end of the preceding quarter;

- with respect to Class A-2 Shares, zero point sixty-five percent (0.65%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-2 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-2 Shares as of the end of the preceding quarter;
- with respect to Class A-3 Shares, zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-3 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-3 Shares as of the end of the preceding quarter;
- with respect to Class B Shares, zero percent (0%) per annum;
- with respect to Class C Shares zero point twelve percent (0.12%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class C Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class C Shares as of the end of the preceding quarter;
- with respect to Class D shares, zero point ninety-five percent (0.95%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class D Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class D

Shares as of the end of the preceding quarter.

The Management Fee will accrue as of the First Closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management Fee will be made on Subsequent Closings.

#### **15.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the “**AIFM Remuneration**”), with the exception of the Creation Expenses and the Operating Expenses as referred to in sections 15.5, respectively 15.6.2 below, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner’s service fees.

#### **15.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the “**Investment Advisory Fee**”) will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

#### **15.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm’s length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund’s investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection

therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund. (the “**Portfolio Investments Expenses**”).

#### **15.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the “**Creation Expenses**”) will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point five percent (0.5%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **15.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Net Asset Value plus the unfunded portion of the Aggregate Commitments of the Sub-Fund as of the end of each year.

##### **15.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **15.6.2. Operating Expenses**

The operating expenses include Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable

to this Sub-Fund (the “**Operating Expenses**”). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

#### **16. SPECIFIC RISK CONSIDERATIONS**

Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Risk of capital loss:** An investment in private equity is long term and with no certainty of return. The value of an interest and the distributions in respect of them can fluctuate down as well as up and an Investor may get back less than it contributed to the Sub-Fund or lose its entire investment.

**Portfolio valuation risks:** Prospective investors should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of inter alia sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in

the reports of the Sub-Fund will reflect the value that the Sub-Fund or any Investor will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, investors must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for the interests in such underlying private equity funds, whose transfer may be

restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.

**Unpredictability of distributions:** Return of capital and realization of gains, if any, on investments will generally occur only upon the distribution or other disposition by the Sub-Fund's underlying private equity funds of portfolio company securities, which may not occur for several years after the Sub-Fund's initial investments. Such distributions are likely to be unpredictable and may occur earlier than or later than anticipated by the managers. Investors should not expect significant returns for a period of years after their investment is made.

**Control of invested funds:** The private equity funds generally will not have the right to participate in the day-to-day management, control or operations of the underlying funds in which they are investing, nor will they have the right to remove the managers thereof. The private equity funds will also not necessarily have the opportunity to evaluate the relevant economic, financial and other information which will be utilized by the underlying funds in which they are investing in their selection, structuring, monitoring and disposition of investments.

**Portfolio company risks:** The portfolio investments in which the private equity funds will invest may invest in companies that involve a high degree of business or financial risk. They may be start-ups or in an early stage of development, may be distressed or have operating losses or significant variations in operating results and may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence. The companies may also be experiencing or are

expected to experience financial difficulties, which may never be overcome. In addition, they may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, or may otherwise have a weak financial condition. Portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities and a larger number of qualified managerial and technical personnel. In addition, in the event that the company does not perform as anticipated or incurs unanticipated liabilities, high leverage will magnify the adverse effect on the value of the equity of the company and could result in substantial diminution in or the total loss of an equity investment in the company. The return generated by the relevant portfolio companies will also depend on the level of interest charged under such debt and, consequently, may vary in function of the variations in interest rates.

<b>60. VENTURE SELECTION I SUB-FUND</b>
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## **1. INVESTMENT OBJECTIVE AND STRATEGY**

### ***1.1. Investment Objective and Strategy***

The Sub-Fund's objective is to generate significant capital appreciation by acquiring an existing portfolio (the "**Seed Portfolio**") composed of (i) top quality private equity secondary funds and/or (ii) limited partnership interests in private equity funds on the secondary market, specializing and invested (directly or indirectly) in Israeli venture capital opportunities (the "**Target Funds**"). The Target Funds may be using all kinds of private equity situations across the whole private equity spectrum including, but not limited to, venture capital, buyout, mezzanine debt, secondaries, distressed, special opportunities or real estate exposures.

- **Types of Investments**

The Sub-Fund will invest in private equity funds which may have varying terms and structures including, but not limited, to limited partnership structures.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in US Dollars (USD), unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms,

government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

### ***1.2. Investment Process***

The Sub-Fund will acquire the Seed Portfolio upon recommendation of the Investment Advisor to the AIFM and to the General Partner.

Before recommending the Seed Portfolio to the AIFM and to the General Partner, the Investment Advisor conducted an extensive due diligence, met with the underlying fund managers, analysed the market and fund manager information, made numerous reference calls, reviewed financial documentation and conducted further investigations.

### ***1.3. Exit Strategy***

The investments in private equity funds are passive investments meaning that the Board has no influence over exits. In private equity fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realisations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private equity fund. However, as common in the private equity environment, potential exit routes for interests in private funds include, inter alia, a sale to other investors, a buyout by the management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in US Dollars (USD).

## **4. SHARE CLASSES**

### ***4.1. Investors Shares***

Only one (1) class of Investors Shares, denominated in US Dollars (USD), is available for subscription in the Sub-Fund (the “Investors Shares”).

For the avoidance of doubt, the Commitments and/or Additional Commitments subscribed by Investors are considered with segregated referenced positions should they subscribe for Investors Shares directly or indirectly.

### ***4.2. Participating Shares***

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

## **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments of fifteen million US Dollars (USD 15,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

## **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of seven (7) years as from the Last Closing (as defined in the first paragraph of section 7.2 below), with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's investments, at its sole discretion.

The investment in the Target Funds requires a substantial length of time to liquidate and there may remain some obligations outstanding for the Target Funds, even if it has closed to liquidation. The liquidation process of the Sub-Fund may consequently require a substantial length of time subsequent to the making of a decision to liquidate the Sub-Fund.

## **7. CAPITAL FUNDING**

### ***7.1. Commitments and drawdowns***

Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund from 13 May 2019 until 31 December 2020.

Investors, the Commitments of which are accepted on the first closing (the “**First Closing**” and the “**Initial Investors**”), shall be required to pay a portion or all of their respective committed amounts no later than



ten (10) Business Days following the notification of the First Closing to the Initial Investors, following which Investors Shares are to be issued fully paid-up at a price of one hundred US Dollars (USD 100) each (the "**Subscription Price**") corresponding to the funded Commitment.

## **7.2. Commitments and Drawdowns after the First Closing**

After the First Closing, the General Partner may decide to offer additional closings (each a "**Subsequent Closing**"), during which additional commitments (the "**Additional Commitments**") to subscribe for additional Investors Shares will be accepted only from Initial Investors, (each such increasing Initial Investor an "**Increasing Investor**"), during a period terminating on 31 December 2019, unless extended by the General Partner (the "**Last Closing**"). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of Investors Shares and pay up the relevant portion of their Additional Commitment no later than the date specified in the relevant drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to offer or postpone the date of any Subsequent Closing; in such case, the Investors will be informed of the amended date of the relevant closing and the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing where (i) not all Initial Investors will become Increasing Investors or (ii) the Increasing Investors subscribe for additional Investors Shares in a ratio different than on the First Closing:

- (a) the Increasing Investor shall participate in investments made and fees and expenses (including the

Management Fee as defined in the first paragraph of section 14.1 below) incurred by the Sub-Fund prior to its increase and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been committing the increased amount to the Sub-Fund with respect to the First Closing, at the Subscription Price;

- (b) the Increasing Investor shall pay an additional amount equal to two per cent (2%) per annum, calculated only on its Additional Commitment as from the date on which the Initial Investors have contributed and paid in their first subscriptions relating to the First Closing up to the date of the increased capital contributions actually made with respect to the Subsequent Closing in question, and such amount shall be payable to the Sub-Fund (the "**Actualization Interest**").

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the First Closing, then the General Partner may change the Subscription Price for Investors Shares offered at any Subsequent Closing to a price equal to the Net Asset Value of such Investors Shares as of the relevant Subsequent Closing; in which case all such Investors Shares issued on the same closing shall constitute a separate series. In this case, no Actualization Interest will be due.

## **7.3. Drawdowns**

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the initial Commitments and/or Additional Commitments made by the Investors shall be drawn down in successive instalments,

as determined by the General Partner. Such drawdowns may only take place provided their amount is not less than one percent (1%) of each Investor's initial Commitment and/or Additional Commitment. The General Partner will give each Investor a prior notice for each drawdown.

Investors Shares issued in relation to each drawdown made after the First Closing shall be issued fully paid-up at a subscription price either (i) equal to the Subscription Price plus, if applicable, the Actualization Interest or (ii) equal to the Net Asset Value of such Investors Shares on such drawdown date, at the General Partner's discretion. If Investors Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The Subscription Price of the Investors Shares issued after the First Closing shall be paid within the limits specified in the relevant drawdown notice.

#### **7.4. Return of Drawdowns**

The General Partner may decide in its sole discretion to return part of the amounts drawn down from Investors in the event such drawdowns have been called in excess and have not been used by the Sub-Fund to fund capital calls from the Target Funds and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

#### **7.5. Commitment Period**

The decision of the General Partner to offer a Subsequent Closing will contain for each such Subsequent Closing the relevant subscription period corresponding to such Subsequent Closing (the "**Subscription Period**") for such Additional Commitments.

#### **7.6. Investment period & Drawdown period**

**Investment Period:** The Investment Period will extend from the First Closing until 31 December 2019, with an optional extension of six (6) months at the sole discretion of the General Partner.

**Drawdown Period:** Initial Commitments and/or Additional Commitments will be called in accordance with section 7.3 until the end of the Sub-Fund's term (i) to fund investments initiated during the Investment Period (ii) for follow-on investments in, or relating to, existing underlying investments, or (iii) to pay relevant ongoing fees and expenses of the Company allocated to the Sub-Fund during its remaining term.

#### **8. MINIMUM COMMITMENT**

Commitments may only be accepted from Eligible Investors investing a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund. Such minimum commitment rules are subject however to the General Partner's right to reject any offer from potential investors for any reason or to accept Commitments in lesser amounts.

#### **9. REDEMPTIONS AND CONVERSIONS**

An Investor may not at its own initiative require the Company to redeem its Investors Shares.

Investors are not authorised to convert their Investors Shares from this Sub-Fund into another Sub-Fund.

## **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

## **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements, which shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The quarterly report provides the Investors with updates on the portfolio of investments.

## **12. DISTRIBUTIONS**

### **12.1. *Distributions***

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Investors Shares or the

allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Investors Shares, the redemption price will be equal to the last Net Asset Value per relevant Investors Shares calculated by the Administrative Agent.

### **12.2. *Recycling***

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 14 below), except in the situation described below.

## **13. RECALL**

Target Funds within the portfolio of investments may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions in the cases provided for in the constitutive/issuing documents of the Target Funds. In such cases the Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the Target Funds, provided however that distributions hereunder will not increase the Investors' undrawn Commitments and/or Additional Commitments beyond the amounts initially and/or additionally committed by the Investors. Investors may be required to recontribute either to the Sub-Fund (if it is still in existence) or directly to the General Partner for recontribution to the Target Fund.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

Investors should inform themselves and

should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out hereabove.

#### **14. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE, AND OTHER EXPENSES**

##### **14.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the “**Management Fee**”), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal one percent (1%) per annum (plus value added tax, if applicable) on the Net Asset Value of the Sub-Fund as of the end of the preceding quarter.

The Management Fee will accrue as of the First Closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

##### **14.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the “**AIFM Remuneration**”), with the exception of the Creation Expenses and the Operating Expenses as referred below in sections 14.5. and 14.6.2, respectively, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid

directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner’s service fees.

##### **14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the “**Investment Advisory Fee**”) will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

##### **14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm’s length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund’s investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the “**Portfolio Investments Expenses**”).

##### **14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the “**Creation Expenses**”) will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point five percent (0.5%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **14.6. Other Expenses**

The below other expenses shall not exceed altogether zero point three percent (0.3%) per annum based on the Net Asset Value plus the unfunded portion of the Aggregate Commitments of the Sub-Fund as of the end of each year.

##### **14.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **14.6.2. Operating Expenses**

The operating expenses include the Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees, any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the "**Operating Expenses**"). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

#### **15. SPECIFIC RISK CONSIDERATIONS**

Investors are advised to carefully consider the risks of investing in the Sub-Fund and

should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Risk of capital loss:** An investment in private equity is long term and with no certainty of return. The value of an interest and the distributions in respect of them can fluctuate down as well as up and an Investor may get back less than it contributed to the Sub-Fund or lose its entire investment.

**Portfolio valuation risks:** Prospective investors should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of inter alia sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or any Investor will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund will invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such

underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, investors must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depository and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for the interests in such underlying private equity funds, whose transfer may be restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.

**Unpredictability of distributions:** Return of capital and realization of gains, if any, on investments will generally occur only upon the distribution or other disposition by the Sub-Fund's underlying private equity funds of portfolio company securities, which may not occur for several years after the Sub-Fund's initial investments. Such distributions

are likely to be unpredictable and may occur earlier than or later than anticipated by the managers. Investors should not expect significant returns for a period of years after their investment is made.

**Control of invested funds:** The private equity funds generally will not have the right to participate in the day-to-day management, control or operations of the underlying funds in which they are investing, nor will they have the right to remove the managers thereof. The private equity funds will also not necessarily have the opportunity to evaluate the relevant economic, financial and other information which will be utilized by the underlying funds in which they are investing in their selection, structuring, monitoring and disposition of investments.

**Portfolio company risks:** The portfolio investments in which the private equity funds will invest may invest in companies that involve a high degree of business or financial risk. They may be start-ups or in an early stage of development, may be distressed or have operating losses or significant variations in operating results and may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence. The companies may also experiencing or are expected to experience financial difficulties, which may never be overcome. In addition, they may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, or may otherwise have a weak financial condition. Portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities and a larger number of qualified managerial and technical personnel. In addition, in the event that the company does not perform as anticipated or incurs unanticipated liabilities, high leverage will magnify the adverse effect on the value

of the equity of the company and could result in substantial diminution in or the total loss of an equity investment in the company. The return generated by the relevant portfolio companies will also depend on the level of interest charged under such debt and, consequently, may vary in function of the variations in interest rates.

**Political risks:** The Sub-Fund will make Investments in a limited number of Target Funds, investing to a large extent their assets in Israelian venture capital. With any Investment, there exists the risk of adverse political, legal and tax developments, including nationalisation, termination or non-payment of concessions, confiscation without fair compensation, profit tax, or war. Furthermore, any restriction imposed to prevent capital flight may make it difficult or impossible to exchange or repatriate currency. Although the Sub-Fund will have political risks in the applicable countries analysed before making such Investments, no assurance can be given that a political or economic climate, or particular legal or regulatory risks, might not adversely affect an Investment by the Sub-Fund at the time of its acquisition or thereafter.

**Portfolio concentration:** The Sub-Fund will participate in a limited number of investments and its investments will be concentrated in few industry sectors and geographical areas. Further, there is no restriction on the portfolio manager of a Target Fund investing the Target Fund's assets in the same investments as another portfolio manager of another Target Fund. As a result, the Sub-Fund's portfolio could become concentrated in few investments and the performance of a few investments or a particular industry and geographical reasons that may affect the Sub-Fund's aggregate return. For the avoidance of doubt, the investment risk diversification rules referred to in Part I – General Information in relation to the Company and the Sub-Funds, section II. Investment Objectives, Strategy and Restrictions, C.

Investment restrictions of this Placement Memorandum will be complied with at the level of the Sub-Fund.

<b>61 . SECONDARY OPPORTUNITIES VII</b> <b>SUB-FUND</b>
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## **1. INVESTMENT OBJECTIVE AND STRATEGY**

### **1.1. *Investment Objective and Strategy***

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in (i) top quality private equity secondary funds and/or (ii) through the acquisition of limited partnership interests in private equity funds on the secondary market, invested in all kinds of private equity situations across the whole private equity spectrum including, but not limited to, venture capital, buyout, mezzanine debt, secondaries, distressed, special opportunities or real estate exposures.

Due to the broad focus on the whole private equity spectrum, the Sub-Fund will invest opportunistically in each and every private equity fund with the most interesting proposals without being restricted by fixed allocation guidelines. Nevertheless, the Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio.

The Investment Advisor's highly exclusive relationships with top fund managers provides significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest in private equity funds (the "**Portfolio Investments**") which may have varying terms and structures including, but not limited to limited partnership structures or even evergreen structures and/or directly or indirectly through the sub-funds of the Company and/or any other vehicle managed by the AIFM.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in Euros (EUR) and in US Dollars (USD), unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

### **1.2. *Investment Process***

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM and to the General Partner.

Through its strong network and experience on the secondary market, the Investment Advisor will assist the AIFM and the General Partner in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:



- Established and proven relationships with top quality funds;
- Maintaining relationships with the network of private equity investors to create proprietary secondary transactions;
- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;
- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches;
- Leveraging its portfolio of secondary funds managers to access secondary co-investment opportunities; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM and to the General Partner, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analysing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

The investments in private equity funds are passive investments meaning that the Board has no influence over exits. In private equity fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realisations of

portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private equity fund. However, as common in the private equity environment, potential exit routes for interests in private funds include, inter alia, a sale to other investors, a buyout by the management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in US Dollars (USD).

## **4. SHARE CLASSES**

### **4.1. Investors Shares**

Four (4) Classes of Investors Shares, all denominated in US Dollars (USD), are available for subscription in the Sub-Fund, namely:

- A Shares (the “**Class A Shares**”);

- B Shares (the “**Class B Shares**”);
- C Shares (the “**Class C Shares**”);
- D Shares (the “**Class D Shares**”);

(altogether the “**Investors Shares**”).

For the avoidance of doubt, the Commitments subscribed by Investors are considered with segregated referenced positions should they subscribe for Investors Shares directly or indirectly.

The following Classes of Investors Shares are, at the sole discretion of the General Partner, reserved to Investors having concluded with any of the entities of the CA Indosuez Wealth Management group (the “**CA Indosuez Wealth Management Group**”) a services agreement or equivalent with respect to private equity investments (the “**Private Equity Agreement**”):

- the Class A Shares;
- the Class B Shares, it being understood that such Class of Shares is reserved to Investors managed by the AIFM;
- the Class C Shares, it being understood that such Class of Shares is reserved to Investors having also concluded a specific remuneration agreement with any of the entities of CA Indosuez Wealth Management (the “**Specific Remuneration Agreement**”).

The following Class of Investors Shares are reserved to Investors having not concluded with any of the entities of the CA Indosuez Wealth Management Group a Private Equity Agreement:

- the Class D Shares.

Notwithstanding the below paragraph, should an Investor having subscribed to Class C Shares terminates the Specific Remuneration Agreement, the General Partner may decide, at its sole discretion, to

convert its Class C Shares into Class A Shares.

The General Partner may decide, at its sole discretion, to convert Class A Shares, Class B Shares, and/or Class C Shares into Class D Shares should an Investor terminates the Private Equity Agreement.

#### **4.2. Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

#### **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for one hundred million US Dollars (USD 100,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

#### **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of thirteen (13) years as from the Last Closing (as defined in the first paragraph of section 7.2 below), with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's Portfolio Investments, at its sole discretion.

The investment in a Portfolio Investment may require a substantial length of time to liquidate and there may remain some obligations outstanding for a Portfolio Investments, even if it has closed to liquidation. The liquidation process of the Sub-Fund may consequently require a substantial length of time subsequent to the

making of a decision to liquidate the Sub-Fund.

## **7. CAPITAL FUNDING**

### **7.1. Commitments and drawdowns**

Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund from 10 May 2019 until 31 December 2020, (the “**Subscription Period**”), unless extended by the General Partner at its sole discretion.

Investors, the Commitments of which are accepted on the first closing (the “First Closing” and the “**Initial Investors**”), shall be required to pay a portion of their respective committed amounts no later than ninety (90) Business Days following the notification of the First Closing to the Initial Investors, following which Investors Shares are to be issued fully paid-up at a price of one hundred US Dollars (USD 100) each (the “**Subscription Price**”) corresponding to the funded Commitment.

### **7.2. Commitments and Drawdowns after the First Closing**

After the First Closing, Commitments to subscribe Investors Shares will be accepted from Initial Investors and other investors at such closings (“**Subsequent Closings**” and “**Subsequent Closings Investors**”) as determined by the General Partner during a period commencing on the day after the date of the First Closing, and terminating on 31 December 2020, unless extended by the General Partner (the “**Last Closing**”). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of Investors Shares and pay up the relevant portion of their Commitments no later than the date specified in the relevant drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to postpone the date of any closing (including the Last Closing); in such case, the Investors will be informed of the amended date of the relevant closing and the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing by a Subsequent Closing Investor:

- (a) the Subsequent Closing Investor shall participate in investments made and fees and expenses (including the Management Fee as defined in the first paragraph of section 14.1 below) incurred by the Sub-Fund prior to its admission and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the First Closing, at the Subscription Price; and
- (b) the Subsequent Closing Investor shall pay an additional amount equal to two per cent (2%) per annum, calculated from the date on which the Initial Investors have contributed and paid in their first subscriptions relating to the First Closing up to the date of the capital contributions actually made with respect to the Subsequent Closing in question, and such amount shall be payable to the Sub-Fund (the “**Actualization Interest**”).

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the First Closing, then the General Partner may change the Subscription Price for Investors Shares offered at any Subsequent Closing to a price equal to the Net Asset Value of such Investors Shares as of the relevant Subsequent Closing; in which case all such Investors Shares issued on the

same closing shall constitute a separate series. In this case, no Actualization Interest will be due.

### **7.3. Drawdowns**

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the Commitments made by the Investors shall be drawn down in successive instalments, as determined by the General Partner. Such drawdowns may only take place provided their amount is not less than one percent (1%) of each Investor's Commitment. The General Partner will give each Investor a prior notice for each drawdown.

Investors Shares issued in relation to each drawdown made after the First Closing shall be issued fully paid-up at a subscription price either (i) equal to the Subscription Price plus, if applicable, the Actualization Interest or (ii) based on the Net Asset Value of such Investors Shares on such drawdown date, at the General Partner's discretion. If Investors Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The Subscription Price of the Investors Shares issued after the First Closing shall be paid within the limits specified in the relevant drawdown notice.

### **7.4. Return of Drawdowns**

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since the First Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the portfolio of investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### **7.5. Investment period & Drawdown period**

**Investment Period:** The Investment Period will extend from the First Closing until 30 June 2021, with an optional extension of six (6) months at the sole discretion of the General Partner.

**Drawdown Period:** Commitments will be called in accordance with section 7.3 until the end of the the Sub-Fund's term (i) to fund investments initiated during the Investment Period (ii) for follow-on investments in, or relating to, existing underlying investments, or (iii) to pay relevant ongoing fees and expenses of the Company allocated to the Sub-Fund during its remaining term.

## **8. MINIMUM COMMITMENT**

Commitments may only be accepted from Eligible Investors investing a minimum amount of United States dollars (USD) equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund. Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept Commitments in lesser amounts.

## **9. REDEMPTIONS AND CONVERSIONS**

An Investor may not at its own initiative require the Company to redeem its Investors Shares.

Investors are not authorised to convert their Investors Shares from this Sub-Fund into another Sub-Fund or from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

The General Partner, however, may decide, under the circumstances described in section 4.1 above or in the best interest of the Investors, to convert Investors Shares from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

## **10. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

## **11. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements, which shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The quarterly report provides the Investors with updates on the Portfolio Investments.

## **12. DISTRIBUTIONS**

### **12.1. *Distributions***

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Investors Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Investors Shares, the redemption price will be equal to the last Net Asset Value per relevant Investors Shares calculated by the Administrative Agent.

Investors will be entitled to receive proceeds arising from the realisation of the Sub-Fund's Portfolio Investments (after deduction of the relevant fees and expenses (as defined in section 14 below)) as follows:

(i) Firstly, Investors will receive one hundred percent (100%) of the total amounts the Sub-Fund has drawn down on their respective Commitments;

(ii) Secondly, Investors will receive an amount equalling a seven percent (7%) annual rate of return, cumulative compounded annually, on their respective net drawdown Commitments (the "Preferred Return");

(iii) Thirdly, Investors will receive the further proceeds from the realisation of the Portfolio Investments net of the Performance Fee due to the General Partner (as defined in item (iv) below);

(iv) Concurrently to the payment under item (iii) above, the General Partner will be entitled to receive a contingent performance fee (the "Performance Fee") equal to ten percent (10%) of the Preferred Return plus ten percent (10%) of further proceeds

received by Investors pursuant to item (iii) above.

For the avoidance of doubt, distributions may be made in different instalments at each stage described under items (i), (ii), (iii) and (iv). Additionally, no Performance Fee shall be owed to the General Partner if the Preferred Return is not reached.

## **12.2. Recycling**

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 14 below), except in the situation described below.

The commitments made by the Sub-Fund in its underlying investments may amount up to one hundred and fifty percent (150%) of the Commitments made by the Investors in the Sub-Fund. The General Partner will use from time to time all or part of the distributions received from the Sub-Fund's investments to fund all or part of the capital calls made by the Sub-Fund's investments.

## **13. RECALL**

Target funds within the portfolio of investments may request the Sub-Fund to fully or partially reimburse the amounts received as interim distributions in the cases provided for in the constitutive/issuing documents of the target funds. In such cases the Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them in proportion with the amounts requested by the target funds, provided however that distributions hereunder will not increase the Investors' undrawn Commitments beyond the amounts initially committed by the Investors. Investors may be required to recontribute either to the Sub-Fund (if it is still in existence) or directly to the General Partner for recontribution to the Target Fund.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out hereabove.

## **14. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

### **14.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal:

- with respect to Class A Shares, one point twenty five percent (1.25%) per annum (plus value added tax, if applicable) on the Net Asset Value attributable to Class A Shares as of the end of the preceding quarter;
- with respect to Class B Shares, zero percent (0%) per annum;
- with respect to Class C Shares zero point twelve percent (0.12%) per annum (plus value added tax, if applicable) on the Net Asset Value attributable to Class C Shares as of the end of the preceding quarter;
- with respect to Class D shares, one point five percent (1.5%) per annum (plus value added tax, if

applicable) on the Net Asset Value attributable to Class D Shares as of the end of the preceding quarter.

The Management Fee will accrue as of the First Closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

#### **14.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the “**AIFM Remuneration**”), with the exception of the Creation Expenses and the Operating Expenses as referred below in sections 14.6 and 14.7.2 respectively, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner’s service fees.

#### **14.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the “**Investment Advisory Fee**”) will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

#### **14.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm’s

length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund’s investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund (the “**Portfolio Investments Expenses**”).

#### **14.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the “**Creation Expenses**”) will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point five percent (0.5%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **14.6. Other Expenses**

The below other expenses shall not exceed altogether zero point three percent (0.3%) per annum based on the Net Asset Value plus the unfunded portion of the Aggregate Commitments of the Sub-Fund as of the end of each year..

##### **14.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

#### 14.6.2. Operating Expenses

The operating expenses include the Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees, any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the “**Operating Expenses**”). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

#### 15. SPECIFIC RISK CONSIDERATIONS

Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Risk of capital loss:** An investment in private equity is long term and with no certainty of return. The value of an interest and the distributions in respect of them can fluctuate down as well as up and an Investor may get back less than it contributed to the Sub-Fund or lose its entire investment.

**Portfolio valuation risks:** Prospective investors should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of inter alia sectors, geographies, financial statements formats, reference

currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or any Investor will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, investors must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree



of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for the interests in such underlying private equity funds, whose transfer may be restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.

**Unpredictability of distributions:** Return of capital and realization of gains, if any, on investments will generally occur only upon the distribution or other disposition by the Sub-Fund's underlying private equity funds of portfolio company securities, which may not occur for several years after the Sub-Fund's initial investments. Such distributions are likely to be unpredictable and may occur earlier than or later than anticipated by the managers. Investors should not expect significant returns for a period of years after their investment is made.

**Control of invested funds:** The private equity funds generally will not have the right to participate in the day-to-day management, control or operations of the underlying funds in which they are investing, nor will they have the right to remove the managers thereof. The private equity funds will also not necessarily have the opportunity to evaluate the relevant economic, financial and other information which will be utilized by the underlying funds in which they are investing in their selection, structuring, monitoring and disposition of investments.

**Portfolio company risks:** The portfolio investments in which the private equity funds will invest may invest in companies that involve a high degree of business or financial risk. They may be start-ups or in an early stage of development, may be distressed or have operating losses or significant variations in operating results and may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence. The companies may also be experiencing or are expected to experience financial difficulties, which may never be overcome. In addition, they may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, or may otherwise have a weak financial condition. Portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities and a larger number of qualified managerial and technical personnel. In addition, in the event that the company does not perform as anticipated or incurs unanticipated liabilities, high leverage will magnify the adverse effect on the value of the equity of the company and could result in substantial diminution in or the total loss of an equity investment in the company. The return generated by the relevant portfolio companies will also depend on the level of interest charged under such debt and, consequently, may vary in function of the variations in interest rates.

<p align="center"><b>62. ASIAN PRIVATE EQUITY OPPORTUNITIES V SUB-FUND</b></p>
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## **1. INVESTMENT OBJECTIVE AND STRATEGY**

### **1.1. Investment Objective and Strategy**

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private equity funds mainly invested in Asian headquartered companies across diverse strategies including, but not limited to leveraged buyout transactions, growth capital transactions and special situations.

The Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio.

The Investment Advisor's highly exclusive relationships to top fund managers provides significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest in private equity funds (the "**Portfolio Investments**") which may have varying terms and structures including, but not limited to limited partnership structures or even evergreen structures and/or directly or indirectly through the sub-funds of the Company and/or any other vehicle managed by the AIFM.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in US Dollars (USD), unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

### **1.2. Investment Process**

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM and to the General Partner.

Through its strong network, the Investment Advisor will assist the AIFM and the General Partner in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds;
- Maintaining relationships with the network of private equity investors to create proprietary secondary transactions;
- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;

- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches;
- Leveraging its portfolio of secondary funds managers to access secondary co-investment opportunities; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM and to the General Partner, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analyzing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

The investments in private equity funds are passive investments meaning that the Board has no influence over exits. In private equity fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realizations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private equity fund. However, as common in the private equity environment, potential exit routes for interests in private funds include, *inter alia*, a sale to other investors, a buyout by the management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in US Dollars (USD).

## **4. SHARE CLASSES**

### **4.1 Investors Shares**

Four (4) Classes of Investors Shares, all denominated in US Dollars (USD), are available for subscription in the Sub-Fund, namely:

- A Shares (the “**Class A Shares**”) sub-divided into:
  - **Class A-1 Shares** for Investors subscribing below five hundred thousand US Dollars (USD 500,000.-);
  - **Class A-2 Shares** for Investors subscribing five hundred thousand US Dollars (USD 500,000.-) and above

but below one million US Dollars (USD 1,000,000.-); and

- **Class A-3 Shares** for Investors subscribing one million US Dollars (USD 1,000,000.-) and above.
- B Shares (the “**Class B Shares**”);
- C Shares (the “**Class C Shares**”);
- D Shares (the “**Class D Shares**”);

(altogether the “**Investors Shares**”).

For the avoidance of doubt, the Commitments subscribed by Investors are considered with segregated referenced positions should they subscribe for Investors Shares directly or indirectly.

The following Classes of Investors Shares are, at the sole discretion of the General Partner, reserved to Investors having concluded with any of the entities of CA Indosuez Wealth Management (“**CA Indosuez Wealth Management**”) a services agreement or equivalent with respect to private equity investments (the “**Private Equity Agreement**”):

- the Class A Shares;
- the Class B Shares, it being understood that such Class of Shares is reserved to Investors managed by the AIFM;
- the Class C Shares, it being understood that such Class of Shares is reserved to Investors having also concluded a specific remuneration agreement with any of the entities of CA Indosuez Wealth Management (the “**Specific Remuneration Agreement**”).

The General Partner reserves the right to accept or reject, at its sole discretion, any subscription into Class A-1, A-2 and A-3

Shares regardless of the amount subscribed.

The following Classes of Investors Shares are reserved to Investors having not concluded with any of the entities of CA Indosuez Wealth Management a Private Equity Agreement:

- the Class D Shares.

Notwithstanding the below paragraph, should an Investor having subscribed to Class C Shares terminates the Specific Remuneration Agreement, the General Partner may decide, at its sole discretion, to convert its Class C Shares into Class A Shares.

The General Partner may decide, at its sole discretion, to convert Class A Shares, Class B Shares and/or Class C Shares into Class D Shares should an Investor terminates the Private Equity Agreement.

#### ***4.2 Participating Shares***

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

### **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for seventy million US Dollars (USD 70,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

### **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of thirteen (13) years as from the Last Closing (as defined in the first paragraph of section 7.2 below), with three (3) consecutive extensions of one (1) year

each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's Portfolio Investments, at its sole discretion.

The investment in a Portfolio Investment may require a substantial length of time to liquidate and there may remain some obligations outstanding for a Portfolio Investment, even if it has closed to liquidation. The liquidation process of the Sub-Fund may consequently require a substantial length of time subsequent to the making of a decision to liquidate the Sub-Fund.

## **7. CAPITAL FUNDING**

### ***7.1. Commitments and Drawdowns***

Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund from 10 May 2019 until 31 December 2020 (the "**Subscription Period**"), unless extended by the General Partner at its sole discretion.

Investors, the Commitments of which are accepted on the first closing (the "**First Closing**" and the "**Initial Investors**"), shall be required to pay a portion of their respective committed amounts no later than ninety (90) Business Days following the notification of the First Closing to the Initial Investors, following which Investors Shares are to be issued fully paid-up at a price of one hundred US Dollars (USD 100) each (the "**Subscription Price**") corresponding to the funded Commitment.

### ***7.2. Commitments and Drawdowns after the First Closing***

After the First Closing, Commitments to subscribe Investors Shares will be accepted from Initial Investors and other investors at such closings ("**Subsequent Closings**" and "**Subsequent Closings Investors**") as determined by the General Partner during a period commencing the day after the date of the First Closing, and terminating on 31 December 2020, unless extended by the General Partner (the "**Last Closing**"). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of Investors Shares and pay up the relevant portion of their Commitments no later than the date specified in the relevant drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to postpone the date of any closing (including the Last Closing); in such case, the Investors will be informed of the amended date of the relevant closing and the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing by a Subsequent Closing Investor:

- (a) the Subsequent Closing Investor shall participate in investments made and fees and expenses (including the Management Fee as defined in the first paragraph of section 15.1 below) incurred by the Sub-Fund prior to its admission and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the First Closing, at the Subscription Price;
- (b) the Subsequent Closing Investor shall pay an additional amount equal to two per cent (2%) per

annum, calculated from the date on which the Initial Investors have contributed and paid in their first subscriptions relating to the First Closing up to the date of the capital contributions actually made with respect to the Subsequent Closing in question, and such amount shall be payable to the Sub-Fund (the “**Actualization Interest**”).

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the First Closing, then the General Partner may change the Subscription Price for Investors Shares offered at any Subsequent Closing to a price equal to the Net Asset Value of such Investors Shares as of the relevant Subsequent Closing; in which case all such Investors Shares issued on the same closing shall constitute a separate series. In this case, no Actualization Interest will be due.

### **7.3. Drawdowns**

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the Commitments made by the Investors shall be drawn down in successive installments, as determined by the General Partner. The General Partner will give each Investor a prior notice for each drawdown.

Investors Shares issued in relation to each drawdown made after the First Closing shall be issued fully paid-up at a subscription price equal, at the General Partner's discretion, either (i) to the Subscription Price plus, if applicable, the Actualization Interest or (ii) to the Net Asset Value of such Investors Shares on such drawdown date. If Investors Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The Subscription Price of the Investors Shares issued after the First Closing must be paid within the limits specified in the relevant drawdown notice.

### **7.4. Return of Drawdowns**

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since the First Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the Portfolio Investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### **7.5. Investment period & Drawdown period**

**Investment Period:** The Investment Period will extend from the First Closing until 31 December 2021, with an optional extension of twelve (12) months at the sole discretion of the General Partner.

**Drawdown Period:** Commitments will be called in accordance with section 7.3 until the end of the Sub-Fund's term (i) to fund investments initiated during the Investment Period (ii) for follow-on investments in, or relating to, existing underlying investments, or (iii) to pay relevant ongoing fees and expenses of the Company allocated to the Sub-Fund during its remaining term.

## **8. OVERCOMMITMENT AND LIQUIDITY MANAGEMENT**

The commitments made by the Sub-Fund in its Portfolio Investments may be higher than the Commitments made by the Investor in the Sub-Fund.

The General Partner will ensure that, as from the end of the Subscription Period, the commitments made by the Sub-Fund in its Portfolio Investments will not exceed one hundred and twenty percent (120%) of the Commitments made by the Investors in the Sub-Fund.

In that context, the General Partner will also use from time to time all or part of the distributions received from the Sub-Fund's Portfolio Investments to fund all or part of the capital calls made by the Sub-Fund's Portfolio Investments in order to ensure that the Sub-Fund will meet its obligations with regards to uncalled Commitments.

#### **9. MINIMUM COMMITMENT**

Commitments may only be accepted from Eligible Investors investing a minimum amount of United States dollars (USD) equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund.

Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept Commitments in lesser amounts.

#### **10. REDEMPTIONS AND CONVERSIONS**

An Investor may not at its own initiative require the Company to redeem its Investors Shares.

Investors are not authorised to convert their Investors Shares from this Sub-Fund into another Sub-Fund or from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

The General Partner, however, may decide, under the circumstances described in section 4.1 above or in the best interest of the Investors, to convert Investors Shares

from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

#### **11. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

#### **12. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The quarterly report provides the Investors with updates on the Portfolio Investments.

#### **13. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to

the extent feasible as well as by the redemption of Investors Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Investors Shares, the redemption price will be equal to the last Net Asset Value per relevant Investors Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's Portfolio Investments after the deduction of the relevant fees and expenses (pursuant to section 15 below), except in the situation described in section 8.

#### **14. RECALL**

The Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them to fund such portion of a reimbursement obligation of the Sub-Fund towards the Portfolio Investments as provided for in the constitutive/contractual documents of the relevant the Portfolio Investment, provided however that distributions hereunder will not increase the Investors' undrawn Commitments beyond the amounts initially committed by the Investors.

The Investors may be required to recontribute either to the Sub-Fund or directly to the General Partner for recontribution to the Portfolio Investments.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

The Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter

under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out here above.

#### **15. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

##### **15.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal to:

- with respect to Class A-1 Shares, zero point seventy-five percent (0.75%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-1 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-1 Shares as of the end of the preceding quarter;
- with respect to Class A-2 Shares, zero point sixty-five percent (0.65%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-2 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-2 Shares as of the end of the preceding quarter;
- with respect to Class A-3 Shares, zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to



Class A-3 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-3 Shares as of the end of the preceding quarter;

- with respect to Class B Shares, zero percent (0%) per annum;
- with respect to Class C Shares zero point twelve percent (0.12%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class C Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class C Shares as of the end of the preceding quarter;
- with respect to Class D shares, zero point ninety-five percent (0.95%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class D Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class D Shares as of the end of the preceding quarter.

The Management Fee will accrue as of the First Closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

## **15.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the “**AIFM Remuneration**”), with the exception of the Creation Expenses and the Operating Expenses as referred below in sections 15.5 and 15.6.2 respectively, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner’s service fees.

## **15.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the “**Investment Advisory Fee**”) will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

## **15.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm’s length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund’s investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund. (the “**Portfolio Investments Expenses**”).

### **15.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the “**Creation Expenses**”) will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point five percent (0.5%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

### **15.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Net Asset Value plus the unfunded portion of the Aggregate Commitments of the Sub-Fund as of the end of each year.

#### **15.6.1 The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

#### **15.6.2 Operating Expenses**

The operating expenses include the Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees, any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the “**Operating Expenses**”). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the

aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

### **16. SPECIFIC RISK CONSIDERATIONS**

Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled “General Risk Considerations” in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund’s investment objectives and strategy.

**Risk of capital loss:** An investment in private equity is long term and with no certainty of return. The value of an interest and the distributions in respect of them can fluctuate down as well as up and an Investor may get back less than it contributed to the Sub-Fund or lose its entire investment.

**Portfolio valuation risks:** Prospective investors should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of inter alia sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or any Investor will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent

changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, investors must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for the interests in such underlying private equity funds, whose transfer may be restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require

a substantial length of time further to the decision to liquidate the Sub-Fund.

**Unpredictability of distributions:** Return of capital and realization of gains, if any, on investments will generally occur only upon the distribution or other disposition by the Sub-Fund's underlying private equity funds of portfolio company securities, which may not occur for several years after the Sub-Fund's initial investments. Such distributions are likely to be unpredictable and may occur earlier than or later than anticipated by the managers. Investors should not expect significant returns for a period of years after their investment is made.

**Control of invested funds:** The private equity funds generally will not have the right to participate in the day-to-day management, control or operations of the underlying funds in which they are investing, nor will they have the right to remove the managers thereof. The private equity funds will also not necessarily have the opportunity to evaluate the relevant economic, financial and other information which will be utilized by the underlying funds in which they are investing in their selection, structuring, monitoring and disposition of investments.

**Portfolio company risks:** The portfolio investments in which the private equity funds will invest may invest in companies that involve a high degree of business or financial risk. They may be start-ups or in an early stage of development, may be distressed or have operating losses or significant variations in operating results and may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence. The companies may also experiencing or are expected to experience financial difficulties, which may never be overcome. In addition, they may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, or may otherwise have a weak

financial condition. Portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities and a larger number of qualified managerial and technical personnel. In addition, in the event that the company does not perform as anticipated or incurs unanticipated liabilities, high leverage will magnify the adverse effect on the value of the equity of the company and could result in substantial diminution in or the total loss of an equity investment in the company. The return generated by the relevant portfolio companies will also depend on the level of interest charged under such debt and, consequently, may vary in function of the variations in interest rates.

<b>63. GLOBAL TECH OPPORTUNITIES SUB-FUND</b>
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## **1. INVESTMENT OBJECTIVE AND STRATEGY**

### ***1.1. Investment Objective and Strategy***

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private equity funds, pursuing venture and growth investments in companies in North America, Europe, Asia and Africa.

The eligible private equity funds will primarily focus on venture and growth capital-related strategies including, but not limited to equity corporate investments, structure mezzanine debt or preferred equity investments.

The Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio.

The Investment Advisor's highly exclusive relationships to top fund managers provides significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest in private equity funds (the "**Portfolio Investments**") which may have varying terms and structures including, but not limited to limited partnership structures or even evergreen structures and/or directly or indirectly through the sub-funds of the Company and/or any other vehicle managed by the AIFM.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in Euros (EUR) and in US Dollars (USD), unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

### ***1.2. Investment Process***

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM and to the General Partner.

Through its strong network, the Investment Advisor will assist the AIFM and the General Partner in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds;
- Maintaining relationships with the network of private equity investors to create proprietary secondary transactions;
- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;
- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches;
- Leveraging its portfolio of secondary funds managers to access secondary co-investment opportunities; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM and to the General Partner, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analyzing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

The investments in private equity funds are passive investments meaning that the Board has no influence over exits. In private equity fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realizations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private equity fund. However, as common in the private equity environment, potential exit routes for interests in private funds include, *inter alia*, a sale to other investors, a buyout by the management team, a sale to a third party or an initial public offering on a capital market.

### **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

### **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in Dollars (USD).

#### **4. SHARE CLASSES**

##### **4.1 Investors Shares**

Four (4) Classes of Investors Shares, all denominated in Dollars (USD), are available for subscription in the Sub-Fund, namely:

- A Shares (the “**Class A Shares**”) sub-divided into:
  - o **Class A-1 Shares** for Investors subscribing below five hundred thousand Dollars (USD 500,000.-);
  - o **Class A-2 Shares** for Investors subscribing five hundred thousand Dollars (USD 500,000.-) and above but below one million Dollars (USD 1,000,000.-); and
  - o **Class A-3 Shares** for Investors subscribing one million Dollars (USD 1,000,000.-) and above.
- B Shares (the “**Class B Shares**”);
- C Shares (the “**Class C Shares**”);
- D Shares (the “**Class D Shares**”);

(altogether the “**Investors Shares**”).

For the avoidance of doubt, the Commitments subscribed by Investors are considered with segregated referenced positions should they subscribe for Investors Shares directly or indirectly.

The following Classes of Investors Shares are, at the sole discretion of the General Partner, reserved to Investors having concluded with any of the entities of CA Indosuez Wealth Management (“**CA Indosuez Wealth Management**”) a services agreement or equivalent with respect to private equity investments (the “**Private Equity Agreement**”):

- the Class A Shares;

- the Class B Shares, it being understood that such Class of Shares is reserved to Investors managed by the AIFM;
- the Class C Shares, it being understood that such Class of Shares is reserved to Investors having also concluded a specific remuneration agreement with any of the entities of CA Indosuez Wealth Management (the “**Specific Remuneration Agreement**”).

The General Partner reserves the right to accept or reject, at its sole discretion, any subscription into Class A-1, A-2 and A-3 Shares regardless of the amount subscribed.

The following Classes of Investors Shares are reserved to Investors having not concluded with any of the entities of CA Indosuez Wealth Management a Private Equity Agreement:

- the Class D Shares.

Notwithstanding the below paragraph, should an Investor having subscribed to Class C Shares terminates the Specific Remuneration Agreement, the General Partner may decide, at its sole discretion, to convert its Class C Shares into Class A Shares.

The General Partner may decide, at its sole discretion, to convert Class A Shares, Class B Shares and/or Class C Shares into Class D Shares should an Investor terminates the Private Equity Agreement.

##### **4.2 Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

## **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for thirty million dollars (USD 30,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

## **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of thirteen (13) years as from the Last Closing (as defined in the first paragraph of section 7.2 below), with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's Portfolio Investments, at its sole discretion.

The investment in a Portfolio Investment may require a substantial length of time to liquidate and there may remain some obligations outstanding for a Portfolio Investment, even if it has closed to liquidation. The liquidation process of the Sub-Fund may consequently require a substantial length of time subsequent to the making of a decision to liquidate the Sub-Fund.

## **7. CAPITAL FUNDING**

### ***7.1. Commitments and Drawdowns***

Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund from 10 May 2019 until 30 June 2020 (the "**Subscription Period**"), unless extended by the General Partner at its sole discretion.

Investors, the Commitments of which are accepted on the first closing (the "**First**

**Closing**" and the "**Initial Investors**"), shall be required to pay a portion of their respective committed amounts no later than ninety (90) Business Days following the notification of the First Closing to the Initial Investors, following which Investors Shares are to be issued fully paid-up at a price of one hundred Dollars (USD 100) each (the "**Subscription Price**") corresponding to the funded Commitment.

### ***7.2. Commitments and Drawdowns after the First Closing***

After the First Closing, Commitments to subscribe Investors Shares will be accepted from Initial Investors and other investors at such closings ("**Subsequent Closings**" and "**Subsequent Closings Investors**") as determined by the General Partner during a period commencing the day after the date of the First Closing, and terminating on 30 June 2020, unless extended by the General Partner (the "**Last Closing**"). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of Investors Shares and pay up the relevant portion of their Commitments no later than the date specified in the relevant drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to postpone the date of any closing (including the Last Closing); in such case, the Investors will be informed of the amended date of the relevant closing and the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing by a Subsequent Closing Investor:

- (a) the Subsequent Closing Investor shall participate in investments made and fees and expenses (including the Management Fee as defined in the first paragraph of section 15.1 below) incurred by the



Sub-Fund prior to its admission and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the First Closing, at the Subscription Price;

- (b) the Subsequent Closing Investor shall pay an additional amount equal to two per cent (2%) per annum, calculated from the date on which the Initial Investors have contributed and paid in their first subscriptions relating to the First Closing up to the date of the capital contributions actually made with respect to the Subsequent Closing in question, and such amount shall be payable to the Sub-Fund (the “**Actualization Interest**”).

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the First Closing, then the General Partner may change the Subscription Price for Investors Shares offered at any Subsequent Closing to a price equal to the Net Asset Value of such Investors Shares as of the relevant Subsequent Closing; in which case all such Investors Shares issued on the same closing shall constitute a separate series. In this case, no Actualization Interest will be due.

### **7.3. Drawdowns**

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the Commitments made by the Investors shall be drawn down in successive installments, as determined by the General Partner. The General Partner will give each Investor prior notice for each drawdown.

Investors Shares issued in relation to each drawdown made after the First Closing shall

be issued fully paid-up at a subscription price equal, at the General Partner's discretion, either (i) to the Subscription Price plus, if applicable, the Actualization Interest or (ii) to the Net Asset Value of such Investors Shares on such drawdown date. If Investors Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The Subscription Price of the Investors Shares issued after the First Closing must be paid within the limits specified in the relevant drawdown notice.

### **7.4. Return of Drawdowns**

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since the First Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the Portfolio Investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### **7.5. Investment period & Drawdown period**

**Investment Period:** The Investment Period will extend from the First Closing until 31.12.2021, with an optional extension of twelve (12) months at the sole discretion of the General Partner.

**Drawdown Period:** Commitments will be called in accordance with section 7.3 until the end of the Sub-Fund's term (i) to fund investments initiated during the Investment Period (ii) for follow-on investments in, or relating to, existing underlying investments, or (iii) to pay relevant ongoing fees and expenses of the Company allocated to the Sub-Fund during its remaining term.

## **8. OVERCOMMITMENT AND LIQUIDITY MANAGEMENT**

The commitments made by the Sub-Fund in its Portfolio Investments may be higher than the Commitments made by the Investor in the Sub-Fund.

The General Partner will ensure that, as from the end of the Subscription Period, the commitments made by the Sub-Fund in its Portfolio Investments will not exceed one hundred and twenty percent (120%) of the Commitments made by the Investors in the Sub-Fund.

In that context, the General Partner will also use from time to time all or part of the distributions received from the Sub-Fund's Portfolio Investments to fund all or part of the capital calls made by the Sub-Fund's Portfolio Investments in order to ensure that the Sub-Fund will meet its obligations with regards to uncalled Commitments.

## **9. MINIMUM COMMITMENT**

Commitments may only be accepted from Eligible Investors investing a minimum amount of United States dollars (USD) equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund.

Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept Commitments in lesser amounts.

## **10. REDEMPTIONS AND CONVERSIONS**

An Investor may not at its own initiative require the Company to redeem its Investors Shares.

Investors are not authorised to convert their Investors Shares from this Sub-Fund into

another Sub-Fund or from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

The General Partner, however, may decide, under the circumstances described in section 4.1 above or in the best interest of the Investors, to convert Investors Shares from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

## **11. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

## **12. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The

quarterly report provides the Investors with updates on the Portfolio Investments.

### **13. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Investors Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Investors Shares, the redemption price will be equal to the last Net Asset Value per relevant Investors Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's Portfolio Investments after the deduction of the relevant fees and expenses (pursuant to section 15 below), except in the situation described in section 8.

### **14. RECALL**

The Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them to fund such portion of a reimbursement obligation of the Sub-Fund towards the Portfolio Investments as provided for in the constitutive/contractual documents of the relevant the Portfolio Investment, provided however that distributions hereunder will not increase the Investors' undrawn Commitments beyond the amounts initially committed by the Investors.

The Investors may be required to recontribute either to the Sub-Fund or directly to the General Partner for recontribution to the Portfolio Investments.

The above mentioned recallable

distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

The Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out here above.

### **15. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

#### ***15.1. Management Fee***

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal to:

- with respect to Class A-1 Shares, zero point seventy-five percent (0.75%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-1 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-1 Shares as of the end of the preceding quarter;
- with respect to Class A-2 Shares, zero point sixty-five percent (0.65%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-2 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-2

Shares as of the end of the preceding quarter;

- with respect to Class A-3 Shares, zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-3 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-3 Shares as of the end of the preceding quarter;
- with respect to Class B Shares, zero percent (0%) per annum;
- with respect to Class C Shares zero point twelve percent (0.12%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class C Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class C Shares as of the end of the preceding quarter;
- with respect to Class D shares, zero point ninety-five percent (0.95%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class D Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class D Shares as of the end of the preceding quarter.

The Management Fee will accrue as of the First Closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing

to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

### **15.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the “**AIFM Remuneration**”), with the exception of the Creation Expenses and the Operating Expenses as referred below in sections 15.5 and 15.6.2 respectively, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner’s service fees.

### **15.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the “**Investment Advisory Fee**”) will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

### **15.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm’s length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund’s investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the

Sub-Fund. (the “**Portfolio Investments Expenses**”).

### **15.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the “**Creation Expenses**”) will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point five percent (0.5%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

### **15.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Net Asset Value plus the unfunded portion of the Aggregate Commitments of the Sub-Fund as of the end of each year.

#### **15.6.1 The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

#### **15.6.2 Operating Expenses**

The operating expenses include the Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees, any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the “**Operating Expenses**”). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating

Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

## **16. SPECIFIC RISK CONSIDERATIONS**

Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Risk of capital loss:** An investment in private equity is long term and with no certainty of return. The value of an interest and the distributions in respect of them can fluctuate down as well as up and an Investor may get back less than it contributed to the Sub-Fund or lose its entire investment.

**Portfolio valuation risks:** Prospective investors should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of inter alia sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or any Investor will realize with respect to such investment. The

valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, investors must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for the interests in such underlying private equity funds, whose transfer may be restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying

funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.

**Unpredictability of distributions:** Return of capital and realization of gains, if any, on investments will generally occur only upon the distribution or other disposition by the Sub-Fund's underlying private equity funds of portfolio company securities, which may not occur for several years after the Sub-Fund's initial investments. Such distributions are likely to be unpredictable and may occur earlier than or later than anticipated by the managers. Investors should not expect significant returns for a period of years after their investment is made.

**Control of invested funds:** The private equity funds generally will not have the right to participate in the day-to-day management, control or operations of the underlying funds in which they are investing, nor will they have the right to remove the managers thereof. The private equity funds will also not necessarily have the opportunity to evaluate the relevant economic, financial and other information which will be utilized by the underlying funds in which they are investing in their selection, structuring, monitoring and disposition of investments.

**Portfolio company risks:** The portfolio investments in which the private equity funds will invest may invest in companies that involve a high degree of business or financial risk. They may be start-ups or in an early stage of development, may be distressed or have operating losses or significant variations in operating results and may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence. The companies may also experiencing or are expected to experience financial difficulties, which may never be overcome. In addition, they may require substantial additional

capital to support their operations, to finance expansion or to maintain their competitive position, or may otherwise have a weak financial condition. Portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities and a larger number of qualified managerial and technical personnel. In addition, in the event that the company does not perform as anticipated or incurs unanticipated liabilities, high leverage will magnify the adverse effect on the value of the equity of the company and could result in substantial diminution in or the total loss of an equity investment in the company. The return generated by the relevant portfolio companies will also depend on the level of interest charged under such debt and, consequently, may vary in function of the variations in interest rates.

<p><b>64. SECONDARY FUND OPPORTUNITIES II SUB-FUND</b></p>
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**1. INVESTMENT OBJECTIVE AND STRATEGY**

**1.1. *Investment objective and strategy***

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality secondary private equity funds, including but not limited to funds acquiring limited partnership interests through secondary market acquisitions in buyout, growth equity funds as well as fund's restructuring or direct interests in portfolios of operating companies.

The Sub-Fund will seek to build, to the extent possible, a well-balanced portfolio of target funds seeking to achieve diversification across a variety of funds, financial sponsors, vintage years, investment strategies, industry sectors and geographies.

The Investment Advisor's highly exclusive relationships to top secondary fund managers provides significant competitive advantages including the access to exclusive investment opportunities.

• **Types of Investments**

The Sub-Fund will invest in private equity funds (the "**Portfolio Investments**") which may have varying terms and structures including, but not limited to limited partnership structures or even evergreen structures.

• **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in US Dollars (USD), unless

otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

**1.2. *Investment process***

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity secondary market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM and to the General Partner.

Through its strong network, the Investment Advisor will assist the AIFM and the General Partner in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality secondary funds;
- Maintaining relationships with the network of private equity investors to create proprietary secondary transactions;



- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;
- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches;
- Leveraging its portfolio of secondary funds managers to access secondary co-investment opportunities; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM and to the General Partner, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analyzing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

The investments in private equity funds are passive investments meaning that the Board has no influence over exits. In private equity fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realizations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private equity fund. However, as common in the

private equity environment, potential exit routes for interests in private funds include, *inter alia*, a sale to other investors, a buyout by the management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in US Dollars (USD).

## **4. SHARE CLASSES**

### **4.1 Investors Shares**

Four (4) Classes of Investors Shares, all denominated in US Dollars (USD), are available for subscription in the Sub-Fund, namely:

- A Shares (the “**Class A Shares**”) sub-divided into:
  - **Class A-1 Shares** for Investors subscribing below five hundred

thousand US Dollars (USD 500,000.-);

- **Class A-2 Shares** for Investors subscribing five hundred thousand US Dollars (USD 500,000.-) and above but below one million US Dollars (USD 1,000,000.-); and
- **Class A-3 Shares** for Investors subscribing one million US Dollars (USD 1,000,000.-) and above.
- B Shares (the “**Class B Shares**”);
- C Shares (the “**Class C Shares**”);
- D Shares (the “**Class D Shares**”);

(altogether the “**Investors Shares**”).

For the avoidance of doubt, the Commitments subscribed by Investors are considered with segregated referenced positions should they subscribe for Investors Shares directly or indirectly.

The following Classes of Investors Shares are, at the sole discretion of the General Partner, reserved to Investors having concluded with any of the entities of CA Indosuez Wealth Management (“**CA Indosuez Wealth Management**”) a services agreement or equivalent with respect to private equity investments (the “**Private Equity Agreement**”):

- the Class A Shares;
- the Class B Shares, it being understood that such Class of Shares is reserved to Investors managed by the AIFM;
- the Class C Shares, it being understood that such Class of Shares is reserved to Investors having also concluded a specific remuneration agreement with any of the entities of CA Indosuez Wealth

Management (the “**Specific Remuneration Agreement**”).

The General Partner reserves the right to accept or reject, at its sole discretion, any subscription into Class A-1, A-2 and A-3 Shares regardless of the amount subscribed.

The following Classes of Investors Shares are reserved to Investors having not concluded with any of the entities of CA Indosuez Wealth Management a Private Equity Agreement:

- the Class D Shares.

Notwithstanding the below paragraph, should an Investor having subscribed to Class C Shares terminates the Specific Remuneration Agreement, the General Partner may decide, at its sole discretion, to convert its Class C Shares into Class A Shares.

The General Partner may decide, at its sole discretion, to convert Class A Shares, Class B Shares and/or Class C Shares into Class D Shares should an Investor terminates the Private Equity Agreement.

#### **4.2 Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

#### **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for one hundred and fifty million US Dollars (USD 150,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

## **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of thirteen (13) years as from the Last Closing (as defined in the first paragraph of section 7.2 below), with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's Portfolio Investments, at its sole discretion.

The investment in a Portfolio Investment may require a substantial length of time to liquidate and there may remain some obligations outstanding for a Portfolio Investment, even if it has closed to liquidation. The liquidation process of the Sub-Fund may consequently require a substantial length of time subsequent to the making of a decision to liquidate the Sub-Fund.

## **7. CAPITAL FUNDING**

### ***7.1. Commitments and drawdowns***

Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund from 11 July 2019 until 31 December 2020, unless extended by the General Partner at its sole discretion.

Investors, the Commitments of which are accepted on the first closing (the "**First Closing**" and the "**Initial Investors**"), shall be required to pay a portion of their respective committed amounts no later than the date specified on the relevant drawdown notice following the notification of the First Closing to the Initial Investors, following which Investors Shares are to be issued fully paid-up at a price of one hundred US Dollars (USD 100) each (the "**Subscription**

**Price**") corresponding to the funded Commitment.

### ***7.2. Commitments and drawdowns after the First Closing***

After the First Closing, Commitments to subscribe Investors Shares will be accepted from Initial Investors and other investors at such closings ("**Subsequent Closings**" and "**Subsequent Closings Investors**") as determined by the General Partner during a period commencing the day after the date of the First Closing, and terminating on 31 December 2020, unless extended by the General Partner (the "**Last Closing**"). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of Investors Shares and pay up the relevant portion of their Commitments no later than the date specified on the relevant drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to postpone the date of any closing (including the Last Closing); in such case, the Investors will be informed of the amended date of the relevant closing and the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing by a Subsequent Closing Investor:

- (a) the Subsequent Closing Investor shall participate in investments made and fees and expenses (including the Management Fee as defined in the first paragraph of section 15.1 below) incurred by the Sub-Fund prior to its admission and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the First Closing, at the Subscription Price;

- (b) the Subsequent Closing Investor shall pay an additional amount equal to two per cent (2%) per annum, calculated from the date on which the Initial Investors have contributed and paid in their first subscriptions relating to the First Closing up to the date of the capital contributions actually made with respect to the Subsequent Closing in question, and such amount shall be payable to the Sub-Fund (the “**Actualization Interest**”).

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the First Closing, then the General Partner may change the Subscription Price for Investors Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Investors Shares as of the relevant Subsequent Closing; in which case all such Investors Shares issued on the same closing shall constitute a separate series. In this case, no Actualization Interest will be due.

### **7.3. Drawdowns**

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the Commitments made by the Investors shall be drawn down in successive installments, as determined by the General Partner. The General Partner will give each Investor prior notice for each drawdown.

Investors Shares issued in relation to each drawdown made after the First Closing shall be issued fully paid-up at a subscription price equal, at the General Partner's discretion, either (i) to the Subscription Price plus, if applicable, the Actualization Interest or (ii) to the Net Asset Value of such Investors Shares on such drawdown date. If Investors Shares are issued at a price

based on the Net Asset Value per Share, no Actualization Interest will be due.

The Subscription Price of the Investors Shares issued after the First Closing must be paid within the limits specified in the relevant drawdown notice.

### **7.4. Return of drawdowns**

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since the First Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the Portfolio Investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### **7.5. Investment period and drawdown period**

**Investment Period:** The Investment Period will extend from the First Closing until 31 December 2021, with an optional extension of twelve (12) months at the sole discretion of the General Partner.

**Drawdown Period:** Commitments will be called in accordance with section 7.3 until the end of the Sub-Fund's term (i) to fund investments initiated during the Investment Period (ii) for follow-on investments in, or relating to, existing underlying investments, or (iii) to pay relevant ongoing fees and expenses of the Company allocated to the Sub-Fund during its remaining term.

## **8. OVERCOMMITMENT AND LIQUIDITY MANAGEMENT**

The commitments made by the Sub-Fund in its Portfolio Investments may be higher than

the Commitments made by the Investor in the Sub-Fund.

The General Partner will ensure that, at any time of the life of the Sub-Fund, the uncalled Commitments from the Portfolio Investments will not exceed one hundred and fifty percent (150%) of the aggregate of (i) the Investor's uncalled Commitments plus (ii) the cash and/or liquid assets available for the Sub-Fund.

In that context, the General Partner will also use from time to time all or part of the distributions received from the Sub-Fund's Portfolio Investments to fund all or part of the capital calls made by the Sub-Fund's Portfolio Investments in order to ensure that the Sub-Fund will meet its obligations with regards to uncalled Commitments.

#### **9. MINIMUM COMMITMENT**

Commitments may only be accepted from Eligible Investors investing a minimum amount of United States dollars (USD) equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund.

Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept Commitments in lesser amounts.

#### **10. REDEMPTIONS AND CONVERSIONS**

An Investor may not at its own initiative require the Company to redeem its Investors Shares.

Investors are not authorised to convert their Investors Shares from this Sub-Fund into another Sub-Fund or from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

The General Partner, however, may decide, under the circumstances described in section 4.1 above or in the best interest of the Investors, to convert Investors Shares from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

#### **11. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

#### **12. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The quarterly report provides the Investors with updates on the Portfolio Investments.

### **13. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Investors Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Investors Shares, the redemption price will be equal to the last Net Asset Value per relevant Investors Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's Portfolio Investments after the deduction of the relevant fees and expenses (pursuant to section 15 below), except in the situation described in section 8.

### **14. RECALL**

The Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them to fund such portion of a reimbursement obligation of the Sub-Fund towards the Portfolio Investments as provided for in the constitutive/contractual documents of the relevant Portfolio Investment, provided however that distributions hereunder will not increase the Investors' undrawn Commitments beyond the amounts initially committed by the Investors.

The Investors may be required to recontribute either to the Sub-Fund or directly to the General Partner for recontribution to the Portfolio Investments.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

The Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out here above.

### **15. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

#### **15.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal to:

- (vii) with respect to Class A-1 Shares, zero point seventy-five percent (0.75%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-1 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-1 Shares as of the end of the preceding quarter;
- (viii) with respect to Class A-2 Shares, zero point sixty-five percent (0.65%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-2 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-2 Shares as of the end of the preceding quarter;
- (ix) with respect to Class A-3 Shares, zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-3 Shares plus (ii)

the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-3 Shares as of the end of the preceding quarter;

- (x) with respect to Class B Shares, zero percent (0%) per annum;
- (xi) with respect to Class C Shares zero point twelve percent (0.12%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class C Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class C Shares as of the end of the preceding quarter;
- (xii) with respect to Class D shares, zero point ninety-five percent (0.95%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class D Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class D Shares as of the end of the preceding quarter.

The Management Fee will accrue as of the First Closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

### **15.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the “**AIFM Remuneration**”), with the exception of the Creation Expenses and the Operating Expenses as referred below in sections 15.5 and 15.6.2 respectively, will as a rule be paid by the General Partner out of its own

assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner’s service fees.

### **15.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the “**Investment Advisory Fee**”) will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

### **15.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm’s length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund’s investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund. (the “**Portfolio Investments Expenses**”).

### **15.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the “**Creation Expenses**”) will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point twenty five percent (0.25%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **15.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Net Asset Value plus the unfunded portion of the Aggregate Commitments of the Sub-Fund as of the end of each year.

##### **15.6.1 The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **15.6.2 Operating Expenses**

The operating expenses include the Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees, any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the “**Operating Expenses**”). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

#### **16. SPECIFIC RISK CONSIDERATIONS**

Investors are advised to carefully consider the risks of investing in the Sub-Fund and

should refer in relation thereto to the section entitled “General Risk Considerations” in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund’s investment objectives and strategy:

**Risk of capital loss:** An investment in private equity is long term and with no certainty of return. The value of an interest and the distributions in respect of them can fluctuate down as well as up and an Investor may get back less than it contributed to the Sub-Fund or lose its entire investment.

**Portfolio valuation risks:** Prospective investors should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of inter alia sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or any Investor will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such



underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, investors must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depository and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for the interests in such underlying private equity funds, whose transfer may be restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.

**Unpredictability of distributions:** Return of capital and realization of gains, if any, on investments will generally occur only upon the distribution or other disposition by the Sub-Fund's underlying private equity funds of portfolio company securities, which may not occur for several years after the Sub-Fund's initial investments. Such distributions

are likely to be unpredictable and may occur earlier than or later than anticipated by the managers. Investors should not expect significant returns for a period of years after their investment is made.

**Control of invested funds:** The private equity funds generally will not have the right to participate in the day-to-day management, control or operations of the underlying funds in which they are investing, nor will they have the right to remove the managers thereof. The private equity funds will also not necessarily have the opportunity to evaluate the relevant economic, financial and other information which will be utilized by the underlying funds in which they are investing in their selection, structuring, monitoring and disposition of investments.

**Portfolio company risks:** The Portfolio Investments in which the private equity funds will invest may invest in companies that involve a high degree of business or financial risk. They may be start-ups or in an early stage of development, may be distressed or have operating losses or significant variations in operating results and may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence. The companies may also experiencing or are expected to experience financial difficulties, which may never be overcome. In addition, they may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, or may otherwise have a weak financial condition. Portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities and a larger number of qualified managerial and technical personnel. In addition, in the event that the company does not perform as anticipated or incurs unanticipated liabilities, high leverage will magnify the adverse effect on the value

of the equity of the company and could result in substantial diminution in or the total loss of an equity investment in the company. The return generated by the relevant portfolio companies will also depend on the level of interest charged under such debt and, consequently, may vary in function of the variations in interest rates.

<p><b>65. GLOBAL REAL ASSETS OPPORTUNITIES IV SUB-FUND</b></p>
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## **1. INVESTMENT OBJECTIVE AND STRATEGY**

### ***1.1. Investment objective and strategy***

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private equity real assets funds pursuing opportunistic and value added investments of real assets or infrastructure or companies in North America, Europe, Asia and Africa.

The eligible private equity real assets funds will primarily focus on real assets-related strategies including, but not limited to equity corporate investments, structure mezzanine debt, preferred equity investments or distressed for control transactions.

The Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio.

The Investment Advisor's highly exclusive relationships to top fund managers provides significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest directly in private equity real assets funds (the "**Portfolio Investments**") which may have varying terms and structures including, but not limited to limited partnership structures and/or indirectly through the sub-funds of the Company and/or of Tiera Capital S.C.A., SICAR, a *société en commandite par actions* qualifying as a *société d'investissement en capital à risque*

(SICAR) also managed by the AIFM.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in Euros (EUR) and in US Dollars (USD), unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

### ***1.2. Investment process***

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity real assets market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM and to the General Partner.

Through its strong network, the Investment Advisor will assist the AIFM and the General Partner in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds;
- Maintaining relationships with the network of private equity investors to create proprietary secondary transactions;
- Constant screening and benchmarking of the private equity real assets funds to detect early enough emerging funds with high potential;
- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches;
- Leveraging its portfolio of secondary funds managers to access secondary co-investment opportunities; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM and to the General Partner, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analyzing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

The investments in private equity real assets funds are passive investments meaning that the Board has no influence over exits. In private equity real assets fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realizations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private equity real assets fund. However, as common in the private equity environment, potential exit routes for interests in private funds include, *inter alia*, a sale to other investors, a buyout by the management team, a sale to a third party or an initial public offering on a capital market.

### **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

### **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in US Dollars (USD).

#### **4. SHARE CLASSES**

##### **4.1 Investors Shares**

Four (4) Classes of Investors Shares, all denominated in US Dollars (USD), are available for subscription in the Sub-Fund, namely:

- A Shares (the “**Class A Shares**”) sub-divided into:
  - o **Class A-1 Shares** for Investors subscribing below five hundred thousand US Dollars (USD 500,000.-);
  - o **Class A-2 Shares** for Investors subscribing five hundred thousand US Dollars (USD 500,000.-) and above but below one million US Dollars (USD 1,000,000.-); and
  - o **Class A-3 Shares** for Investors subscribing one million US Dollars (USD 1,000,000.-) and above.
- B Shares (the “**Class B Shares**”);
- C Shares (the “**Class C Shares**”);
- D Shares (the “**Class D Shares**”);

(altogether the “**Investors Shares**”).

For the avoidance of doubt, the Commitments subscribed by Investors are considered with segregated referenced positions should they subscribe for Investors Shares directly or indirectly.

The following Classes of Investors Shares are, at the sole discretion of the General Partner, reserved to Investors having concluded with any of the entities of CA Indosuez Wealth Management (“**CA Indosuez Wealth Management**”) a services agreement or equivalent with

respect to private equity investments (the “**Private Equity Agreement**”):

- the Class A Shares;
- the Class B Shares, it being understood that such Class of Shares is reserved to Investors managed by the AIFM;
- the Class C Shares, it being understood that such Class of Shares is reserved to Investors having also concluded a specific remuneration agreement with any of the entities of CA Indosuez Wealth Management (the “**Specific Remuneration Agreement**”).

The General Partner reserves the right to accept or reject, at its sole discretion, any subscription into Class A-1, A-2 and A-3 Shares regardless of the amount subscribed.

The following Classes of Investors Shares are reserved to Investors having not concluded with any of the entities of CA Indosuez Wealth Management a Private Equity Agreement:

- the Class D Shares.

Notwithstanding the below paragraph, should an Investor having subscribed to Class C Shares terminates the Specific Remuneration Agreement, the General Partner may decide, at its sole discretion, to convert its Class C Shares into Class A Shares.

The General Partner may decide, at its sole discretion, to convert Class A Shares, Class B Shares and/or Class C Shares into Class D Shares should an Investor terminates the Private Equity Agreement.

## **4.2 Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

## **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for sixty million US Dollars (USD 60,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

## **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of thirteen (13) years as from the Last Closing (as defined in the first paragraph of section 7.2 below), with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's Portfolio Investments, at its sole discretion.

The investment in a Portfolio Investment may require a substantial length of time to liquidate and there may remain some obligations outstanding for a Portfolio Investment, even if it has closed to liquidation. The liquidation process of the Sub-Fund may consequently require a substantial length of time subsequent to the making of a decision to liquidate the Sub-Fund.

## **7. CAPITAL FUNDING**

### **7.1. Commitments and drawdowns**

Investors are permitted to commit to subscribe for Investors Shares in the Sub-

Fund from 11 July 2019 until 31 December 2020 (the "**Subscription Period**"), unless extended by the General Partner at its sole discretion.

Investors, the Commitments of which are accepted on the first closing (the "**First Closing**" and the "**Initial Investors**"), shall be required to pay a portion of their respective committed amounts no later than the date specified on the relevant drawdown notice following the notification of the First Closing to the Initial Investors, following which Investors Shares are to be issued fully paid-up at a price of one hundred US Dollars (USD 100) each (the "**Subscription Price**") corresponding to the funded Commitment.

### **7.2. Commitments and drawdowns after the First Closing**

After the First Closing, Commitments to subscribe Investors Shares will be accepted from Initial Investors and other investors at such closings ("**Subsequent Closings**" and "**Subsequent Closings Investors**") as determined by the General Partner during a period commencing the day after the date of the First Closing, and terminating on 31 December 2020, unless extended by the General Partner (the "**Last Closing**"). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of Investors Shares and pay up the relevant portion of their Commitments no later than the date specified on the relevant drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to postpone the date of any closing (including the Last Closing); in such case, the Investors will be informed of the amended date of the relevant closing and the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing by a Subsequent Closing Investor:

- (a) the Subsequent Closing Investor shall participate in investments made and fees and expenses (including the Management Fee as defined in the first paragraph of section 15.1 below) incurred by the Sub-Fund prior to its admission and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the First Closing, at the Subscription Price;
- (b) the Subsequent Closing Investor shall pay an additional amount equal to two per cent (2%) per annum, calculated from the date on which the Initial Investors have contributed and paid in their first subscriptions relating to the First Closing up to the date of the capital contributions actually made with respect to the Subsequent Closing in question, and such amount shall be payable to the Sub-Fund (the “**Actualization Interest**”).

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the First Closing, then the General Partner may change the Subscription Price for Investors Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Investors Shares as of the relevant Subsequent Closing; in which case all such Investors Shares issued on the same closing shall constitute a separate series. In this case, no Actualization Interest will be due.

### **7.3. Drawdowns**

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be

paid, additional portions of the Commitments made by the Investors shall be drawn down in successive installments, as determined by the General Partner. The General Partner will give each Investor a prior notice for each drawdown.

Investors Shares issued in relation to each drawdown made after the First Closing shall be issued fully paid-up at a subscription price equal, at the General Partner's discretion, either (i) to the Subscription Price plus, if applicable, the Actualization Interest or (ii) to the Net Asset Value of such Investors Shares on such drawdown date. If Investors Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The Subscription Price of the Investors Shares issued after the First Closing must be paid within the limits specified in the relevant drawdown notice.

### **7.4. Return of drawdowns**

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since the First Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the Portfolio Investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### **7.5. Investment period & Drawdown period**

**Investment Period:** The Investment Period will extend from the First Closing until 31 December 2021, with an optional extension of twelve (12) months at the sole discretion of the General Partner.

**Drawdown Period:** Commitments will be called in accordance with section 7.3 until the end of the Sub-Fund's term (i) to fund investments initiated during the Investment Period (ii) for follow-on investments in, or relating to, existing underlying investments, or (iii) to pay relevant ongoing fees and expenses of the Company allocated to the Sub-Fund during its remaining term.

#### **8. OVERCOMMITMENT AND LIQUIDITY MANAGEMENT**

The commitments made by the Sub-Fund in its Portfolio Investments may be higher than the Commitments made by the Investor in the Sub-Fund.

The General Partner will ensure that, as from the end of the Subscription Period, the commitments made by the Sub-Fund in its Portfolio Investments will not exceed one hundred and twenty percent (120%) of the Commitments made by the Investors in the Sub-Fund.

In that context, the General Partner will also use from time to time all or part of the distributions received from the Sub-Fund's Portfolio Investments to fund all or part of the capital calls made by the Sub-Fund's Portfolio Investments in order to ensure that the Sub-Fund will meet its obligations with regards to uncalled Commitments.

#### **9. MINIMUM COMMITMENT**

Commitments may only be accepted from Eligible Investors investing a minimum amount of United States dollars (USD) equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund.

Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for

any reason or to accept Commitments in lesser amounts.

#### **10. REDEMPTIONS AND CONVERSIONS**

An Investor may not at its own initiative require the Company to redeem its Investors Shares.

Investors are not authorised to convert their Investors Shares from this Sub-Fund into another Sub-Fund or from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

The General Partner, however, may decide, under the circumstances described in section 4.1 above or in the best interest of the Investors, to convert Investors Shares from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

#### **11. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.



## **12. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The quarterly report provides the Investors with updates on the Portfolio Investments.

## **13. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of Investors Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Investors Shares, the redemption price will be equal to the last Net Asset Value per relevant Investors Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's Portfolio Investments after the deduction of the relevant fees and expenses (pursuant to section 15 below), except in the situation described in section 8.

## **14. RECALL**

The Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them to fund such portion of a reimbursement obligation of the

Sub-Fund towards the Portfolio Investments as provided for in the constitutive/contractual documents of the relevant Portfolio Investment, provided however that distributions hereunder will not increase the Investors' undrawn Commitments beyond the amounts initially committed by the Investors.

The Investors may be required to recontribute either to the Sub-Fund or directly to the General Partner for recontribution to the Portfolio Investments.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

The Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out here above.

## **15. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

### ***15.1. Management Fee***

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal to:

- with respect to Class A-1 Shares, zero point seventy-five percent (0.75%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-1 Shares

plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-1 Shares as of the end of the preceding quarter;

- with respect to Class A-2 Shares, zero point sixty-five percent (0.65%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-2 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-2 Shares as of the end of the preceding quarter;
- with respect to Class A-3 Shares, zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-3 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-3 Shares as of the end of the preceding quarter;
- with respect to Class B Shares, zero percent (0%) per annum;
- with respect to Class C Shares zero point twelve percent (0.12%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class C Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class C Shares as of the end of the preceding quarter;
- with respect to Class D shares, zero point ninety-five percent (0.95%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class D Shares plus (ii) the unfunded portion of the

Aggregate Commitments of the Sub-Fund attributable to Class D Shares as of the end of the preceding quarter.

The Management Fee will accrue as of the First Closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

## **15.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the “**AIFM Remuneration**”), with the exception of the Creation Expenses and the Operating Expenses as referred below in sections 15.5 and 15.6.2 respectively, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner’s service fees.

## **15.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the “**Investment Advisory Fee**”) will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

## **15.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with

usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund. (the "**Portfolio Investments Expenses**").

### **15.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the "**Creation Expenses**") will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point twenty-five percent (0.25%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

### **15.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Net Asset Value plus the unfunded portion of the Aggregate Commitments of the Sub-Fund as of the end of each year.

#### **15.6.1 The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

#### **15.6.2 Operating Expenses**

The operating expenses include the Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees, any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the "**Operating Expenses**"). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

### **16. SPECIFIC RISK CONSIDERATIONS**

Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Risk of capital loss:** An investment in private equity is long term and with no certainty of return. The value of an interest and the distributions in respect of them can fluctuate down as well as up and an Investor may get back less than it contributed to the Sub-Fund or lose its entire investment.

**Portfolio valuation risks:** Prospective investors should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of inter alia sectors, geographies, financial statements formats, reference

currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or any Investor will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, investors must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree

of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for the interests in such underlying private equity funds, whose transfer may be restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.

**Unpredictability of distributions:** Return of capital and realization of gains, if any, on investments will generally occur only upon the distribution or other disposition by the Sub-Fund's underlying private equity funds of portfolio company securities, which may not occur for several years after the Sub-Fund's initial investments. Such distributions are likely to be unpredictable and may occur earlier than or later than anticipated by the managers. Investors should not expect significant returns for a period of years after their investment is made.

**Control of invested funds:** The private equity funds generally will not have the right to participate in the day-to-day management, control or operations of the underlying funds in which they are investing, nor will they have the right to remove the managers thereof. The private equity funds will also not necessarily have the opportunity to evaluate the relevant economic, financial and other information which will be utilized by the underlying funds in which they are investing in their selection, structuring, monitoring and disposition of investments.

**Portfolio company risks:** The Portfolio Investments in which the private equity funds will invest may invest in companies that involve a high degree of business or financial risk. They may be start-ups or in an early stage of development, may be distressed or have operating losses or significant variations in operating results and may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence. The companies may also be experiencing or are expected to experience financial difficulties, which may never be overcome. In addition, they may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, or may otherwise have a weak financial condition. Portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities and a larger number of qualified managerial and technical personnel. In addition, in the event that the company does not perform as anticipated or incurs unanticipated liabilities, high leverage will magnify the adverse effect on the value of the equity of the company and could result in substantial diminution in or the total loss of an equity investment in the company. The return generated by the relevant portfolio companies will also depend on the level of interest charged under such debt and, consequently, may vary in function of the variations in interest rates.

<b>66. GLOBAL CREDIT OPPORTUNITIES V SUB-FUND</b>
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## **1. INVESTMENT OBJECTIVE AND STRATEGY**

### **1.1. *Investment objective and strategy***

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private debt funds, including distressed, mezzanine and preferred equity funds.

The Sub-Fund will seek to build, to the extent possible, a well-balanced diversified portfolio of private debt funds targeting credit instruments of companies headquartered in Europe, North America and Asia.

The eligible private debt funds will mainly target investment in debt instruments including, but not limited to senior, second-lien, unitranche, mezzanine loans from leveraged buyout transactions and other special or distressed situations. The private debt funds will focus on the primary and secondary market.

The Investment Advisor's highly exclusive relationships to top private debt fund managers provides significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest in private debt funds (the "**Portfolio Investments**") which may have varying terms and structures including, but not limited to limited partnership structures or even evergreen structures.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in Euros (EUR) and in US Dollars (USD), unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

### **1.2. *Investment process***

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM and to the General Partner.

Through its strong network, the Investment Advisor will assist the AIFM and the General Partner in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds;

- Maintaining relationships with the network of private equity investors to create proprietary secondary transactions;
- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;
- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches;
- Leveraging its portfolio of secondary funds managers to access secondary co-investment opportunities; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM and to the General Partner, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analyzing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

The investments in private debt funds are passive investments meaning that the Board has no influence over exits. In private debt fund investments, the general partners and managers of the underlying funds have full

discretion regarding exits and realizations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private debt fund.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in Euros (EUR).

## **4. SHARE CLASSES**

### **4.1 Investors Shares**

Four (4) Classes of Investors Shares, all denominated in Euros (EUR), are available for subscription in the Sub-Fund, namely:

- A Shares (the “**Class A Shares**”) sub-divided into:
  - **Class A-1 Shares** for Investors subscribing below five hundred thousand Euros (EUR 500,000.-);

- **Class A-2 Shares** for Investors subscribing five hundred thousand Euros (EUR 500,000.-) and above but below one million Euros (EUR 1,000,000.-); and
- **Class A-3 Shares** for Investors subscribing one million Euros (EUR 1,000,000.-) and above.
- B Shares (the “**Class B Shares**”);
- C Shares (the “**Class C Shares**”);
- D Shares (the “**Class D Shares**”);

(altogether the “**Investors Shares**”).

For the avoidance of doubt, the Commitments subscribed by Investors are considered with segregated referenced positions should they subscribe for Investors Shares directly or indirectly.

The following Classes of Investors Shares are, at the sole discretion of the General Partner, reserved to Investors having concluded with any of the entities of CA Indosuez Wealth Management (“**CA Indosuez Wealth Management**”) a services agreement or equivalent with respect to private equity investments (the “**Private Equity Agreement**”):

- the Class A Shares;
- the Class B Shares, it being understood that such Class of Shares is reserved to Investors managed by the AIFM;
- the Class C Shares, it being understood that such Class of Shares is reserved to Investors having also concluded a specific remuneration agreement with any of the entities of CA Indosuez Wealth Management (the “**Specific Remuneration Agreement**”).

The General Partner reserves the right to accept or reject, at its sole discretion, any subscription into Class A-1, A-2 and A-3 Shares regardless of the amount subscribed.

The following Classes of Investors Shares are reserved to Investors having not concluded with any of the entities of CA Indosuez Wealth Management a Private Equity Agreement:

- the Class D Shares.

Notwithstanding the below paragraph, should an Investor having subscribed to Class C Shares terminates the Specific Remuneration Agreement, the General Partner may decide, at its sole discretion, to convert its Class C Shares into Class A Shares.

The General Partner may decide, at its sole discretion, to convert Class A Shares, Class B Shares and/or Class C Shares into Class D Shares should an Investor terminates the Private Equity Agreement.

#### **4.2 Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

### **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for sixty million Euros (EUR 60,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

### **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of thirteen (13) years as from the



Last Closing (as defined in the first paragraph of section 7.2 below), with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's Portfolio Investments, at its sole discretion.

The investment in a Portfolio Investment may require a substantial length of time to liquidate and there may remain some obligations outstanding for a Portfolio Investment, even if it has closed to liquidation. The liquidation process of the Sub-Fund may consequently require a substantial length of time subsequent to the making of a decision to liquidate the Sub-Fund.

## **7. CAPITAL FUNDING**

### **7.1. Commitments and drawdowns**

Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund from 11 July 2019 until 31 December 2020 (the "**Subscription Period**"), unless extended by the General Partner at its sole discretion.

Investors, the Commitments of which are accepted on the first closing (the "**First Closing**" and the "**Initial Investors**"), shall be required to pay a portion of their respective committed amounts no later than the date specified on the relevant drawdown notice following the notification of the First Closing to the Initial Investors, following which Investors Shares are to be issued fully paid-up at a price of one hundred Euros (EUR 100) each (the "**Subscription Price**") corresponding to the funded Commitment.

### **7.2. Commitments and drawdowns after the First Closing**

After the First Closing, Commitments to subscribe Investors Shares will be accepted from Initial Investors and other investors at such closings ("**Subsequent Closings**" and "**Subsequent Closings Investors**") as determined by the General Partner during a period commencing the day after the date of the First Closing, and terminating on 31 December 2020, unless extended by the General Partner (the "**Last Closing**"). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of Investors Shares and pay up the relevant portion of their Commitments no later than the date specified on the relevant drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to postpone the date of any closing (including the Last Closing); in such case, the Investors will be informed of the amended date of the relevant closing and the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing by a Subsequent Closing Investor:

- (a) the Subsequent Closing Investor shall participate in investments made and fees and expenses (including the Management Fee as defined in the first paragraph of section 15.1 below) incurred by the Sub-Fund prior to its admission and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the First Closing, at the Subscription Price;
- (b) the Subsequent Closing Investor shall pay an additional amount equal to two per cent (2%) per

annum, calculated from the date on which the Initial Investors have contributed and paid in their first subscriptions relating to the First Closing up to the date of the capital contributions actually made with respect to the Subsequent Closing in question, and such amount shall be payable to the Sub-Fund (the “**Actualization Interest**”).

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the First Closing, then the General Partner may change the Subscription Price for Investors Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Investors Shares as of the relevant Subsequent Closing; in which case all such Investors Shares issued on the same closing shall constitute a separate series. In this case, no Actualization Interest will be due.

### **7.3. Drawdowns**

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the Commitments made by the Investors shall be drawn down in successive installments, as determined by the General Partner. The General Partner will give each Investor a prior notice for each drawdown.

Investors Shares issued in relation to each drawdown made after the First Closing shall be issued fully paid-up at a subscription price equal, at the General Partner's discretion, either (i) to the Subscription Price plus, if applicable, the Actualization Interest or (ii) to the Net Asset Value of such Investors Shares on such drawdown date. If Investors Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The Subscription Price of the Investors Shares issued after the First Closing must be paid within the limits specified in the relevant drawdown notice.

### **7.4. Return of drawdowns**

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since the First Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the Portfolio Investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### **7.5. Investment period & Drawdown period**

**Investment Period:** The Investment Period will extend from the First Closing until 31 December 2021, with an optional extension of twelve (12) months at the sole discretion of the General Partner.

**Drawdown Period:** Commitments will be called in accordance with section 7.3 until the end of the Sub-Fund's term (i) to fund investments initiated during the Investment Period (ii) for follow-on investments in, or relating to, existing underlying investments, or (iii) to pay relevant ongoing fees and expenses of the Company allocated to the Sub-Fund during its remaining term.

## **8. OVERCOMMITMENT AND LIQUIDITY MANAGEMENT**

The commitments made by the Sub-Fund in its Portfolio Investments may be higher than the Commitments made by the Investor in the Sub-Fund.

The General Partner will ensure that, as from the end of the Subscription Period, the commitments made by the Sub-Fund in its Portfolio Investments will not exceed one hundred and twenty percent (120%) of the Commitments made by the Investors in the Sub-Fund.

In that context, the General Partner will also use from time to time all or part of the distributions received from the Sub-Fund's Portfolio Investments to fund all or part of the capital calls made by the Sub-Fund's Portfolio Investments in order to ensure that the Sub-Fund will meet its obligations with regards to uncalled Commitments.

#### **9. MINIMUM COMMITMENT**

Commitments may only be accepted from Eligible Investors investing a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund.

Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept Commitments in lesser amounts.

#### **10. REDEMPTIONS AND CONVERSIONS**

An Investor may not at its own initiative require the Company to redeem its Investors Shares.

Investors are not authorised to convert their Investors Shares from this Sub-Fund into another Sub-Fund or from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

The General Partner, however, may decide, under the circumstances described in section 4.1 above or in the best interest of the Investors, to convert Investors Shares from one (1) Class of Investors Shares into

another Class of Investors Shares within this Sub-Fund.

#### **11. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

#### **12. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The quarterly report provides the Investors with updates on the Portfolio Investments.

#### **13. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the

redemption of Investors Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Investors Shares, the redemption price will be equal to the last Net Asset Value per relevant Investors Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's Portfolio Investments after the deduction of the relevant fees and expenses (pursuant to section 15 below), except in the situation described in section 8.

#### **14. RECALL**

The Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them to fund such portion of a reimbursement obligation of the Sub-Fund towards the Portfolio Investments as provided for in the constitutive/contractual documents of the relevant Portfolio Investment, provided however that distributions hereunder will not increase the Investors' undrawn Commitments beyond the amounts initially committed by the Investors.

The Investors may be required to recontribute either to the Sub-Fund or directly to the General Partner for retribution to the Portfolio Investments.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

The Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and

which might be relevant to any recall of distributions as set out here above.

#### **15. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

##### **15.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal to:

- with respect to Class A-1 Shares, zero point seventy-five percent (0.75%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-1 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-1 Shares as of the end of the preceding quarter;
- with respect to Class A-2 Shares, zero point sixty-five percent (0.65%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-2 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-2 Shares as of the end of the preceding quarter;
- with respect to Class A-3 Shares, zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-3 Shares plus (ii) the unfunded portion of the Aggregate

Commitments of the Sub-Fund attributable to Class A-3 Shares as of the end of the preceding quarter;

- with respect to Class B Shares, zero percent (0%) per annum;
- with respect to Class C Shares zero point twelve percent (0.12%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class C Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class C Shares as of the end of the preceding quarter;
- with respect to Class D shares, zero point ninety-five percent (0.95%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class D Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class D Shares as of the end of the preceding quarter.

The Management Fee will accrue as of the First Closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

### **15.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the “**AIFM Remuneration**”), with the exception of the Creation Expenses and the Operating

Expenses as referred below in sections 15.5 and 15.6.2 respectively, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner’s service fees.

### **15.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the “**Investment Advisory Fee**”) will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

### **15.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm’s length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund’s investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund. (the “**Portfolio Investments Expenses**”).

### **15.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the “**Creation Expenses**”) will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point twenty-five

percent (0.25%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **15.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Net Asset Value plus the unfunded portion of the Aggregate Commitments of the Sub-Fund as of the end of each year.

##### **15.6.1 The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **15.6.2 Operating Expenses**

The operating expenses include the Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees, any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the "**Operating Expenses**"). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

#### **16. SPECIFIC RISK CONSIDERATIONS**

Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Risk of capital loss:** An investment in private equity is long term and with no certainty of return. The value of an interest and the distributions in respect of them can fluctuate down as well as up and an Investor may get back less than it contributed to the Sub-Fund or lose its entire investment.

**Portfolio valuation risks:** Prospective investors should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of inter alia sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or any Investor will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these

vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, investors must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for the interests in such underlying private equity funds, whose transfer may be restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.

**Unpredictability of distributions:** Return of capital and realization of gains, if any, on investments will generally occur only upon the distribution or other disposition by the

Sub-Fund's underlying private equity funds of portfolio company securities, which may not occur for several years after the Sub-Fund's initial investments. Such distributions are likely to be unpredictable and may occur earlier than or later than anticipated by the managers. Investors should not expect significant returns for a period of years after their investment is made.

**Control of invested funds:** The private equity funds generally will not have the right to participate in the day-to-day management, control or operations of the underlying funds in which they are investing, nor will they have the right to remove the managers thereof. The private equity funds will also not necessarily have the opportunity to evaluate the relevant economic, financial and other information which will be utilized by the underlying funds in which they are investing in their selection, structuring, monitoring and disposition of investments.

**Portfolio company risks:** The Portfolio Investments in which the private equity funds will invest may invest in companies that involve a high degree of business or financial risk. They may be start-ups or in an early stage of development, may be distressed or have operating losses or significant variations in operating results and may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence. The companies may also experiencing or are expected to experience financial difficulties, which may never be overcome. In addition, they may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, or may otherwise have a weak financial condition. Portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities and a larger number of qualified managerial and technical

personnel. In addition, in the event that the company does not perform as anticipated or incurs unanticipated liabilities, high leverage will magnify the adverse effect on the value of the equity of the company and could result in substantial diminution in or the total loss of an equity investment in the company. The return generated by the relevant portfolio companies will also depend on the level of interest charged under such debt and, consequently, may vary in function of the variations in interest rates.



<p><b>67. EUROPEAN PRIVATE EQUITY OPPORTUNITIES IX SUB-FUND</b></p>
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## **1. INVESTMENT OBJECTIVE AND STRATEGY**

### **1.1. Investment objective and strategy**

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private equity funds mainly invested in European headquartered companies across diverse strategies including, but not limited to leveraged buyout transactions, growth capital transactions and special situations.

The Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio.

The Investment Advisor's highly exclusive relationships to top fund managers provides significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest in private equity funds (the "**Portfolio Investments**") which may have varying terms and structures including, but not limited to limited partnership structures or even evergreen structures and/or directly or indirectly through the sub-funds of the Company and/or any other vehicle managed by the AIFM.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid assets in Euros (EUR) unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal

circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

### **1.2. Investment process**

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM and to the General Partner.

Through its strong network, the Investment Advisor will assist the AIFM and the General Partner in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds;
- Maintaining relationships with the network of private equity investors to create proprietary secondary transactions;

- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;
- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches;
- Leveraging its portfolio of secondary funds managers to access secondary co-investment opportunities; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM and to the General Partner, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analyzing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

The investments in private equity funds are passive investments meaning that the Board has no influence over exits. In private equity fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realizations of portfolio companies. As a result, the exit from such investments may be closely linked to the term of each such private equity fund. However, as common in the

private equity environment, potential exit routes for interests in private funds include, inter alia, a sale to other investors, a buyout by the management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in Euros (EUR).

## **4. SHARE CLASSES**

### **4.1 Investors Shares**

Four (4) Classes of Investors Shares, all denominated in Euros (EUR), are available for subscription in the Sub-Fund, namely:

- A Shares (the “**Class A Shares**”) sub-divided into:
  - o **Class A-1 Shares** for Investors subscribing below five hundred thousand Euros (EUR 500,000.-);

- **Class A-2 Shares** for Investors subscribing five hundred thousand Euros (EUR 500,000.-) and above but below one million Euros (EUR 1,000,000.-); and
- **Class A-3 Shares** for Investors subscribing one million Euros (EUR 1,000,000.-) and above.
- B Shares (the “**Class B Shares**”);
- C Shares (the “**Class C Shares**”);
- D Shares (the “**Class D Shares**”);

(altogether the “**Investors Shares**”).

For the avoidance of doubt, the Commitments subscribed by Investors are considered with segregated referenced positions should they subscribe for Investors Shares directly or indirectly.

The following Classes of Investors Shares are, at the sole discretion of the General Partner, reserved to Investors having concluded with any of the entities of CA Indosuez Wealth Management (“**CA Indosuez Wealth Management**”) a services agreement or equivalent with respect to private equity investments (the “**Private Equity Agreement**”):

- the Class A Shares;
- the Class B Shares, it being understood that such Class of Shares is reserved to Investors managed by the AIFM;
- the Class C Shares, it being understood that such Class of Shares is reserved to Investors having also concluded a specific remuneration agreement with any of the entities of CA Indosuez Wealth Management (the “**Specific Remuneration Agreement**”).

The General Partner reserves the right to accept or reject, at its sole discretion, any subscription into Class A-1, A-2 and A-3 Shares regardless of the amount subscribed.

The following Classes of Investors Shares are reserved to Investors having not concluded with any of the entities of CA Indosuez Wealth Management a Private Equity Agreement:

- the Class D Shares.

Notwithstanding the below paragraph, should an Investor having subscribed to Class C Shares terminates the Specific Remuneration Agreement, the General Partner may decide, at its sole discretion, to convert its Class C Shares into Class A Shares.

The General Partner may decide, at its sole discretion, to convert Class A Shares, Class B Shares and/or Class C Shares into Class D Shares should an Investor terminates the Private Equity Agreement.

#### **4.2 Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

### **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for eighty million Euros (EUR 80,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

### **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of thirteen (13) years as from the

Last Closing (as defined in the first paragraph of section 7.2 below), with three (3) consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's Portfolio Investments, at its sole discretion.

The investment in a Portfolio Investment may require a substantial length of time to liquidate and there may remain some obligations outstanding for a Portfolio Investment, even if it has closed to liquidation. The liquidation process of the Sub-Fund may consequently require a substantial length of time subsequent to the making of a decision to liquidate the Sub-Fund.

## **7. CAPITAL FUNDING**

### **7.1. Commitments and drawdowns**

Investors are permitted to commit to subscribe for Investors Shares in the Sub-Fund from 11 July 2019 until 31 December 2020 (the "**Subscription Period**"), unless extended by the General Partner at its sole discretion.

Investors, the Commitments of which are accepted on the first closing (the "**First Closing**" and the "**Initial Investors**"), shall be required to pay a portion of their respective committed amounts no later than the date specified on the relevant drawdown notice following the notification of the First Closing to the Initial Investors, following which Investors Shares are to be issued fully paid-up at a price of one hundred Euros (EUR 100) each (the "**Subscription Price**") corresponding to the funded Commitment.

### **7.2. Commitments and drawdowns after the First Closing**

After the First Closing, Commitments to subscribe Investors Shares will be accepted from Initial Investors and other investors at such closings ("**Subsequent Closings**" and "**Subsequent Closings Investors**") as determined by the General Partner during a period commencing the day after the date of the First Closing, and terminating on 31 December 2020, unless extended by the General Partner (the "**Last Closing**"). Dates of Subsequent Closings will be communicated to the Investors, which shall be required to subscribe for the relevant number of Investors Shares and pay up the relevant portion of their Commitments no later than the date specified on the relevant drawdown notice pertaining to such Subsequent Closing.

The General Partner may decide, at its discretion, to postpone the date of any closing (including the Last Closing); in such case, the Investors will be informed of the amended date of the relevant closing and the date on which the relevant portion of their Commitment has to be paid.

With respect to any Subsequent Closing by a Subsequent Closing Investor:

- (a) the Subsequent Closing Investor shall participate in investments made and fees and expenses (including the Management Fee as defined in the first paragraph of section 15.1 below) incurred by the Sub-Fund prior to its admission and will contribute an amount (at least) equal to the capital contributions that would have been drawn down had it been Investor of the Sub-Fund with respect to the First Closing, at the Subscription Price;
- (b) the Subsequent Closing Investor shall pay an additional amount equal to two per cent (2%) per

annum, calculated from the date on which the Initial Investors have contributed and paid in their first subscriptions relating to the First Closing up to the date of the capital contributions actually made with respect to the Subsequent Closing in question, and such amount shall be payable to the Sub-Fund (the “**Actualization Interest**”).

However, if the General Partner determines that the Net Asset Value of the Sub-Fund has increased or decreased materially since the First Closing, then the General Partner may change the Subscription Price for Investors Shares offered at any Subsequent Closing to a price based on the Net Asset Value of such Investors Shares as of the relevant Subsequent Closing; in which case all such Investors Shares issued on the same closing shall constitute a separate series. In this case, no Actualization Interest will be due.

### **7.3. Drawdowns**

After the First Closing and each Subsequent Closing, once investments need to be funded or fees and expenses have to be paid, additional portions of the Commitments made by the Investors shall be drawn down in successive installments, as determined by the General Partner. The General Partner will give each Investor a prior notice for each drawdown.

Investors Shares issued in relation to each drawdown made after the First Closing shall be issued fully paid-up at a subscription price equal, at the General Partner's discretion, either (i) to the Subscription Price plus, if applicable, the Actualization Interest or (ii) to the Net Asset Value of such Investors Shares on such drawdown date. If Investors Shares are issued at a price based on the Net Asset Value per Share, no Actualization Interest will be due.

The Subscription Price of the Investors Shares issued after the First Closing must be paid within the limits specified in the relevant drawdown notice.

### **7.4. Return of drawdowns**

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since the First Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the Portfolio Investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### **7.5. Investment period & Drawdown period**

**Investment Period:** The Investment Period will extend from the First Closing until 31 December 2021, with an optional extension of twelve (12) months at the sole discretion of the General Partner.

**Drawdown Period:** Commitments will be called in accordance with section 7.3 until the end of the Sub-Fund's term (i) to fund investments initiated during the Investment Period (ii) for follow-on investments in, or relating to, existing underlying investments, or (iii) to pay relevant ongoing fees and expenses of the Company allocated to the Sub-Fund during its remaining term.

## **8. OVERCOMMITMENT AND LIQUIDITY MANAGEMENT**

The commitments made by the Sub-Fund in its Portfolio Investments may be higher than the Commitments made by the Investor in the Sub-Fund.

The General Partner will ensure that, as from the end of the Subscription Period, the commitments made by the Sub-Fund in its Portfolio Investments will not exceed one hundred and twenty percent (120%) of the Commitments made by the Investors in the Sub-Fund.

In that context, the General Partner will also use from time to time all or part of the distributions received from the Sub-Fund's Portfolio Investments to fund all or part of the capital calls made by the Sub-Fund's Portfolio Investments in order to ensure that the Sub-Fund will meet its obligations with regards to uncalled Commitments.

#### **9. MINIMUM COMMITMENT**

Commitments may only be accepted from Eligible Investors investing a minimum amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund.

Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept Commitments in lesser amounts.

#### **10. REDEMPTIONS AND CONVERSIONS**

An Investor may not at its own initiative require the Company to redeem its Investors Shares.

Investors are not authorised to convert their Investors Shares from this Sub-Fund into another Sub-Fund or from one (1) Class of Investors Shares into another Class of Investors Shares within this Sub-Fund.

The General Partner, however, may decide, under the circumstances described in section 4.1 above or in the best interest of the Investors, to convert Investors Shares from one (1) Class of Investors Shares into

another Class of Investors Shares within this Sub-Fund.

#### **11. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. If the Valuation Day is not a Business Day in Luxembourg, the NAV will be calculated on the next following Business Day in Luxembourg. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

#### **12. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30 September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The quarterly report provides the Investors with updates on the Portfolio Investments.

#### **13. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the

redemption of Investors Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of Investors Shares, the redemption price will be equal to the last Net Asset Value per relevant Investors Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's Portfolio Investments after the deduction of the relevant fees and expenses (pursuant to section 15 below), except in the situation described in section 8.

#### **14. RECALL**

The Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them to fund such portion of a reimbursement obligation of the Sub-Fund towards the Portfolio Investments as provided for in the constitutive/contractual documents of the relevant Portfolio Investment, provided however that distributions hereunder will not increase the Investors' undrawn Commitments beyond the amounts initially committed by the Investors.

The Investors may be required to recontribute either to the Sub-Fund or directly to the General Partner for recontribution to the Portfolio Investments.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

The Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their

citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out here above.

#### **15. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

##### **15.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal to:

- with respect to Class A-1 Shares, zero point seventy-five percent (0.75%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-1 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-1 Shares as of the end of the preceding quarter;
- with respect to Class A-2 Shares, zero point sixty-five percent (0.65%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-2 Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-2 Shares as of the end of the preceding quarter;
- with respect to Class A-3 Shares, zero point six percent (0.6%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class A-3 Shares plus (ii) the

unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class A-3 Shares as of the end of the preceding quarter;

- with respect to Class B Shares, zero percent (0%) per annum;
- with respect to Class C Shares zero point twelve percent (0.12%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class C Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class C Shares as of the end of the preceding quarter;
- with respect to Class D shares, zero point ninety-five percent (0.95%) per annum (plus value added tax, if applicable) on the aggregate of (i) Net Asset Value attributable to Class D Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to Class D Shares as of the end of the preceding quarter.

The Management Fee will accrue as of the First Closing and will be calculated by reference to the Aggregate Commitments of the Sub-Fund until the Last Closing. Accordingly, adjustments to Management Fee already paid will be made on Subsequent Closings, and the General Partner will receive additional sums due together with interest from the First Closing to the date of payment calculated in each case using the same interest rate and the same method of calculation as used for the calculation of the Actualization Interest.

### **15.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the “**AIFM Remuneration**”), with the exception

of the Creation Expenses and the Operating Expenses as referred below in sections 15.5 and 15.6.2 respectively, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner’s service fees.

### **15.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the “**Investment Advisory Fee**”) will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

### **15.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm’s length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund’s investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund. (the “**Portfolio Investments Expenses**”).

### **15.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the “**Creation Expenses**”) will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to



a maximum equaling zero point twenty-five percent (0.25%) of the Aggregate Commitments of the Sub-Fund.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in each year as determined by the General Partner on an equitable basis.

#### **15.6. Other Expenses**

The below other expenses shall not exceed altogether zero point thirty percent (0.30%) per annum based on the Net Asset Value plus the unfunded portion of the Aggregate Commitments of the Sub-Fund as of the end of each year.

##### **15.6.1 The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

##### **15.6.2 Operating Expenses**

The operating expenses include the Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees, any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the "**Operating Expenses**"). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

#### **16. SPECIFIC RISK CONSIDERATIONS**

Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and strategy:

**Risk of capital loss:** An investment in private equity is long term and with no certainty of return. The value of an interest and the distributions in respect of them can fluctuate down as well as up and an Investor may get back less than it contributed to the Sub-Fund or lose its entire investment.

**Portfolio valuation risks:** Prospective investors should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of inter alia sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or any Investor will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds

domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, investors must nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for the interests in such underlying private equity funds, whose transfer may be restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.

**Unpredictability of distributions:** Return of capital and realization of gains, if any, on investments will generally occur only upon

the distribution or other disposition by the Sub-Fund's underlying private equity funds of portfolio company securities, which may not occur for several years after the Sub-Fund's initial investments. Such distributions are likely to be unpredictable and may occur earlier than or later than anticipated by the managers. Investors should not expect significant returns for a period of years after their investment is made.

**Control of invested funds:** The private equity funds generally will not have the right to participate in the day-to-day management, control or operations of the underlying funds in which they are investing, nor will they have the right to remove the managers thereof. The private equity funds will also not necessarily have the opportunity to evaluate the relevant economic, financial and other information which will be utilized by the underlying funds in which they are investing in their selection, structuring, monitoring and disposition of investments.

**Portfolio company risks:** The Portfolio Investments in which the private equity funds will invest may invest in companies that involve a high degree of business or financial risk. They may be start-ups or in an early stage of development, may be distressed or have operating losses or significant variations in operating results and may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence. The companies may also experiencing or are expected to experience financial difficulties, which may never be overcome. In addition, they may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, or may otherwise have a weak financial condition. Portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities and a larger number of

qualified managerial and technical personnel. In addition, in the event that the company does not perform as anticipated or incurs unanticipated liabilities, high leverage will magnify the adverse effect on the value of the equity of the company and could result in substantial diminution in or the total loss of an equity investment in the company. The return generated by the relevant portfolio companies will also depend on the level of interest charged under such debt and, consequently, may vary in function of the variations in interest rates.

## 68. DDPE19 SUB-FUND

### 1. INVESTMENT OBJECTIVE AND STRATEGY

#### 1.1. *Investment objective and strategy*

The Sub-Fund's objective is to generate significant capital appreciation by investing all of its assets in top quality private equity funds invested in all kinds of private equity situations across the whole private equity spectrum including, but not limited to, venture capital, buyout, mezzanine debt, secondaries, distressed credit, special opportunities or real estate exposures.

Due to the broad focus on the whole private equity spectrum, the Sub-Fund will invest opportunistically in each and every private equity fund with the most interesting proposals without being restricted by fixed allocation guidelines. Nevertheless, the Sub-Fund will seek to build, to the extent possible, a well-balanced and diversified portfolio across geographies and underlying strategies.

The Investment Advisor's highly exclusive relationships to top fund managers provides significant competitive advantages including the access to exclusive investment opportunities.

- **Types of Investments**

The Sub-Fund will invest in private equity funds (the "**Portfolio Investments**") which may have varying terms and structures including, but not limited to limited partnership structures or even evergreen structures and/or directly or indirectly through the sub-funds of the Company and/or any other vehicle managed by the AIFM.

- **Financial Instruments and Liquid Assets**

The Sub-Fund intends to hold its liquid

assets in Euros (EUR) and in US Dollars (USD), unless otherwise decided by the AIFM, subject to the conditions of the markets. Under normal circumstances, the Sub-Fund will aim to be fully invested.

For defensive purposes or pending investment, the Sub-Fund may invest its liquid assets in units or shares of other undertakings for collective investment, money market funds or fixed income funds with at least weekly liquidity terms, government bonds, deposits or other certificates of indebtedness.

The Sub-Fund may use financial derivative instruments to hedge all or part of its assets against currency, interest rate fluctuation and other macroeconomic risk. However, it does not intend to hedge all the assets of the Sub-Fund, except under exceptional market circumstances.

#### 1.2. *Investment process*

The Investment Advisor will be proactively sourcing investment opportunities by continuously screening the private equity market. The Investment Advisor has the capabilities, processes and personal relationships and networks to successfully identify and select top quality funds to recommend to the AIFM and to the General Partner.

Through its strong network, the Investment Advisor will assist the AIFM and the General Partner in generating a solid pipeline, out of which investment proposals will be prepared.

The key elements for successful deal generation are:

- Established and proven relationships with top quality funds;
- Maintaining relationships with the network of private equity investors to

create proprietary secondary transactions;

- Constant screening and benchmarking of the private equity funds to detect early enough emerging funds with high potential;
- Identification of the strengths and weaknesses of the funds compared to peer groups;
- Constant developing of relationships with funds managers;
- Continuous industry assessment and trend analysis which might become challenges or opportunities for certain funds' investment strategies and approaches;
- Leveraging its portfolio of secondary funds managers to access secondary co-investment opportunities; and
- Databases and IT systems supporting efficient due diligence processes and operations.

Before recommending investments to the AIFM and to the General Partner, the Investment Advisor conducts extensive due diligence, which typically includes meeting with fund managers, analyzing market and fund manager information, making numerous reference calls, reviewing financial documentation and conducting further investigations.

### **1.3. Exit Strategy**

The investments in private equity funds are passive investments meaning that the Board has no influence over exits. In private equity fund investments, the general partners and managers of the underlying funds have full discretion regarding exits and realizations of portfolio companies. As a result, the exit from such investments may be closely

linked to the term of each such private equity fund. However, as common in the private equity environment, potential exit routes for interests in private funds include, *inter alia*, a sale to other investors, a buyout by the management team, a sale to a third party or an initial public offering on a capital market.

## **2. BORROWING POLICY AND LEVERAGE**

The Sub-Fund may borrow up to an amount equal to ten percent (10%) of the Aggregate Commitments made in the Sub-Fund for bridge financing and expense disbursements when liquid funds are not readily available.

In compliance with article 6(4) of AIFMR, the AIFM shall exclude from calculation of its leverage borrowing arrangements entered into if these are temporary in nature and are fully covered by contractual capital commitments from investors in the AIF.

Hence, the exposure of the Sub-Fund calculated in accordance with articles 7 and 8 of the AIFMR shall not exceed one hundred percent (100%).

## **3. REFERENCE CURRENCY**

The Sub-Fund is denominated in Euros (EUR).

## **4. SHARE CLASSES**

### **4.1 Investors Shares**

One (1) Class of Investors Shares, namely A Shares (the "**A Shares**"), is available for subscription in the Sub-Fund.

### **4.2 Participating Shares**

No Participating Shares shall be issued within the Sub-Fund, upon the launching thereof.

## **5. SIZE OF THE SUB-FUND**

The General Partner is seeking to raise Aggregate Commitments for twenty-five million Euros (EUR 25,000,000.-). At its sole discretion, the General Partner reserves the right to accept Aggregate Commitments totalling less than, or in excess of, this amount.

## **6. DURATION OF THE SUB-FUND**

The Sub-Fund is established for a limited duration of twelve (12) years as from the end of the Investment Period (as defined in section 7.4. below) with three (3) possible consecutive extensions of one (1) year each at the sole discretion of the General Partner, with the possibility for the General Partner to decide an earlier termination of the Sub-Fund depending on the timing of exits at the level of the Sub-Fund's Portfolio Investments, at its sole discretion.

## **7. CAPITAL FUNDING**

### ***7.1. Commitments and drawdowns***

The Investors are permitted to commit to subscribe for A Shares in the Sub-Fund from 5 December 2019 until 31 January 2023, (the “**Subscription Period**”), unless extended by the General Partner at its sole discretion.

For the purpose of this Sub-Fund, there may be one (1) or several closings per year (the “**Closings**”, each a “**Closing**”). The Investors will be permitted to commit to subscribe with a minimum of ten million Euros (EUR 10,000,000.-) on the first Closing. For the avoidance of doubt, no new investors will be admitted at subsequent Closings. Such minimum commitment rules are subject however to the General Partner's right to accept Commitments in a higher or lesser amount.

The General Partner may decide, at its discretion, to advance or postpone the date

of each Closing; in such case, the Investors will be informed of the amended date of the relevant Closing and the date on which the corresponding part of their Commitment has to be paid.

### ***7.2. Drawdowns***

After each Closing, such portions of the Commitments made by the Investors shall be drawn down in successive installments, as determined by the General Partner. The General Partner will give the Investors a prior notice for each drawdown and the Investors will pay up the relevant portion of their Commitments no later than the date specified on the relevant drawdown notice.

Class A Shares issued in relation to each drawdown shall be issued fully paid-up at a subscription price of one hundred Euros (EUR 100.-).

The subscription price of the class A Shares issued must be paid on the relevant drawdown date.

### ***7.3. Return of drawdowns***

The General Partner may decide in its sole discretion to return part of the amounts drawn down from the Investors in the event such drawdowns made since each Closing have been called in excess and have not been used by the Sub-Fund to fund capital calls from the Portfolio Investments and expenses incurred by the Sub-Fund.

The amounts returned will cancel part of past drawdowns and increase the uncalled Commitment.

### ***7.4. Investment Period & Drawdown Period***

**Investment Period:** The Investment Period will extend from the first Closing until 31 January 2024, with an optional extension of six (6) months at the sole discretion of the General Partner or (ii) of twelve (12) months

upon unanimous approval of the Investors of the Sub-Fund (the “**Initial Investment Period**”).

After each subsequent Closing, the General Partner may open an additional investment period for a period of twelve (12) months following such Closing with an optional extension of six (6) months (each an “**Additional Investment Period**”).

**Drawdown Period:** Commitments will be called in accordance with section 7.2 until the end of the Sub-Fund's term (i) to fund investments initiated during the Investment Period (ii) for follow-on investments in, or relating to, existing underlying investments, or (iii) to pay relevant ongoing fees and expenses of the Company allocated to the Sub-Fund during its remaining term.

#### **8. OVERCOMMITMENT AND LIQUIDITY MANAGEMENT**

The Commitments made by the Sub-Fund in its Portfolio Investments may be higher than the Commitments made by the Investors in the Sub-Fund.

The General Partner will ensure that, as from the end of the Subscription Period, the commitments made by the Sub-Fund in its Portfolio Investments will not exceed one hundred and fifty percent (150%) of the Commitments made by the Investors in the Sub-Fund.

In that context, the General Partner will also use from time to time all or part of the distributions received from the Sub-Fund's Portfolio Investments to fund all or part of the capital calls made by the Sub-Fund's Portfolio Investments in order to ensure that the Sub-Fund will meet its obligations with regards to uncalled Commitments.

#### **9. MINIMUM COMMITMENT**

Commitments may only be accepted from Eligible Investors investing a minimum

amount of, or equivalent to one hundred and twenty-five thousand Euro (EUR 125,000.-) in the Sub-Fund.

Such minimum commitment rules are subject however to the General Partner's right to reject any offer from investors for any reason or to accept Commitments in lesser amounts.

#### **10. REDEMPTIONS AND CONVERSIONS**

The Investors may not at their own initiative require the Company to redeem its A Shares.

Investors are not authorised to convert their Investors Shares from this Sub-Fund into another Sub-Fund

#### **11. NAV CALCULATION**

The calculation of the NAV will be performed by the Administrative Agent under the responsibility of the AIFM.

The Valuation Day of the Sub-Fund shall be the last Business Day of each calendar quarter, or such other date(s) that the General Partner may determine, in its absolute discretion. The General Partner may decide to calculate additional NAVs at its discretion.

The accounting information with respect to the Sub-Fund will be prepared in accordance with Luxembourg GAAP.

#### **12. REPORTING**

The Administrative Agent will prepare, under the responsibility of the General Partner, the financial statements that shall contain at least a balance sheet, a statement of profit and loss, explanatory notes and a summary of outstanding Commitments.

In addition, the General Partner, supported by the Investment Advisor prepares a quarterly report as at 31 March, 30 June, 30

September and 31 December which is made available to the Investors no later than five (5) months after each quarter end. The quarterly report provides the Investors with updates on the Portfolio Investments.

### **13. DISTRIBUTIONS**

Distributions may be made by means of annual dividends and interim dividends to the extent feasible as well as by the redemption of A Shares or the allocation of the Sub-Fund's liquidation proceeds, as the case may be.

Notwithstanding any provisions to the contrary set out in Part I of the Placement Memorandum, in case of redemption of A Shares, the redemption price will be equal to the last Net Asset Value per relevant A Shares calculated by the Administrative Agent.

Investors will be entitled to receive all proceeds arising from the realisation of the Sub-Fund's investments after the deduction of the relevant fees and expenses (pursuant to section 15 below), except in the situation described in section 8.

### **14. RECALL**

The Investors may be requested to fully or partially refund the Sub-Fund of the amounts distributed to them to fund such portion of a reimbursement obligation of the Sub-Fund towards the Portfolio Investments as provided for in the constitutive/contractual documents of the relevant the Portfolio Investment, provided however that distributions hereunder will not increase the Investors' undrawn Commitments beyond the amounts initially committed by the Investors.

The Investors may be required to recontribute either to the Sub-Fund or directly to the General Partner for recontribution to the Portfolio Investments.

The above mentioned recallable distributions shall not continue beyond the effective liquidation date of the Sub-Fund (*date de clôture de la liquidation*).

The Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to any recall of distributions as set out here above.

### **15. MANAGEMENT FEE, AIFM REMUNERATION, INVESTMENT ADVISORY FEE AND OTHER EXPENSES**

#### **15.1. Management Fee**

In consideration for the management services performed for the benefit of the Sub-Fund, the General Partner is entitled to receive an annual management fee (the "**Management Fee**"), paid quarterly in advance by the Sub-Fund to the General Partner. The Management Fee shall equal zero point sixty-five percent (0.65%) per annum (plus value added tax, if applicable) on the aggregate of (i) the Net Asset Value attributable to the A Shares plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund attributable to the A Shares as of the end of the preceding quarter

#### **15.2. AIFM Remuneration**

Any remuneration payable to the AIFM (the "**AIFM Remuneration**"), with the exception of the Creation Expenses and the Operating Expenses as referred below in sections 15.5 and 15.6.2 respectively, will as a rule be paid by the General Partner out of its own assets. If such remuneration is paid directly to the AIFM out of the assets of the Sub-Fund, such remuneration shall be deducted from the General Partner's service fees.



### **15.3. Investment Advisory Fee**

Any fees payable to the Investment Advisor (the “**Investment Advisory Fee**”) will as a rule be paid by the AIFM out of its own assets. If such fees are paid directly to the Investment Advisor out of the assets of the Sub-Fund or the General Partner, such fees shall be deducted from the relevant service fees to which the General Partner or the AIFM, would otherwise be entitled.

### **15.4. Portfolio Investments Expenses**

The Sub-Fund shall be responsible for (a) all expenses relating to committed investments implemented or not implemented, including legal, audit and other professional fees in accordance with usual practice determined on an arm's length basis; (b) all expenses incurred with respect to the acquisition, holding, sale or proposed sale of any of the Sub-Fund's investments, including any transfer taxes and registration costs and other taxes, fees or other governmental charges levied against the Sub-Fund in connection therewith, as well as all costs and expenses related to aborted transactions; and (c) all litigation and indemnification expenses related to the investments or business of the Sub-Fund. (the “**Portfolio Investments Expenses**”).

### **15.5. Creation Expenses**

All expenses related to the creation of the Sub-Fund (the “**Creation Expenses**”) will as a rule be paid by the AIFM. To cover these expenses, the Sub-Fund will pay, as soon as practicable, to the AIFM an amount up to a maximum equaling zero point two percent (0.2%) of the Aggregate Commitments of the Sub-Fund up to 20'000 EUR.

For the purpose of the paragraph above, the charges relating to the creation of the Sub-Fund shall be amortized over a period not exceeding five (5) years against the assets of that Sub-Fund and in such amounts in

each year as determined by the General Partner on an equitable basis.

### **15.6. Other Expenses**

The below other expenses shall not exceed altogether zero point twenty percent (0.20%) per annum based on the Net Asset Value plus the unfunded portion of the Aggregate Commitments of the Sub-Fund as of the end of each year.

#### **15.6.1. The Depositary**

The Sub-Fund shall bear the fees and disbursements of the Depositary.

#### **15.6.2. Operating Expenses**

The operating expenses include the Administrative Agent, Paying Agent, Registrar and Transfer Agent, Domiciliary Agent fees, any taxes, legal, audit, marketing fees, any other governmental charges levied against the Company attributed or attributable to this Sub-Fund and all out-of-pocket administration expenses attributable to this Sub-Fund (the “**Operating Expenses**”). All of the above Operating Expenses will as a rule be paid by the AIFM. To cover the Operating Expenses, the Sub-Fund will pay to the AIFM an annual fee payable quarterly in advance and based on a percentage on the aggregate of (i) the latest available Net Asset Value of the Sub-Fund plus (ii) the unfunded portion of the Aggregate Commitments of the Sub-Fund as at that same date.

## **16. SPECIFIC RISK CONSIDERATIONS**

Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to the section entitled "General Risk Considerations" in Part I of this Placement Memorandum. In addition, an investment in the Sub-Fund entails the following risks specific to the Sub-Fund's investment objectives and

strategy:

**Risk of capital loss:** An investment in private equity is long term and with no certainty of return. The value of an interest and the distributions in respect of them can fluctuate down as well as up and an Investor may get back less than it contributed to the Sub-Fund or lose its entire investment.

**Portfolio valuation risks:** Prospective investors should acknowledge that the portfolio of the Sub-Fund will be composed of private equity funds of different natures in terms of inter alia sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. The General Partner will rely on the information and valuation data provided by the underlying funds managers, which data may not always be provided in a timely manner and may contain valuation errors. The instruments held by the Sub-Fund may not be conducive to ready valuation, and there can be no assurance that the valuation presented in the reports of the Sub-Fund will reflect the value that the Sub-Fund or any Investor will realize with respect to such investment. The valuation methods may be altered from time to time and any change in valuation method would be expected to result in apparent changes in the value of an investment in the Sub-Fund.

**Risks associated with the investment in unregulated underlying funds:** As the Sub-Fund may invest in underlying funds domiciled in jurisdictions where these vehicles are not subject to a recognized supervisory authority providing investors with equivalent protection to that available in Luxembourg, investments in any of such underlying funds are subject to a corresponding risk. Although the risks inherent to investments in underlying funds (whether regulated or unregulated) should as a rule be limited to the loss of the initial investment contributed, investors must

nevertheless be aware that investments in unregulated underlying funds are more risky than investments in regulated underlying funds. This may be due to fact that such unregulated underlying funds may not be subject to regulatory and leverage/borrowing restrictions and/or to the absence of accounting standards or to the absence of a supervisory authority imposing rules and regulations to the entity exercising the depositary and/or central administration functions. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain jurisdictions where these unregulated underlying funds are set up may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As a consequence of the foregoing, unregulated funds are generally considered to be a higher risk investment.

**Lack of liquidity:** As the Sub-Fund invests in underlying private equity funds, it is unlikely that there will be a public market for the interests in such underlying private equity funds, whose transfer may be restricted or prohibited by their constitutive documents or subscription documents. In addition, the investment in the underlying funds may require a substantial length of time to liquidate and the liquidation process of the Sub-Fund may consequently require a substantial length of time further to the decision to liquidate the Sub-Fund.

**Unpredictability of distributions:** Return of capital and realization of gains, if any, on investments will generally occur only upon the distribution or other disposition by the Sub-Fund's underlying private equity funds of portfolio company securities, which may not occur for several years after the Sub-Fund's initial investments. Such distributions are likely to be unpredictable and may occur earlier than or later than anticipated by the managers. Investors should not expect significant returns for a period of years after their investment is made.

**Control of invested funds:** The private equity funds generally will not have the right to participate in the day-to-day management, control or operations of the underlying funds in which they are investing, nor will they have the right to remove the managers thereof. The private equity funds will also not necessarily have the opportunity to evaluate the relevant economic, financial and other information which will be utilized by the underlying funds in which they are investing in their selection, structuring, monitoring and disposition of investments.

and, consequently, may vary in function of the variations in interest rates.

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**Portfolio company risks:** The portfolio investments in which the private equity funds will invest may invest in companies that involve a high degree of business or financial risk. They may be start-ups or in an early stage of development, may be distressed or have operating losses or significant variations in operating results and may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence. The companies may also be experiencing or are expected to experience financial difficulties, which may never be overcome. In addition, they may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, or may otherwise have a weak financial condition. Portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities and a larger number of qualified managerial and technical personnel. In addition, in the event that the company does not perform as anticipated or incurs unanticipated liabilities, high leverage will magnify the adverse effect on the value of the equity of the company and could result in substantial diminution in or the total loss of an equity investment in the company. The return generated by the relevant portfolio companies will also depend on the level of interest charged under such debt