

## PRIVATE PLACEMENT MEMORANDUM

### ALCENTRA FUND S.C.A. SICAV-SIF

an investment company with variable capital  
(*société d'investissement à capital variable - SICAV*)

organised as an umbrella specialised investment fund  
(*fonds d'investissement spécialisé - FIS*)

in the form of a corporate partnership limited by shares  
(*société en commandite par actions - SCA*)



\*See "Important Information"  
on next page

December 2023

## IMPORTANT INFORMATION

The shares (the **Shares**) in Alcentra Fund S.C.A. SICAV-SIF (the **Fund**) are offered solely on the basis of the information contained in this private placement memorandum and any supplements (the **Private Placement Memorandum**), in the relevant Sub-Fund Specifications (as defined hereinafter) and the information contained in the reports referred to therein.

In connection with the offer made in this Private Placement Memorandum, no person is authorised to give any information or to make any representations other than those contained in this Private Placement Memorandum and the documents referred to herein and any subscription or purchase of Shares made by any person on the basis of statements or representations not contained in or inconsistent with the information contained herein shall be solely at the risk of the subscriber or purchaser.

This Private Placement Memorandum has been prepared for information purposes relating to the offering of Shares in the Fund and for the purpose of the admission of certain classes of Shares for listing on the official list of the Luxembourg Stock Exchange and for trading on the EU Regulated market and/or Euro MTF market. This Private Placement Memorandum does not purport to be all-inclusive and does not necessarily contain all the information that a prospective investor may desire in deciding whether or not to subscribe to or purchase the Shares. No representation or warranty, express or implied, is or will be made in relation to, and no responsibility or liability is or will be accepted by the Fund or the AIFM as to or in relation to the accuracy or completeness of this Private Placement Memorandum or any other written or verbal information made available to any recipient or his advisors in connection with any further investigation of the Fund.

The General Partner is responsible for the information contained in this Private Placement Memorandum. To the best of its knowledge it has taken all reasonable care to ensure that such is the case, the information contained herein is in accordance with the facts and does not omit anything likely to affect the import of such information. The Fund and the AIFM expressly disclaim any and all liability based on such information, errors in such information, or omissions in such information. In particular, no representation or warranty is given as to the accuracy of any financial information contained in this Private Placement Memorandum or as to the achievement or reasonableness of any forecasts, projections, management targets, prospects or returns. The recipient shall be entitled to rely solely on any representations and warranties made to him by the Fund in any definitive subscription agreement for Shares entered into with the Fund (a **Subscription Agreement**).

**Any losses in the Fund will be borne solely by investors in the Fund and not by Alcentra or any of its affiliates.**

Prospective investors should not construe the contents of this Private Placement Memorandum as investment, legal, business, accounting, tax or other advice. In making an investment decision, prospective investors must rely on their own examination of the Fund and the terms of the offering, including the merits and risks involved. Each prospective investor should consult his/her/its own attorneys, business advisors and/or tax advisors as to legal, business, accounting, tax and related matters concerning an investment in the Fund. An investment in the Fund involves significant risks. Prospective investors should have the financial ability and willingness to accept the risk characteristics of the Fund.

Neither the distribution of this Private Placement Memorandum nor any offering of the Shares shall under any circumstances imply that the information contained in the Private Placement Memorandum is correct as of a date subsequent to the date of this Private Placement Memorandum or create any implication or constitute a representation that there has been no change in the business or affairs of the Fund or any other information contained in the Private Placement Memorandum since the date of this Private Placement Memorandum.

This Private Placement Memorandum is qualified in its entirety by the terms of the articles of incorporation of the Fund (the **Articles**).

### **Restrictions on offer of Shares**

This Private Placement Memorandum does not constitute an offer to issue or sell to, or a solicitation of an offer to subscribe from, anyone in any country or jurisdiction (i) in which such an offer or solicitation is not authorised, (ii) in which any person making such offer or solicitation is not qualified to do so or (iii) in which any such offer or solicitation would otherwise be unlawful. No action has been taken that would, or is intended to, permit a public offer of the Shares in any country or jurisdiction where any such action for that purpose is required. Accordingly, Shares may not be offered or sold, directly or indirectly, and neither this Private Placement Memorandum nor any other information, form of application, advertisement or other document may be distributed or published in any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Private Placement Memorandum comes must inform themselves about and observe any legal restrictions affecting any subscription of Shares in the Fund. Neither the General Partner nor the AIFM makes any representation or warranty to any prospective investor regarding the legality of an investment in the Fund by such person under appropriate securities or similar laws.

### **Notice to residents of the European Economic Area**

For the purposes of the Alternative Investment Fund Managers Directive (the "**AIFMD**"), the Fund will constitute an EU AIF whose AIFM is the Manager, itself an EU AIFM. Each Member State of the European Economic Area has adopted legislation implementing the AIFMD into national law. Under the AIFMD, marketing of the Fund to any (prospective) investor domiciled or with a registered office in the European Economic Area will be restricted by such national laws and no such marketing shall take place except as permitted by such laws. Shares in the Fund may only be offered and issued in accordance with applicable law in a given member state where the AIFM has been authorised to distribute the Fund under Article 32 of the AIFMD using the "AIFMD" passport. Potential investors should ensure that they are not prohibited from making a commitment to subscribe for Shares in the Fund in accordance with applicable law.

When marketed under the AIFMD passport interests in the Fund are only available for purchase by professional investors, being investors that are considered to be a professional client or may, on request, be treated as a professional client, within the meaning of Annex II to Directive 2014/65/EU (MiFID II). In addition:

**Except if otherwise provided in the relevant Sub-Fund Specifications, the Interests in the Fund may not be offered or distributed to semi-professional investors within the meaning of section**

**1 para. 19 no. 33 German Capital Investment Act (*Kapitalanlagegesetzbuch*) or retail investors within the meaning of section 1 para. 19 no. 31 German Capital Investment Act (*Kapitalanlagegesetzbuch*).**

Notifications have been filed pursuant to section 323 of the KAGB in respect of Alcentra European Loan Fund.

### **Notice to residents of Hong-Kong**

This Private Placement Memorandum has not been registered by the registrar of companies in Hong-Kong. The Sub-Funds are collective investment scheme as defined in the Securities and Futures Ordinance (Chapter 571 of the laws of Hong-Kong) (the “**SFO**”). However only certain Sub-Funds have been authorised by the Securities and Futures Commission on Hong-Kong (“**HKSF**”) pursuant to section 104 of the SFO, for which a separate Hong-Kong offering document has been prepared. Accordingly, Shares of the Sub-Funds that have not been authorised by the SFC may only be offered or sold in Hong-Kong to persons who are “professional investors” as defined in the SFO (any rules made under the SFO) or in other circumstances which do not otherwise contravene the SFO. In addition, this Private Placement Memorandum may only be distributed, circulated or issued to persons who are “professional investors” under the SFO (and any rules made hereunder) or as otherwise permitted under the Hong Kong Laws.

### **Notice to residents of Switzerland**

This Private Placement Memorandum may not be read or distributed in Switzerland without the complementary information for Swiss investors.

### **United States**

The Shares have not been approved or disapproved by any US federal, state or other securities commission or regulatory authority, nor has any such commission or regulatory authority passed upon the accuracy or adequacy of this Private Placement Memorandum and the Fund does not intend to seek any such approval therefrom, including, without limitation, with respect to any Sub-Fund or the Shares thereof. Any representation to the contrary is a criminal offense. The Shares have not been registered under the US Securities Act of 1933, as amended (the **Securities Act**) or the securities laws of any state of the United States, nor is such registration contemplated. Shares in the Fund (including each Sub-Fund) are offered and sold outside the United States to non-US Persons pursuant to the exemption from registration requirements of the Securities Act provided by Regulation S promulgated thereunder. When not otherwise specified in the relevant Sub-Fund Specifications, the Shares may be offered and sold in the United States to US Persons (as defined herein) under an exemption provided by Regulation D as promulgated under the Securities Act and other exemptions of similar import in the laws of the states and jurisdictions where the offering will be made. Neither the Fund nor any Sub-Fund has been, or will be, registered as an “investment company” under the US Investment Company Act of 1940, as amended (the **Investment Company Act**) in each case in reliance on the exclusion provided by section 3(c)(7) thereof.

The Shares may not be offered, sold, transferred or otherwise delivered directly or indirectly in the United States or to or for the account of any US Person (as defined herein) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act

and/or any applicable state laws. Any re-offer or resale of any of the Shares in the United States or to US Persons may constitute a violation of US law. Each purchaser of Shares must be prepared to bear the economic risk of the investment for an indefinite period because, among other reasons, (i) there is not a public market in the Shares and no such market is expected to develop in the future and (ii) the Shares will be subject to the restrictions on transfer contained in the Articles and, in certain cases, the Subscription Agreement.

Any US Person acquiring Shares will be required to represent and warrant to the Fund that it is (i) an “accredited investor” as defined in Rule 501(a) of Regulation D promulgated under the Securities Act, and (ii) a “qualified purchaser” as defined in section 2(a)(51) of the Investment Company Act, or a “knowledgeable employee” with respect to the relevant Sub-Fund, as defined under Rule 3c-5 promulgated under the Investment Company Act and to provide such supporting information or documentation relating thereto as may be requested by or on behalf of the Fund, including in connection with the offer and sale of Shares of any Sub-Fund.

In the United States, Shares are offered through Franklin Distributors, LLC of One Franklin Parkway, San Mateo, CA 94403, a broker-dealer registered with the U.S. Securities and Exchange Commission (**SEC**), a member of Financial Industry Regulatory Authority and an indirect, wholly-owned subsidiary of Franklin Resources, Inc.

While a Sub-Fund may trade commodity futures and/or other commodity options contracts and/or other commodity interests as may be contemplated in the relevant Sub-Fund Specifications, the Portfolio Manager is exempt from registration with the US Commodity Futures Trading Commission (**CFTC**) as a commodity pool operator (**CPO**) with respect to each such Sub-Fund pursuant to CFTC Rule 4.13(a)(3) under the US Commodity Exchange Act, as amended (the **Commodity Exchange Act**) because: (i) each investor in such Sub-Fund will be (A) a “qualified eligible person” as defined in CFTC Rule 4.7(a)(2), (B) an “accredited investor” as defined in Regulation D under the Securities Act, (C) a trust that was formed by an accredited investor for the benefit of a family member, (D) a “Non-United States Person” as defined under the Commodity Exchange Act or (E) a “knowledgeable employee” as defined in Rule 3c-5 under the Investment Company Act; (ii) at all times, the aggregate initial margin, premiums, and security deposits required to establish such Sub-Fund’s commodity interest positions will not exceed 5% of the Sub-Fund’s net asset value, or the aggregate net notional value of such positions will not exceed 100% of the Sub-Fund’s net asset value, in each case after taking into account unrealised profits and unrealised losses on any commodity interest positions; and (iii) the Shares of such Sub-Fund will be exempt from registration under the Securities Act and are offered and sold without marketing to the public in the United States.

Unlike a registered CPO, the Portfolio Manager is not and will not be required to deliver a CFTC disclosure document to Shareholders of any such Sub-Fund, nor will it be required to provide Shareholders of such Sub-Fund with certified annual reports that satisfy the requirements of CFTC rules applicable to registered CPOs. The Portfolio Manager will, however, deliver this Private Placement Memorandum as well as the periodic and annual reports described herein.

## Dubai

The Shares may be offered in or from the Dubai International Financial Centre. This Private Placement Memorandum relates to the Fund which is not subject to any form of regulation or approval by the Dubai Financial Services Authority (**DFSA**) and is not directed to "retail clients" as defined by the DFSA. The DFSA has no responsibility for reviewing or verifying this Private Placement Memorandum or other documents in connection with the Fund. Accordingly, the DFSA has not approved this Private Placement Memorandum or any other associated documents nor taken any steps to verify the information set out in this Private Placement Memorandum and has no responsibility for it. The Shares to which this Private Placement Memorandum relates may be illiquid and/or subject to restrictions on their resale. Prospective investors should conduct their own due diligence on the Shares, if they do not understand the contents of this Private Placement Memorandum they should consult an authorised financial adviser.

## Eligibility of Shareholders

The shares of a specialised investment fund may under no circumstances be beneficially or legally held or owned by any person, which is not a "Well-Informed Investor" (*investisseur averti*) which qualifies as such as per Article 2 of the law dated 13 February 2007 on specialised investment funds (the **SIF Law**) (each a **Well-Informed Investor**).

A Well-Informed Investor is an institutional investor, a professional investor or any other investor who:

- (a) has confirmed in writing that it adheres to the status of well-informed investor; and
- (b) either invests a minimum of EUR 125,000 (one hundred twenty-five thousand Euro) (or its equivalent in another currency) in the Fund; or has obtained an assessment certifying its expertise, experience and knowledge in adequately appraising an investment in the Fund made by (i) a credit institution within the meaning of Directive 2006/48/EC, (ii) an investment firm within the meaning of Directive 2014/65/EU, or (iii) a management company within the meaning of Directive 2001/107/EC.

In accordance with Article 2 (2) of the SIF Law, the conditions set forth above are not applicable to the persons who intervene in the management of the Fund. Such persons shall be deemed included in the definition of "Well-Informed Investor" for the purpose of this Private Placement Memorandum.

Except if otherwise provided in the relevant Sub-Fund Specifications, the Shares of the Fund are solely advised on, offered or sold to Professional Investors and therefore a Key Information Document (**KID**) will not be provided to investors in accordance with Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (the **PRIPs Regulation**).

The Fund, 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 sold or transferred to is an Eligible Investor.

The Shares which are listed on the Luxembourg Stock Exchange are required to be negotiable and transferable on the Luxembourg Stock Exchange upon their admission to trading thereon (and trades

registered thereon are not able to be cancelled by the General Partner). The requirement that a Shareholder qualifies as an Eligible Investor will nevertheless apply to any Person to which Shares are transferred on the Luxembourg Stock Exchange.

### **Interpretation**

All references in this Private Placement Memorandum to time are to Luxembourg time, unless otherwise stated. In this Private Placement Memorandum, “EUR” or “€” means the currency of the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome in 1957) as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992). Unless the context requires otherwise, terms defined in the plural include the singular and vice versa. In the case of inconsistency between this Private Placement Memorandum and the Articles, the documents will take precedence in the following order to the largest extent permitted by law: (a) the Articles and (b) this Private Placement Memorandum. This Private Placement Memorandum should be read in conjunction with the Articles.

Capitalised words used in the Private Placement Memorandum will have the meaning ascribed thereto in Chapter 1 “Definitions and Interpretation” hereof or elsewhere in this Private Placement Memorandum.

### **Cautionary note regarding forward-looking statements**

This Private Placement Memorandum contains forward-looking statements, which provide current expectations or forecasts of future events. Words such as “may”, “believes”, “expects”, “plans”, “future” and “intends”, and similar expressions, may identify forward-looking statements, but the absence of these words does not mean that the statement is not forward-looking. Forward-looking statements include statements about the Fund’s plans, objectives, expectations and intentions and other statements that are not historical facts. Forward-looking statements are subject to known and unknown risks and uncertainties and inaccurate assumptions that could cause actual results to differ materially from those expected or implied by the forward-looking statements. Prospective investors should not unduly rely on these forward-looking statements, which apply only as of the date of this Private Placement Memorandum.

### **Data protection policy**

Prospective investors should note that by completing the Subscription Agreement, they are providing information that may constitute personal data within the meaning of European data protection legislation (including the EU General Data Protection Regulation (Regulation (EU) 2016/679) (the “GDPR”) and any other EU or national legislation which implements or supplements the foregoing). The use of the personal data investors provide to the General Partner in the Subscription Agreement is governed by the GDPR and the terms of a privacy notice. Investors will be provided with such privacy notice. The data controller of the personal data you provide is the General Partner.

### **Anti-money laundering regulations**

Pursuant to international rules, Luxembourg laws and regulations comprising, but not limited to, the amended Laws of 19 February 1973 on the sale of drugs and against drug addiction, of 5 April 1993

relating to the financial sector, of 12 November 2004 relating to the fight against money laundering and against terrorist financing, the Grand-ducal regulation dated 1 February 2010, CSSF Regulation 12/02 of 14 December 2012 (as amended), CSSF Circular 13/556 concerning the fight against money laundering and terrorist financing, and the law of 13 January 2019 creating a register of beneficial owners and any respective amendments or replacements, obligations have been imposed on all professionals of the financial sector to prevent the use of undertakings for collective investment for money laundering and financing of terrorism purposes. As a result of such provisions, the Registrar and Transfer Agent of a Luxembourg collective investment undertaking will ascertain the identity of the subscriber in accordance with Luxembourg laws and regulations. The Registrar and Transfer Agent may require subscribers to provide any document it deems necessary to effect such identification.

In case of delay or failure by an applicant to provide the documents required, the application for subscription will not be accepted. The General Partner, the Fund, the AIFM and the Registrar and Transfer Agent have no liability for delays or failure to process deals as a result of the applicant providing no or only incomplete documentation.

An enhanced due diligence process will be carried out specifically in the cases of distribution through intermediaries and nominees. Within this context a procedure for the identification of investors has been imposed. Namely, the application form of a prospective investor must be accompanied by any supporting documents recommended or prescribed by applicable rules and regulations allowing the appropriate level of identification of the prospective investor and, as the case may be, its beneficial owners.

In addition, the AIFM shall ensure that the due diligence carried out by it or the Portfolio Manager in relation to the investments of the Fund takes into account all applicable anti-money laundering requirements.

Further information on anti-money laundering practices and recommendations may be found on the website of the Association of the Luxembourg Fund Industry at [www.alfi.lu](http://www.alfi.lu) (Reviewed Practices and Recommendations aimed at reducing the risk of money laundering and terrorist financing in the Luxembourg Fund Industry, May 2021).

Any information provided in this context is collected for anti-money laundering compliance purposes only.

### **Risk factors**

There can be no assurance that the Fund's investment objective will be achieved and investment results may vary substantially over time. Investment in the Fund is not intended to be a complete investment programme for any investor. Prospective investors should carefully consider whether an investment in Shares is suitable for them in light of their circumstances and financial resources (for details see Chapter 18).



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## DIRECTORY

<b>FUND</b>	Alcentra Fund S.C.A. SICAV-SIF 2-4, rue Eugène Ruppert L-2453 Luxembourg Grand Duchy of Luxembourg
<b>INITIATOR, DISTRIBUTOR AND VALUATION ASSISTANT</b>	Alcentra Limited 160 Queen Victoria Street London EC4V 4LA United Kingdom
<b>GENERAL PARTNER</b>	Alcentra S.à r.l. 2-4, rue Eugène Ruppert L-2453 Luxembourg Grand Duchy of Luxembourg
<b>BOARD OF MANAGERS OF THE GENERAL PARTNER</b>	Patrick Hutchines Simon Barnes Jens Hoellermann
<b>AIFM</b>	Waystone Management Company (Lux) S.A. 19, rue de Bitbourg L-1273 Luxembourg Grand Duchy of Luxembourg
<b>DEPOSITARY</b>	The Bank of New York Mellon SA/NV, Luxembourg Branch 2-4, rue Eugène Ruppert L-2453 Luxembourg Grand Duchy of Luxembourg
<b>CENTRAL ADMINISTRATIVE AGENT, REGISTRAR AND TRANSFER AGENT</b>	The Bank of New York Mellon SA/NV, Luxembourg Branch 2-4, rue Eugène Ruppert L-2453 Luxembourg Grand Duchy of Luxembourg
<b>INDEPENDENT AUDITOR</b>	Ernst & Young 35E, Avenue John F. Kennedy L-1855 Luxembourg Grand Duchy of Luxembourg

**TAX AND LEGAL ADVISOR  
IN LUXEMBOURG**

Linklaters LLP  
35, avenue John Fitzgerald Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

**U.S. Legal Counsel**

Sidley Austin LLP

## PROVISIONS APPLICABLE TO THE FUND GENERALLY

### 1. DEFINITIONS AND INTERPRETATION

#### 1.1. Definitions

Unless defined elsewhere in this Private Placement Memorandum or unless the context indicates otherwise, capitalised words and expressions in this Private Placement Memorandum have the meaning as described below.

<b>2007 Law or SIF Law</b>	the Luxembourg law dated 13 February 2007 on specialised investment funds, as amended;
<b>1915 Law</b>	the Luxembourg law dated 10 August 1915 on commercial companies, as amended;
<b>2013 Law</b>	the Luxembourg law dated 12 July 2013 on alternative investment fund managers, as amended and transposing the AIFMD into Luxembourg law;
<b>AIF</b>	an alternative investment fund as defined in the AIFMD;
<b>AIFM</b>	Waystone Management Company (Lux) S.A. a <i>société anonyme</i> qualifying as an alternative investment fund manager under Chapter 2 of the 2013 Law, whose registered office is located at 19, rue de Bitbourg, L-1273 Luxembourg, Grand Duchy of Luxembourg and which is registered with the RCS under number B 96744;
<b>AIFMD</b>	the EU Directive 2011/61/EU on alternative investment fund managers;
<b>AIFMR</b>	the EU Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing the AIFMD with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision;
<b>Articles</b>	the articles of incorporation of the Fund, as amended from time to time;
<b>Auditor</b>	Ernst & Young, having its registered office at 35E. Avenue John. F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg Trade and Companies Register under number B47771, in its capacity as auditor of the Fund;
<b>Benefit Plan Investor</b>	(i) An employee benefit plan that is subject to Part 4, Subtitle B, Title I of ERISA; (ii) a plan as defined in and subject to section 4975 of the Code (as defined below); or (iii) an entity any of the assets of which are treated for purposes of such provisions of ERISA or the Code as assets of any such plans investing therein;
<b>BSP</b>	Benefit Street Partners, Franklin Templeton's U.S. alternative credit specialist investment manager, as described under section 3.1.

<b>Business Day</b>	a day on which banks are open for business in Luxembourg and London, except as otherwise defined in the relevant Sub-Fund Specifications;
<b>Buy-Sell Back Transaction and Sell-Buy Back Transaction</b>	as defined in the SFTR, a transaction by which a counterparty buys or sells securities, commodities, or guaranteed rights relating to title to securities or commodities, agreeing, respectively, to sell or to buy back securities, commodities or such guaranteed rights of the same description at a specified price on a future date, that transaction being a buy-sell back transaction for the counterparty buying the securities, commodities or guaranteed rights, and a sell-buy back transaction for the counterparty selling them, such buy-sell back transaction or sell-buy back transaction not being governed by a repurchase agreement or by a reverse-repurchase agreement within the meaning of the SFTR;
<b>Central Administrative Agent</b>	The Bank of New York Mellon SA/NV, Luxembourg Branch, having its registered office at 2-4, rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg Trade and Companies Register under number B105087, in its capacity as central administrative agent of the Fund;
<b>Central Administrative Agent Agreement</b>	the contract entered into between the Fund and the Central Administrative Agent with effect from 4 November 2013;
<b>CFTC</b>	the US Commodity Futures Trading Commission;
<b>Class or Classes</b>	each class of Shares in issue or to be issued in each Sub-Fund by the General Partner;
<b>Code</b>	the US Internal Revenue Code of 1986, as amended;
<b>Commodity Exchange Act</b>	the US Commodity Exchange Act, as amended;
<b>Conversion Date</b>	any Subscription Date in the relevant Sub-Fund, or any other day designated by the General Partner, on which the General Partner may accept conversions, as further described under section "Conversion of Shares" of the relevant Sub-Fund Specifications;
<b>Conversion Price</b>	the price per Share applicable upon conversion of a Share (the <b>Converting Share</b> ) into another Share and equal to the last available NAV per Share of the Converting Share, as applicable on the last applicable Valuation Day in the relevant Sub-Fund;
<b>CSSF</b>	the <i>Commission de Surveillance du Secteur Financier</i> , the Luxembourg supervisory authority of the financial sector;
<b>Depository</b>	The Bank of New York Mellon SA/NV, Luxembourg Branch, having its registered office at 2-4, rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg Trade and Companies Register under number B 105087, in its capacity as depository of the Fund;

<b>Depository Agreement</b>	the contract entered into between the Fund, the Depository and the AIFM;
<b>Distribution Agreement</b>	the contract entered into between the Distributor and the General Partner, acting for and on behalf of each of the Sub-Funds;
<b>Distributor</b>	Alcentra Limited, 160 Queen Victoria Street, London EC4V 4LA, United Kingdom;
<b>Eligible Investor</b>	any person who meets the Eligibility Requirement for the relevant Sub-Fund as set out in the relevant Sub-Fund Specifications;
<b>ERISA</b>	the US Employee Retirement Income Security Act of 1974, as amended;
<b>EU Taxonomy</b>	means Regulation (EU) 2020/852 of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending SFDR, as amended and/or supplemented from time to time;
<b>FINRA</b>	the US Financial Industry Regulatory Authority;
<b>Formation Date</b>	the date on which the Fund was incorporated as described under 2 “The Fund” below;
<b>Franklin Templeton</b>	A global investment management organization operating for Franklin Resources inc, a company listed on the New York stock exchange under the symbol BEN, as described under section 3.1 below;
<b>FT</b>	Franklin Templeton together with its affiliated advisers;
<b>Fund</b>	Alcentra Fund S.C.A. SICAV-SIF;
<b>Fund Documents</b>	collectively: (a) this Private Placement Memorandum; and (b) the Articles;
<b>FX Rate</b>	the currency conversion factor determined by the Central Administrative Agent on the relevant conversion date as representing the prevailing rate of exchange applicable between the relevant currencies;
<b>General Partner</b>	Alcentra S.à r.l., a private limited liability company ( <i>société à responsabilité limitée</i> ) incorporated under the laws of Luxembourg, having its registered office at 2-4, rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg Trade and Companies Register under number B 147085, in its capacity of managing general partner of the Fund;
<b>Initiator</b>	Alcentra Limited, 160 Queen Victoria Street, EC4V 4LA, London, United Kingdom;
<b>Investment Advisers Act</b>	the US Investment Advisers Act of 1940, as amended;
<b>Investment Advisor</b>	the entity/entities to whom the duties of investment advisor in respect of the Fund and/or specific Sub-Funds may be entrusted;

<b>Investment Company Act</b>	the US Investment Company Act of 1940, as amended;
<b>Investor</b>	any person who subscribes for Shares after the subscription of the initial share capital of the Fund by the initial Shareholders;
<b>IRS</b>	the US Internal Revenue Service;
<b>Management Fee</b>	the fee paid to the General Partner calculated on the gross value of the assets of the Sub-Fund and charged against the relevant Classes of Shares as further indicated in the relevant Sub-Fund Specifications;
<b>Management Share</b>	the non-participating management share subscribed for and held by the General Partner, having the characteristics and carrying the rights and obligations as set out in this Private Placement Memorandum and the Articles;
<b>Margin Lending Transaction</b>	as defined in the SFTR, a transaction in which a counterparty extends credit in connection with the purchase, sale, carrying or trading of securities, but not including other loans that are secured by collateral in the form of securities;
<b>Net Asset Value or NAV</b>	the net asset value of the Fund, the net asset value of each Sub-Fund, the net asset value of each Class or Series of Shares and the net asset value per Share (as the case may be), calculated as provided for in the Articles and in this Private Placement Memorandum;
<b>Ordinary Shares</b>	the redeemable shares issued to the first limited Shareholders on the date of formation of the Fund;
<b>Placement Agent</b>	any affiliated or unaffiliated entity/entities to whom the duties of placement agent in respect of the Fund and/or specific Sub-Funds may be entrusted;
<b>Portfolio Manager</b>	the entity/entities to whom the duties of discretionary portfolio manager in respect of the Fund and/or specific Sub-Funds may be entrusted;
<b>Private Placement Memorandum</b>	this private placement memorandum issued in respect of the Fund, including the relevant Sub-Fund Specifications, as amended from time to time;
<b>Professional Investor</b>	any person who qualifies as a professional investor being an investor which is considered to be a professional client or may, on request, be treated as a professional client within the meaning of Annex II to MiFID II;
<b>Registrar and Transfer Agent</b>	The Bank of New York Mellon SA/NV, Luxembourg Branch, having its registered office at 2-4, rue Eugène Ruppert, L-2453 Luxembourg Grand Duchy of Luxembourg, registered with the Luxembourg Trade and Companies Register under number B 105.087, in its capacity as registrar and transfer agent of the Fund;
<b>Repurchase Transaction</b>	as defined in the SFTR, a transaction governed by an agreement by which a counterparty transfers securities, or guaranteed rights relating to title to securities where that guarantee is issued by a recognised

exchange which holds the rights to the securities and the agreement does not allow a counterparty to transfer or pledge a particular security to more than one counterparty at a time, subject to a commitment to repurchase them, or substituted securities or commodities of the same description at a specified price on a future date specified, or to be specified, by the transferor, being a repurchase agreement for the counterparty selling the securities and a reverse repurchase agreement for the counterparty buying them;

<b>SEC</b>	the Securities and Exchange Commission of the United States;
<b>Securities Act</b>	the US Securities Act of 1933, as amended;
<b>Securities Lending Transaction and Securities Borrowing Transaction</b>	as defined in the SFTR, a transaction by which a counterparty transfers securities or commodities subject to a commitment that the borrower will return equivalent securities or commodities on a future date or when requested to do so by the transferor, that transaction being considered as securities or commodities lending for the counterparty transferring the securities or commodities and being considered as securities or commodities borrowing for the counterparty to which they are transferred;
<b>Series</b>	each series of a relevant Class of Shares in issue or to be issued in each Sub-Fund by the General Partner;
<b>SFDR</b>	means Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector, as amended and/or supplemented from time to time;
<b>SFT</b>	a securities financing transaction as defined in point (11) of Article 3 of the SFTR, namely a Repurchase Transaction, a Securities Lending Transaction or Securities Borrowing Transaction, a Buy-Sell Back Transaction or Sell-Buy Back Transaction, or a Margin Lending Transaction;
<b>SFTR</b>	Regulation 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse;
<b>Shareholder</b>	a holder of Shares in a Sub-Fund recorded as such in the Fund's register of Shareholders;
<b>Share(s)</b>	registered Share(s) of no par value in issue of any Class and in any Sub-Fund;
<b>Sub-Fund(s)</b>	any existing or future compartment of the Fund, to which specific Shares and/or Class(es) of Shares relate;
<b>Sub-Fund Specifications</b>	the particular specifications pertaining to a given Sub-Fund, as amended from time to time, each time set forth in a particular supplement to this Private Placement Memorandum;



<b>Sub-Manager</b>	the entity/entities to whom the duties of discretionary sub-portfolio manager in respect of the Fund and/or specific Sub-Funds may be entrusted;
<b>Subscription Agreement</b>	the agreement between the Fund and each Investor setting forth (i) the number and Class of Shares to be subscribed by such Investor, (ii) the rights and obligations of such Investor in relation to its subscription for Shares; and (iii) representations and warranties given by such Investor in favour of the Fund;
<b>Sustainability Risk</b>	means an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of the investment;
<b>Total Return Swap</b>	as defined in the SFTR, a derivative contract as defined in point (7) of Article 2 of Regulation (EU) No 648/2012 in which one counterparty transfers the total economic performance, including income from interest and fees, gains and losses from price movements, and credit losses, of a reference obligation to another counterparty;
<b>US or United States</b>	the United States of America, including its territories and possessions or areas subject to its jurisdiction;
<b>US Person</b>	has the meaning as set out under 5 below, "Issue of Shares";
<b>Valuation Assistant</b>	Alcentra Limited, 160 Queen Victoria Street, EC4V 4LA, London, United Kingdom;
<b>Valuation Day</b>	a day as of which the NAV per Share of any Class of any Sub-Fund is calculated, being at least once per year, unless otherwise set forth in the relevant Sub-Fund Specifications;
<b>Well-Informed Investor</b>	a well-informed investor as per Article 2 of the 2007 Law.

## 1.2. General Partner

Unless the context requires otherwise in this Private Placement Memorandum, any reference to an action of the General Partner means an action of the General Partner or any agent appointed by either the General Partner or any agent acting on behalf of the Fund and any reference to an action on behalf of the Fund, means an action on behalf of a specific Sub-Fund, unless stated otherwise.

## 2. THE FUND

The Fund is an investment company with variable share capital (société d'investissement à capital variable - SICAV) organised as an umbrella specialised investment fund (fonds d'investissement spécialisé - FIS) in the form of a corporate partnership limited by shares (société en commandite par actions - SCA) in accordance with the provisions of the 2007 Law and the 1915 Law. The Fund qualifies as an AIF under the 2013 Law and has appointed the AIFM as its current alternative investment fund manager with effect from 3 May 2023 (BNY Mellon Fund Management (Luxembourg) S.A. (the "**Former AIFM**") was previously appointed as alternative investment fund manager of the Fund from 29 July 2014 until 3 May 2023). The subscription, sale and holding of Shares of the Fund is restricted to Eligible Investors subscribing on their own behalf or to Eligible Investors subscribing on behalf of other Eligible Investors (subject to any discretion afforded to the General Partner as set out in this Private Placement Memorandum and/or the relevant Sub-Fund Specifications).

The Fund has been incorporated in Luxembourg for an unlimited duration with an initial share capital of EUR 31,000 (thirty one thousand Euro) represented by 1 (one) non participating Management Share and 30 (thirty) Ordinary Shares on 30 June 2009 (the **Formation Date**) and is registered with the Luxembourg trade and companies registry under number B147.219. The Articles have been filed with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés*), where they are available for inspection and where copies can be made, and have been published in the **Luxembourg gazette (Mémorial C Recueil des Sociétés et Associations)** N°1514 on 6 August 2009. Copies may also be obtained at the registered office of the Fund.

The share capital of the Fund shall be variable and shall at all times be equal to the **NAV** of the Fund and is expressed in Euro. It is represented by Shares issued with no par value either partly or fully paid-up. Variations in the capital shall be effected *ipso jure* and there are no provisions requiring publications and filing of such variations with the *Registre de Commerce et des Sociétés*.

The minimum share capital shall be EUR 1,250,000 (one million two hundred and fifty thousand Euro).

The Fund is an umbrella fund that may consist of different Sub-Funds. Each Sub-Fund shall be comprised of all that has been paid or contributed on the Shares in the relevant Sub-Fund, all that has been obtained by the relevant Sub-Fund with the said payments and contributions, all resulting benefits and all debts, liabilities and other commitments incurred by the Fund for the account of the Sub-Fund concerned. Each Sub-Fund and the Shares issued in each Sub-Fund has its own investment, subscription and profit allocation and/or distribution policies. The introduction of a Sub-Fund is effected pursuant to a decision to that end by the General Partner setting the terms and conditions of the relevant Sub-Fund. Each Sub-Fund may have similar or different investment strategies and other specific features (including, but not limited to, specific investment advisor(s)/manager(s), if any, specific fee structures, permitted investments, investment restrictions and distribution policies) as the General Partner shall determine from time to time in respect of each Sub-Fund and as contained in the relevant Sub-Fund Specifications.

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.

The different Classes of Shares in issue or to be issued in each Sub-Fund of the Fund (if any) may differ *inter alia* in their fee structure, distribution policy or any other criteria to be determined by the General Partner and as contained in the relevant Sub-Fund Specifications.

The proceeds of the issue of Shares in respect of each Sub-Fund will be invested for the exclusive benefit of the relevant Sub-Fund in accordance with the investment policy determined by the General Partner from time to time in respect of the relevant Sub-Fund and as set forth in the relevant Sub-Fund Specifications. All Shares of the same Class in a particular Sub-Fund shall have equal rights as to dividends declared (if any), income, realised and unrealised investment gains, redemption rights, redemption proceeds and liquidation proceeds.

In accordance with Article 71 (8) of the 2007 Law, each Sub-Fund may, subject to the conditions set out in the Private Placement Memorandum, subscribe, acquire and/or hold securities to be issued or already issued by one or several other Sub-Funds (the **Target Sub-Fund**), without the Fund being subject to the requirements regarding the subscription, acquisition and/or holding by a company of its own shares set out in the 1915 Law on commercial companies, under the conditions however, that:

- (i) the Target Sub-Fund does not, in turn, invest in the Sub-Fund invested in this Target Sub-Fund; and
- (ii) the voting rights, if any, which might be attached to the securities concerned will be suspended for as long as they are held by the relevant Sub-Fund and without prejudice to an appropriate treatment in accounting and in the periodical reports; and
- (iii) in any case, as long as these securities are held by the Fund, their value shall not be taken into account for the calculation of the Fund's net assets for the control of the minimum threshold of net assets imposed by the 2007 Law.

### 3. MANAGEMENT AND ADMINISTRATION

#### 3.1. The Initiator

Founded in 2002, Alcentra is one of the largest European headquartered credit and private debt managers, with over \$35 billion of assets under management and global expertise in Senior Secured Loans, High Yield Bonds, Private Credit, Structured Credit, Special Situations and Multi-Strategy credit. Across all investment strategies it employs a disciplined, value-orientated approach to evaluating individual investments and constructing portfolios.

Since inception, Alcentra's US and European product range has been thoughtfully and deliberately developed into a broad, complementary set of investment strategies and products allowing it to work with investors around the world to help them make the most of market opportunities.

Alcentra has a highly experienced team of professionals based in London, New York, Boston, Tokyo and Hong Kong who work across asset classes, business sectors and geographies. Its investment team has significant expertise and a deep understanding of corporate debt across its strategies.

On 1 November 2022, Franklin Resources, Inc., a global investment management organisation operating as Franklin Templeton Investments ("**Franklin Templeton**"), acquired Alcentra from the Bank of New York Mellon Corporation. Franklin Templeton is one of the world's largest investment managers. Through distinct specialist investment managers, Franklin Templeton offers boutique specialisation on a global scale, bringing extensive capabilities in fixed income, equity, alternatives and multi-asset solutions. Alcentra is managed as an investment boutique and joins Benefit Street Partners ("**BSP**"), Franklin Templeton's wholly owned U.S. alternative credit specialist investment manager, in offering a broad range of complementary credit strategies, including private/opportunistic debt, structured credit, high yield, special situations, long-short liquid credit and commercial real estate debt.

#### 3.2. The General Partner

Alcentra S.à r.l., a *société à responsabilité limitée*, incorporated and existing under the laws of the Grand Duchy of Luxembourg, with registered office at 2-4, rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg Trade and Companies Register under number B 147.085 (the General Partner) acts as general partner (*actionnaire commandité*) to the Fund.

The General Partner is ultimately responsible for the management of the Fund as well as for the administration and marketing functions related to the Fund and its Sub-Funds. The General Partner retains legal decision-making power and has the exclusive authority with regard to any decisions not specifically delegated or attributed to another entity or service provider and directly supervises the AIFM, the Central Administrative Agent, the Registrar and Transfer Agent, the Depositary and any other service providers in the performance of their duties.

The General Partner, has appointed the AIFM to carry out the function of an alternative investment fund manager under the AIFM Law as further specified in Section "The AIFM" below. The AIFM has

decided to delegate, under its full responsibility, its powers in relation to the discretionary portfolio management for each Sub-Funds to the relevant Portfolio Manager.

The board of managers of the General Partner is currently composed of the following members:

**Simon Barnes:** Manager

Mr Barnes has more than 25 years' experience in financial services in Luxembourg, in banking, fund administration and fund management, having worked at ING Luxembourg, European Fund Administration and Reflow Fund SICAV.

He developed his familiarity of fund operations during his 12 years at ING, where he worked as Controller of the fund management companies, and later as Operations Manager. At European Fund Administration, he managed the set-up of a variety of clients' fund structures and SPVs. Mr Barnes also has significant general management and board experience, including three years as General Manager of a Fund of Funds SICAV. He was Head of Director Services at State Street (Services) Luxembourg until end 2013.

Mr Barnes currently acts as independent director on alternative investment vehicles, including a number of private equity and real estate funds, funds-of-funds, securitization vehicles and holding companies. He has extensive practical experience in the administration and operation of Luxembourg companies and a sound knowledge of Luxembourg corporate governance and financial services laws and regulations.

He is bilingual English/French, and resides and is domiciled in Luxembourg, having lived in the Grand Duchy for most of his life. He holds MA degrees from Cambridge University and Oxford University, as well as an MBA from Cambridge University.

**Jens Hoellermann:** Manager

Mr Hoellermann has more than 13 years of experience in alternative asset management including fund administration and fund management and more than 13 years of experience as a lawyer in mergers and acquisitions. His experience of the industry covers several elements, such as legal, corporate governance, implementing fund management, and devising investment holding structures, transaction structuring and portfolio and risk management regarding private equity, venture and growth capital, real estate, credit, mezzanine, secondaries, and infrastructure.

During his career, Mr Hoellermann has served as a board member of funds and SPVs, including securitization vehicles, management companies, and dedicated private equity funds and fund of funds. Mr Hoellermann participated and took an active role in numerous deals, be it secondary or trade deals and initial public offerings. Amongst others, he worked for a one of the world's largest service provider in the directorship services department and for two major private equity firms, overseeing different kinds of investments strategies across Europe and the US, as a portfolio manager for the private equity strategies and was a member of the board of directors.

Mr Hoellermann is recognized in Luxembourg as an expert in private equity and is active in various industry bodies. He holds a master's degree in laws of the University of Cologne, Germany, and an

MBA from the John F. Welch College of Business, Fairfield, CT, USA. He also holds an executive doctorate in business administration from the University Jean Moulin, Lyon, France. He currently acts as adjunct professor for private equity at HEC Liège Luxembourg campus. Mr Hoellermann is fluent in German and English and has good capability in French and Luxembourgish. He is resident and domiciled in Luxembourg.

**Patrick Hutchines: Manager**

Mr Hutchines has worked in the Luxembourg financial sector for over 30 years and has significant experience of Luxembourg financial institutions, and in particular custody and depositary services.

Patrick worked for BNY Mellon following its acquisition of PNC International Bank. Patrick set up, opened and ran the depositary branch of PNC in Luxembourg. Mr Hutchines also worked as the approved conducting officer for a service provider in Luxembourg. Prior to this, he has gained significant experience in the fund and finance industry during more than 12 years working for ING group and other large financial service providers.

Mr Hutchines currently acts as independent director on a number alternative investment vehicles, including a number of private equity, real estate funds holding companies, as well as some hedge fund SPVs.

He has extensive practical experience in the administration and operation of Luxembourg companies and a sound knowledge of Luxembourg financial services laws and regulations.

**3.3. Removal of the General Partner**

The General Partner may be removed by a majority of 75% (seventy five percent) of the votes cast at a general meeting of Shareholders where at least 66% (sixty six percent) of the voting rights are represented, on the occurrence of the following events:

- (a) any action by the General Partner, or any person to whom the General Partner has delegated any part of its duties, which has been determined by an arbitrator or competent court in a final decision to constitute a fraud and which is not remedied within 60 (sixty) days after notification to or the coming to the General Partner's attention; or
- (b) the determination by an arbitrator or competent court that the General Partner, or any person to whom the General Partner has delegated any part of its duties, has/have wilfully or through gross negligence committed a breach of one or more provisions of the Fund Documents, and which is not remedied within 60 (sixty) days after notification to or the coming to the General Partner's attention.

No consent of the General Partner is required for such Shareholders' resolution.

Upon the removal of the General Partner, a new managing general partner (*associé-gérant-commandité*) of the Fund shall be appointed by the Shareholders in a general meeting of Shareholders with the majority requirements set out in the Articles, which shall substitute, subject to the prior approval of the CSSF, the General Partner as managing general partner (*associé-gérant-*

*commandité*) of the Fund by the accomplishment of any relevant and appropriate formalities, and which shall assume the General Partner's obligations as managing general partner of the Fund.

If necessary or required, this Private Placement Memorandum will, in each such case, be amended accordingly.

#### 3.4. The AIFM

The General Partner has ultimate responsibility for the investment management and administration of each Sub-Fund.

The Fund has appointed the AIFM as its alternative investment fund manager (as defined under the 2013 Law). The AIFM may also act as designated management company to certain Luxembourg and foreign undertakings for collective investment in transferrable securities ("**UCITS**") authorised under the EU Directive 2009/65/EC and as the alternative investment fund manager for other funds that have investment programs that may or may not be similar to the Fund.

The AIFM is responsible for acting as the Fund's alternative investment fund manager in accordance with the 2013 Law and is notably responsible for the portfolio management of the Fund and for exercising the risk management function in respect of each Sub-Fund. The AIFM's duties also include valuation (to be performed with the assistance of the Valuation Assistant as described below) and, on a non-exclusive basis, the appointment of agents (including paying agents) or representatives, and enter into any such related agreements as may be required from time to time, but do not include any of the functions that an alternative investment fund manager may additionally perform in the course of the collective management of an AIF and laid down in paragraph 2 of annex 1 to the 2013 Law.

Notwithstanding any delegation of all or part of any of the above functions, the AIFM shall remain liable to the Fund for the proper performance of its duties as the Fund's alternative investment fund manager, notably with respect to portfolio management, risk management and valuation.

The AIFM covers potential professional liability risks resulting from those activities the AIFM carries out pursuant to the AIFMD through professional indemnity insurance.

The AIFM has remuneration policies, procedures and practices which are consistent with and promote sound and effective risk management. They apply to staff whose professional activities have a material impact on the risk profile of the AIFM or the Fund and are designed not to encourage risk-taking which is inconsistent with the risk profile of the Fund.

The AIFM is governed by the laws of the Grand-Duchy of Luxembourg.

The AIFM seeks to ensure fair treatment of all Shareholders by complying with the terms of the Articles, the Private Placement Memorandum and applicable laws.

The Fund, the AIFM or the Portfolio Manager may also enter into side letters with investors which clarify the scope and extent of existing rights and/or obligations; such side letters will not establish or vary rights and/or obligations as between the Fund and Shareholders. Such side letters may only be

granted under the conditions that (a) similarly situated investors should be treated similarly and fairly; and (b) the best interests of the Fund and its investors must be considered in the granting of any side letter. The Fund may, at the sole discretion of the General Partner, agree to provide to certain investors certain specific information required by them for regulatory purposes or to managers of funds of funds for reporting purposes (where a fund of fund shall be a fund that invests in any of the Sub-Funds) provided such managers agree to keep such information confidential and undertake not to use it for trading purposes or any other purposes other than reporting.

In consideration of the services rendered, the AIFM is entitled to a fee (the **AIFM Fee**). Unless stated otherwise in the relevant Sub-Fund Specifications, the AIFM Fee shall be equal to the sum of:

- (a) the Fee Percentage of the NAV in respect of each Sub-Fund; *provided* that if the Fee Percentage of the Alcentra Fund Total NAV is lower than the Alcentra Fund Total Minimum Fee then such amount shall be increased to be the Fund Minimum Fee with respect to the Sub-Fund; plus
- (b) any additional fees in respect of ancillary services in the amounts set out in the “AIF Rate Card” as agreed between the AIFM and the Portfolio Manager from time to time; plus
- (c) an amount equal to the value of any Costs and Expenses that are incurred by the AIFM and/or the Portfolio Manager and which can properly be charged to the Sub-Fund or the Fund under the Fund Documents.

The AIFM Fee shall be charged on a pro rata basis against the relevant Classes of Shares indicated in the relevant Sub-Fund Specifications. The AIFM Fee will be calculated and accrued monthly in arrears and based on the relevant month end NAV. The AIFM Fee will be paid to the AIFM within one (1) month of the end of the relevant calendar quarter.

For the purpose of the above paragraph:

“**Alcentra Fund Minimum Fee**” means, in respect of each Alcentra Waystone Fund, the sum of: (i) €35,000; and (ii) €2,500 multiplied by the number of alternative investment funds in addition to the master fund (or equivalent) which form part of that Alcentra Waystone Fund and in respect of which the AIFM has been appointed as alternative investment fund manager.

“**Alcentra Fund Total Minimum Fee**” means the aggregate of each Alcentra Fund Minimum Fee;

“**Alcentra Fund Total NAV**” means, as at a relevant quarter date, the aggregate net asset value of each Alcentra Waystone Fund as reported in the most recent monthly, quarterly or annual report delivered to the investors in each Alcentra Waystone Fund (and without double counting the net asset value of any feeder funds forming part of any such Alcentra Waystone Fund);

“**Alcentra Waystone Fund**” means each alternative investment fund in respect of which both: (i) the Portfolio Manager acts as portfolio manager or investment advisor; and (ii) the AIFM acts as alternative investment fund manager;

“**Fee Percentage**” means, as at a relevant quarter date:

- during such time as the Alcentra Fund Total NAV is less than €10 billion: 0.01% per annum;



- during such time as the Alcentra Fund Total NAV is greater than or equal to €10 billion but less than €25 billion: 0.0075% per annum; and
- during such time as the Alcentra Fund Total NAV is greater than or equal to €25 billion: 0.005% per annum;

“**Fund Minimum Fee**” means: (i) the Alcentra Fund Total Minimum Fee; multiplied by (ii) NAV; divided by (iii) Alcentra Fund Total NAV.

### 3.5. The Portfolio Manager and Investment Advisor

The AIFM may appoint a portfolio manager in respect of some or all of the Sub-Funds (the **Portfolio Manager**).

The Portfolio Manager may appoint Investment Advisor(s) from time to time to assist the Portfolio Manager in the management of the assets of one or several Sub-Funds.

The rights and duties of the Portfolio Manager or Investment Advisor will be set forth in a portfolio management agreement or investment advisory agreement (as appropriate) made under Luxembourg law, subject to the overall supervision and liability of the AIFM.

### 3.6. The Valuation Assistant

Alcentra Limited has been appointed as Valuation Assistant by the AIFM to provide valuation services in relation to the assets of the Fund and its subsidiaries.

The Valuation Assistant does not qualify as an external valuer pursuant to the 2013 Law.

The Valuation Assistant will provide certain valuation services to the AIFM in relation to the assets of the Fund and its subsidiaries and shall assist the AIFM in establishing, maintaining, implementing and reviewing related valuation policies and procedures.

The team within the Portfolio Manager who carries out valuation services is sufficiently staffed, appropriately experienced and independent from the team carrying out portfolio management.

The AIFM team responsible for the valuation of the assets of the Fund is acting independently from the AIFM team in charge of the portfolio management of the Fund.

Neither the Depositary nor the Central Administrative Agent will value investments.

### 3.7. The Depositary

Under a depositary agreement duly entered into between the Fund, the Depositary and the AIFM complying with the terms of AIFMD and its implementing regulations at a Luxembourg level (the **Depositary Agreement**), the Fund has appointed The Bank of New York Mellon SA/NV, Luxembourg Branch as its depositary (the **Depositary**) in accordance with the SIF law as amended by the 2013 Law.

The Bank of New York Mellon SA/NV, Luxembourg Branch is a financial institution operating under the form of a Luxembourg *société anonyme* having its registered office at 2-4, rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg, duly registered with the Luxembourg Trade and Companies Register under the number B 105.087. It is licensed to carry out banking activities in accordance with the terms of the Luxembourg law of 5 April 1993 on the financial sector, as amended from time to time, and is regulated by the CSSF.

Under the Depositary Agreement, securities, cash and other assets of the SICAV-SIF are entrusted to the Depositary. The Depositary carries out the usual duties regarding custody of the assets, in accordance with the SIF Law and the Depositary Agreement. The Bank of New York Mellon SA/NV, Luxembourg Branch shall not be responsible for checking or ensuring that the assets purchased by the SICAV-SIF are in compliance with the investment objectives of the SICAV-SIF.

The Depositary Agreement may be terminated by either party upon 90 (ninety) days' prior written notice, according to the further terms and conditions as set out in such agreement. A new Depositary shall be appointed within 2 (two) months. Until it is replaced, the resigning/removed Depositary shall take all necessary steps for the good preservation of the interests of the Investors.

Under the Depositary Agreement, the Depositary shall be liable to the Fund for the loss of financial instruments of the Fund as defined in the AIFMD (the **Financial Instruments**) which are held in custody as part of the Depositary's safekeeping function (irrespective of whether or not the Depositary has delegated its safekeeping function in respect of such Financial Instruments) save where this liability has been discharged to a delegate in accordance with the AIFMD (see below) or where the Depositary can prove that the loss of Financial Instruments has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

In relation to other assets than Financial Instruments, the Depositary shall be liable for the damages suffered by the Fund or the Shareholders which directly result from the Depositary's negligent or intentional failure to properly fulfil its obligations pursuant to the Depositary Agreement.

To the extent not prohibited by the AIFMD or other Luxembourg laws, the Depositary shall not be liable for any failure to properly perform its obligations unless such failure constitutes negligence, fraud or intentional misconduct.

The Depositary has entered into written agreements delegating the performance of its safekeeping function in respect of certain investments but the liability of the Depositary will not be affected by the fact that it has entrusted the safekeeping function to a third party unless it has discharge itself of liability in accordance with the AIFMD (see below).

Investors shall be informed that the Depositary may discharge itself of liability if it can prove that: (a) all requirements for the delegation of its custody tasks set out in the second subparagraph of paragraph 11 of Article 21 of the AIFMD are met; (b) a written contract between the Depositary and the third party expressly transfers the liability of the Depositary to that third party and makes it possible for the Fund or the AIFM acting on behalf of the Fund to make a claim against the third party in respect of the loss of Financial Instruments or for the Depositary to make such a claim on their behalf; and (c) a written contract between the Depositary and the Fund or the AIFM acting on behalf of the Fund,

expressly allows a discharge of the Depositary's liability and establishes the objective reason to contract such a discharge.

Investors shall be further informed that, where the law of a 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 point (d)(ii) of paragraph 11 of the AIFMD, the Depositary may discharge itself of liability under certain conditions.

The Depositary will not carry out activities that may create conflicts of interest between the Fund, the investors of the Fund, the AIFM, the Portfolio Manager and itself unless the Depositary has functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks and the potential conflicts of interest are properly identified, managed, monitored and disclosed to investors of the Fund.

The Depositary, its affiliates or third parties to whom safekeeping duties are delegated may not reuse the assets of the Fund without the prior agreement of the Fund or the AIFM acting on its behalf and any rights of reuse of the assets will be subject to such conditions as the Fund or the AIFM acting on its behalf may impose.

The Depositary is a service provider with respect to the Fund, is not responsible for the preparation of this document and will not have any responsibility or authority to make investment decisions, nor render investment advice, with respect to the assets of the Fund.

### 3.8. The Central Administrative Agent

The Bank of New York Mellon SA/NV, Luxembourg Branch has further been appointed by the Fund as central administrative agent of the Fund (the **Central Administrative Agent**). As such, The Bank of New York Mellon SA/NV, Luxembourg Branch will be responsible for providing administration services to the Fund, including, but not limited to, the calculation of the Net Asset Value and the Net Asset Value per Share, arranging for the payment of expenses, maintaining books and records, assisting in communications with investors, assisting the auditors in preparing the accounts of the Fund, acting as registrar of the Fund and serving as the Fund's agent for the issue and redemption of Shares. The register of Shareholders can be inspected at the registered office of the Central Administrative Agent.

The Central Administrative Agent is a service provider with respect to the Fund, is not responsible for the preparation of this document and will not have any responsibility or authority to make investment decisions, nor render investment advice, with respect to the assets of the Fund.

In consideration of the services rendered, the Central Administrative Agent receives a fee as agreed between the General Partner and the Central Administrative Agent.

### 3.9. The Auditor

The accounting data related in the annual report of the Fund shall be examined by an auditor (*réviseur d'entreprises agréé*) appointed by the Fund and remunerated by the Fund. The Auditor shall fulfil the duties prescribed by the 2007 Law.

The Fund has appointed Ernst & Young as its auditor.

### 3.10. The Distributor

The General Partner has appointed Alcentra Limited as Distributor for the Sub-Funds. The Distributor will market, promote, distribute, and arrange the distribution of the Fund on a private placement basis, worldwide. The Distributor may delegate its marketing/distribution duties to a sub-distributor or agent that is or is not an affiliate of Franklin Templeton.

Pursuant to the agreement between the Distributor and the General Partner, acting for and on behalf of the Sub-Funds (the **Distribution Agreement**), the Distributor's and any sub-distributors' or agents' fees and expenses will be paid by the General Partner and not out of the assets of the relevant Sub-Fund. The prospect of receiving fees may provide the Distributor and/or its salespersons with an incentive to favour sales of Shares in the relevant Sub-Fund, and a prospective investor may wish to consider this arrangement when evaluating the relevant Sub-Fund.

Notwithstanding the appointment of the Distributor, the General Partner may appoint placement agents at any time, who may have similar or different fee features as above described.

Except where otherwise provided in the relevant Sub-Fund Specifications, the Placement Agent for the Fund in the United States will be Franklin Distributors, LLC, a broker-dealer registered with the SEC, a member of Financial Industry Regulatory Authority and an indirect, wholly-owned subsidiary of Franklin Resources, Inc., although not all Sub-Funds may be available for distribution in the United States.

### 3.11. Indemnification

The Fund shall, subject to compliance with applicable laws and regulations, indemnify any member of the board of managers of the AIFM, the General Partner, the Portfolio Manager, Investment Advisor(s), the Depositary, the Central Administrative Agent, the Distributor, the Registrar and Transfer Agent and their affiliates as well as any officer and their heirs, executors and administrators (each an **Indemnified Person**) against expenses reasonably incurred by them in connection with any action, suit proceeding to which they may be made a party by reason of them being or having been a member of the board of managers of the General Partner, the AIFM, the Portfolio Manager(s), the Investment Advisor(s), the Depositary, the Central Administrative Agent, the Registrar and Transfer Agent and their affiliates or officer or, at its request, being or having been a member of any other entity of which the Fund or a Sub-Fund is an investor or creditor and from which they are not entitled to be indemnified, except in relation to matters in respect of which they may be finally declared to be liable for wilful misconduct, bad faith or gross negligence; in the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Fund is advised by counsel that the person to be indemnified did not commit such a wilful misconduct, bad faith or gross negligence. The indemnification shall be provided only where such person has acted pursuant to the receipt of proper instructions and within the terms and conditions of any contractual agreement in full force and in effect between the indemnified person and the Fund. The foregoing right of indemnification shall not exclude other rights to which the Indemnified Person may be entitled.

An Indemnified Person seeking indemnification pursuant to this clause shall, upon reasonable request, be advanced by the Fund, expenses (including legal fees and costs) reasonably incurred by such Indemnified Person in defence of any proceeding against such Indemnified Person prior to the final disposition thereof; provided that such Indemnified Person has agreed in writing to repay such amount to the Fund within 3 (three) months of the date it is ultimately determined that such Indemnified Person is not entitled to be indemnified as authorised in this section.

#### 4. INVESTMENT OBJECTIVES AND POLICY

##### 4.1. Investment Objectives and Policy

The Fund has as investment objective to provide Investors with a favourable rate of return, while controlling risk and to achieve significant long term capital growth by investing through the Sub-Funds.

Each Sub-Fund's specific investment objectives and investment policy as well as its specific investment restrictions, if any, are referred to in the relevant Sub-Fund Specifications and may be changed without a vote of its Shareholders.

If there is a change in a Sub-Fund investment objective or policies, Shareholders should consider whether the Sub-Fund remains an appropriate investment in light of their then current financial position and needs. The Fund will amend the Private Placement Memorandum to reflect any change in a Sub-Fund investment objective and policies as set out herein. Shareholders will be notified in writing of any material changes to a Sub-Fund investment objective and policy.

The Fund shall specify more detailed and specific investment policies and restrictions on a Sub-Fund by Sub-Fund basis subject to the following general guidelines in compliance with CSSF Circular 07/309, whereby any given Sub-Fund of the Fund shall not invest, generally, more than 30% (thirty percent) of its net assets or commitments in subscribing for securities of the same kind issued by the same issuer; though this restriction shall not apply:

- to investments in securities issued, certified or guaranteed by a member State of the OECD or by its territorial public communities or by the institutions and supranational bodies being common, local or global;
- to investments in target undertakings for collective investments that are subject to risk spreading requirements at least comparable to the current restrictions.

Short sales shall not result in a given Sub-Fund holding an uncovered exposure in respect of securities of the same kind issued by the same issuer, which account for more than 30% (thirty percent) of the Sub-Fund's assets.

When using derivative financial instruments, the General Partner shall ensure that each relevant Sub-Fund maintains a comparable diversification of risk.

When using derivative financial instruments, each Sub-Fund shall ensure a comparable level of risk spreading by an appropriate level of diversification of the underlying assets. For the same purpose, the counterparty risk shall in respect of certain over-the-counter trades be limited subject to the quality and the qualification of the counterparty.

The Fund does not make use of SFTs or Total Return Swaps in relation to any of the Sub-Funds, unless otherwise specified in the relevant Sub-Fund Specifications.

Unless stated otherwise in the relevant Sub-Fund Specifications, the Fund does not intend to use indices covered by the Regulation (EU) 2016/1011 of the European Parliament and of the Council of

8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014. Notwithstanding the preceding, the Fund may use indices in its marketing materials or other documents in order to give investors an overview over the Fund's performance compared to such indices.

**THERE CAN BE NO ASSURANCE THAT THE SUB-FUNDS' INVESTMENT OBJECTIVES WILL BE ACHIEVED. INVESTMENT RESULTS MAY SUBSTANTIALLY VARY OVER TIME.**

#### 4.2. Borrowings

The Fund may use financial leverage for direct and/or indirect investments in accordance with market practice on a Sub-Fund by Sub-Fund basis only.

The maximum borrowing (if any) at Sub-Fund level shall not exceed the ratio provided for in the relevant Sub-Fund Specifications.

The General Partner may, acting on behalf of and for the account of a Sub-Fund, secure the borrowings of the relevant Sub-Fund by *inter alia* pledging the relevant Sub-Fund's assets.

#### 4.3. Risk management policies

The Fund may, acting for and on behalf of a given Sub-Fund, use derivative instruments, on a case-by-case basis, in order to manage the currency exchange, credit and interest rate risk exposures of the relevant Sub-Fund.

While the Fund may enter into certain hedging arrangements in order to manage and mitigate currency exchange, credit and interest rate risks, there is no certainty that such arrangements will be entered into or established, or, even if entered into or established, that they will be sufficient to cover those risks.

#### 4.4. Liquidity Risk Management

The AIFM has a liquidity management policy which is designed to enable it to monitor the liquidity risk of the Sub-Funds. The systems and procedures employed by the AIFM in this regard allow it to apply various tools and arrangements necessary to respond appropriately to redemption requests.

In normal circumstances, redemption requests will be processed as set out in this Private Placement Memorandum. Other arrangements may also be used in response to redemption requests, including the deferral of such redemption requests in certain circumstances or use of similar arrangements (as set out in this Private Placement Memorandum) which, if activated, will restrict the redemption rights investors benefit from in normal circumstances. The Fund may also temporarily suspend redemptions in certain circumstances as set out under the section headed "Calculation of the Net Asset Value".

The AIFM manages liquidity risk taking into account the investment strategy, the liquidity profile and the redemption policy of the Fund. For this purpose, it seeks to ensure that sufficient immediately liquid assets are available to mitigate potential cash outflows caused by stressed market

environments and to meet client redemptions in stressed market environments. The AIFM conducts stress tests to enable it to assess and monitor the liquidity risk of the Fund. These stress tests are conducted regularly under both normal and exceptional liquidity conditions in order to provide a comprehensive assessment of the liquidity risk faced by the Fund.

#### 4.5. ESG considerations

Pursuant to the SFDR, the financial market participants, (i.e., the AIFM and the Portfolio Manager) are subject to the requirements of SFDR and the EU Taxonomy. Details on the status of the Sub-Funds under SFDR and EU Taxonomy are provided in the relevant Sub-Fund Specifications of this Memorandum.

Information on the AIFM's environmental, social, or governance ("**ESG**") approach and its policy on the integration of Sustainability Risks is available on the AIFM's website: <https://www.waystone.com/waystone-policies/>



## 5. ISSUE OF SHARES

### 5.1. Sub-Fund Specifications

Specific matters relating to the offering of Shares of each Sub-Fund are referred to in the relevant Sub-Fund Specifications.

### 5.2. Shares

Unless otherwise provided for in the relevant Sub-Fund Specifications, the General Partner shall be authorised, without limitation, at any time and for any period, to issue an unlimited number of fully or partly-paid Shares of no par value of any Class at a price and in accordance with the conditions and procedures provided for in the relevant Sub-Fund Specifications, without granting to existing Shareholders a preferential right to subscribe for the Shares to be issued. These Classes may be subject to different terms and conditions, including potentially different fee, dealing, transfer, information disclosure or liquidity arrangements, subject to the requirements of the CSSF. Such different terms and conditions may be preferential to the Shareholders of the relevant Share Classes. Such Share Classes may be made available to any type of Shareholder, whether or not such Shareholder has legal or economic links to the AIFM or the Fund. The Fund shall only issue registered Shares.

Shares may be issued in one or more Classes in each Sub-Fund, each Class having features or being offered to different types of Eligible Investors as more fully described in the relevant Sub-Fund Specifications. The General Partner may, however, decide that no such Classes will be available in any of the Sub-Funds or alternatively that such Class may only be purchased upon prior approval of the General Partner as more fully described in the relevant Sub-Fund Specifications.

Certain Classes of Shares in one or more Sub-Funds may be submitted for listing on the official list of the Luxembourg Stock Exchange and for trading on the EU Regulated market and/or the Euro MTF market. In such cases, appropriate disclosure will be made in the relevant Sub-Fund Specifications. In such cases, the Shares will generally be freely transferable, save that the requirement that Shareholders be Eligible Investors will continue to apply.

### 5.3. Subscription process

The subscription process applicable in respect of each Class of Shares in each Sub-Fund shall be set forth in the relevant Sub-Fund Specifications. The General Partner may delegate the performance of all or part of the subscription process to the Registrar and Transfer Agent.

By executing a Subscription Agreement and/or by the acquisition of Shares, each Investor fully adheres to and accepts the Fund Documents which determine the contractual relationship between the Investors, the Fund, the General Partner, the AIFM and any other agents of the Fund, as well as among the Investors themselves. All Shareholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the Articles, copies of which are available as described in section 2 above. The provisions of the Articles are binding on the Fund, the Shareholders and all persons claiming through them. The Fund Documents are governed by Luxembourg law and the courts of the Grand Duchy of Luxembourg shall have exclusive jurisdiction in relation to them.

#### 5.4. US Investors

The Shares have not been registered under the Securities Act or the securities laws of any state of the United States, nor is such registration contemplated. Shares in the Fund (including each Sub-Fund) are offered and sold outside the United States to non-US Persons pursuant to the exemption from registration requirements of the Securities Act provided by Regulation S promulgated thereunder. When not otherwise specified in the relevant Sub-Fund Specifications, the Shares may be offered and sold in the United States to US Persons under an exemption provided by Regulation D as promulgated under the Securities Act and other exemptions of similar import in the laws of the states and jurisdictions where the offering will be made. Neither the Fund nor any Sub-Fund has been, or will be, registered under the Investment Company Act in reliance on the exclusion provided by section 3(c)(7) thereof.

The Shares may not be offered, sold, transferred or otherwise delivered directly or indirectly in the United States or to or for the account of any US Person except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable state laws. Investors should be aware that they may be required to bear the financial risks of an investment in the Fund for an indefinite period of time. None of the US Securities and Exchange Commission or any other agency of any other jurisdiction has reviewed or passed upon this Memorandum or the merits of this offering. Any representation to the contrary is a criminal offence.

Any US Person who is permitted to hold Shares of any Sub-Fund will be required to be (i) an “accredited investor” as defined in Rule 501(a) of Regulation D under the Securities Act; and (ii) a “qualified purchaser” as defined in section 2(a)(51) of the Investment Company Act, or a “knowledgeable employee” with respect to the relevant Sub-Fund, as defined under Rule 3c-5 under the Investment Company Act and to provide such supporting information or documentation relating thereto as may be requested by or on behalf of the Fund, including in connection with the offer and sale of Shares of any Sub-Fund.

For the above purposes, “US Person” means any investor who is a “US person” within the meaning of Regulation S as promulgated under the Securities Act and pursuant to the Investment Company Act and includes persons who are not “Non-United States persons” within the meaning of the Commodity Exchange Act, which currently includes the following: (A) any natural person resident in the United States; (B) any partnership or corporation organised or incorporated under the laws of the United States; (C) any estate the income of which is subject to US federal income tax regardless of its source or of which any executor or administrator is a US Person; (D) any trust of which any trustee is a US Person or a US court is otherwise able to exercise primary supervision over the administration of such trust; (E) any agency or branch of a non-United States entity located in the United States; (F) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US Person; (G) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated or (if an individual) resident in the United States; (H) any partnership or corporation if (i) organised or incorporated under the laws of any non-United States jurisdiction and (ii) formed by a US Person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organised or incorporated, and owned, by accredited investors (as defined in Rule 501(a) of Regulation D) who are not natural persons, estates or trusts; and (I) any entity organised outside of the United States principally for passive investment, such as a commodity pool, investment company

or other similar entity (other than an employee benefit plan or a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States) in which (i) any US Persons hold units of participation representing in aggregate 10% or more of the beneficial interest in the entity or (ii) it has a principal purpose of facilitating investment by a US Person in a commodity pool with respect to which the operator is exempt from certain requirements of Part 4 of the regulations of the CFTC by virtue of its participants being non-US Persons.

#### 5.5. Certain ERISA Considerations

Under a look-through rule set forth under ERISA, if 25% or more of any class of equity interest in an entity are owned by Benefit Plan Investors, the assets of the entity may be deemed to be plan assets of such Benefit Plan Investors and thereby subject to the provisions of ERISA or section 4975 of the Code, unless another exception to the look-through rule applies. The Fund intends to use its reasonable best efforts to limit investments by Benefit Plan Investors so that less than 25% of any Class of Shares are owned by Benefit Plan Investors, as determined in accordance with the rules under ERISA. The Fund and each Sub-Fund will be entitled to rely conclusively on representations and covenants made by Shareholders as to their status as Benefit Plan Investors.

In the event 25% or more of any Class of Shares are owned by Benefit Plan Investors, it is unlikely that another exception to the look-through rule under ERISA will apply and, absent any such exception, the assets of the Fund and the Sub-Fund to which the Class of Shares relate will be treated as assets of the Benefit Plan Investors for purposes of applying the fiduciary responsibility and prohibited transaction provisions of ERISA and section 4975 of the Code. Further, the AIFM, the Portfolio Manager and/or any relevant Investment Advisor may be fiduciaries subject to ERISA and, under certain circumstances, the fiduciary of a Benefit Plan Investor responsible for the investment in Shares could be liable for any ERISA violations by such parties. The Fund and the Sub-Funds are not established in a manner to comply with the requirements of the fiduciary and prohibited transaction provisions of ERISA or Section 4975 of the Code as to their underlying assets and activities, and the activities of the Fund and the applicable Sub-Fund are likely to be adversely impacted if such provisions of ERISA or the Code apply.

U.S. Department of Labor Regulation section 2510.3-101(g) provides that where the value of a plan's equity interest in an entity relates solely to identified property of the entity (e.g., any Share relates solely to the assets and liabilities of a particular Sub-Fund), such property shall be treated as the sole property of a separate, hypothetical entity, which the plan is deemed to own directly. Although not entirely free of doubt, such regulation appears to apply to the Fund so as to treat each Sub-Fund as if it was a separate entity and the issuer of the Shares relating to the Sub-Fund. In that case, if Benefit Plan Investors own 25% or more of any Class of Shares relating to a particular Sub-Fund and the underlying assets of the Sub-Fund are treated as assets of such Benefit Plan Investors for purposes of ERISA or section 4975 of the Code, the assets of other Sub-Funds (being separate entities) are not similarly affected. In the absence of clarification by the applicable regulatory or judicial authorities, the Fund and the Sub-Funds intend to treat each Sub-Fund as a separate entity for purposes of ERISA and section 4975 of the Code.

If 25% or more of any Class of Shares of the Fund or any Sub-Fund is found by the Fund to be owned by Benefit Plan Investors, the Fund may seek to compulsorily redeem Shares owned by one or more Benefit Plan Investors as permitted under the Articles and/or the relevant Sub-Fund Specifications.

Any fiduciary that proposes to cause a Benefit Plan Investor to purchase Shares should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and section 4975 of the Code to the acquisition, holding and transfer of such an investment, including (i) the applicability of U.S. Department of Labor Regulation section 2510.3-101(g) to the Sub-Funds, (ii) confirmation that such investment will not constitute or result in a prohibited transaction or other violation of an applicable requirement of ERISA or the Code, and (iii) assuming the assets of the Fund and each Sub-Fund do not constitute plan assets of Benefit Plan Investors investing therein, confirmation that none of the General Partner, the Portfolio Manager or any relevant investment advise, or any of their respective affiliates, has provided investment advice or acted in a fiduciary capacity under ERISA to the Benefit Plan Investor or any fiduciary thereof in connection with the acquisition, holding or disposition of any Shares.

Employee benefit plans that are governmental plans and certain church plans are not subject to the fiduciary responsibility or prohibited transaction provisions of ERISA or section 4975 of the Code, but may be subject to similar restrictions under non-US or other laws.

The foregoing discussion is a summary of some of the material ERISA considerations applicable to prospective investors that are Benefit Plan Investors. It is not intended to be a complete discussion or to be construed as legal advice or a legal opinion. Prospective investors should consult their own counsel on these matters.

#### 5.6. New Issues

To the extent specified in the relevant Sub-Fund Specifications, a Sub-Fund may invest in “new issues”, as such term is defined under applicable rules issued by FINRA. Therefore such Sub-Fund may have “new issue” income. Profits and losses attributable to certain equity “new issues” acquired by any such Sub-Fund are required, pursuant to applicable FINRA rules, including Rule 5130 and Rule 5131, to be allocated generally to Classes of Shares held by Shareholders who are not deemed to be “restricted”. Rule 5130 and Rule 5131 establish “de minimis” exemptions allowing certain otherwise restricted persons to participate in “new issue” profits and losses. However, no Sub-Fund will invest in “new issues” if such Sub-Fund has any investor that is a “restricted persons” under such FINRA rules. This policy is therefore more restrictive than required under the FINRA rules. Each prospective investor in any such Sub-Fund will be required to complete a questionnaire which will determine its eligibility to participate in “new issues” (as such term is defined under applicable rules of FINRA).

To the extent a prospective investor does not provide sufficient information to enable the Fund to reasonably determine that the investor is not restricted, the General Partner may treat such investor as a restricted investor. Any such classification will be conclusive and binding on the investor.

## **6. TRANSFER OF SHARES**

Unless otherwise provided for in the relevant Sub-Fund Specifications, Shares are only transferable between Eligible Investors each time and may be subject to such other transfer conditions as set forth in the relevant Sub-Fund Specifications.

Any transfer of Shares shall be entered into the register of Shareholders and shall be subject to the concomitant transfer of any undrawn subscription commitment, if any, unless otherwise provided for in the relevant Sub-Fund Specifications.

## **7. REDEMPTION OF SHARES**

With respect to certain Classes of (redeemable) Shares, Shareholders may redeem all or part of such Shares in accordance with the terms contained in the relevant Sub-Fund Specifications.

The General Partner may, upon serving a repurchase notice to any Shareholder, compel the redemption of some or all of such Shareholder's Shares at a price determined in accordance with the relevant Sub-Fund Specifications. The General Partner shall furthermore cause the transfer or the redemption of the Shares of any Shareholder, if the Shareholder ceases to qualify as an Well-Informed Investor and may cause the transfer or the redemption of the Shares of any Shareholder, if the Shareholder ceases to meet such other eligibility criteria as set-out in the relevant Sub-Fund Specifications; and/or if such Shareholder's holding or continued holding of those Shares may, in the determination of the General Partner, cause, or be likely to cause, a legal, regulatory or tax disadvantage to the Sub-Fund or its Shareholders.

No distribution for redemption of Shares may be made as a result of which the capital of the Fund would fall below the minimum capital amount required by the 2007 Law.

A redemption of Shares shall be subject to such further terms and conditions, including but not limited to any redemption charges, as set forth in the relevant Sub-Fund Specifications.

## 8. CONVERSION OF SHARES

With the approval of the General Partner, which may be discretionarily withheld or subject to such conditions as it thinks fit in its discretion, the Shareholders of a relevant Share Class may request conversion of their Shares as follows:

- (i) conversion of non-distributing Shares into Shares of the corresponding Class of distributing Shares in the same Sub-Fund, or the other way around;
- (ii) conversion of Shares into Shares denominated in a different currency of the same Share Class in the same Sub-Fund at a conversion rate equal to the FX Rate applicable on the conversion date (corresponding to the applicable Subscription Date);
- (iii) conversion of Shares of a given Sub-Fund into Shares of another Sub-Fund; and
- (iv) conversion of Shares of one Class of a given Sub-Fund to Shares of another Class of the same Sub-Fund.

Shares may be converted, as provided above, upon written request of the holders of such Shares, at the applicable Conversion Price, subject to the following conditions:

- (a) the conversion request has been received, unless otherwise agreed with the Portfolio Manager, by the Central Administrative Agent no later than would have been required in respect of a redemption of shares from that Share Class; and
- (b) all conditions (e.g., minimum holding requirements) for the holding of such new Share are fulfilled by the relevant Shareholder.

In case of a conversion of Shares within the same Sub-Fund, the conversion may, as applicable, be deemed, if applicable, to be a redemption in relation to the calculation/payment of performance fee - applicable to the Share Class being converted from - accrued up to the date of the conversion. These rules will apply mutatis mutandis in case of merger. Likewise, a conversion of Shares may constitute a taxable event in which Shareholders may incur a charge of tax. Shareholders are advised to consult with their tax advisers in this respect.

The General Partner will review and approve such conversion on a case-by-case basis having regard to the principle of equal and fair treatment.

The above provisions are applicable in addition to the provisions further specified in the relevant Sub-Fund Specifications, if any.

## 9. CALCULATION OF THE NET ASSET VALUE

The reference currency of the Fund is the Euro. Each Sub-Fund (and each Class) may have a different reference currency. The NAV of each Sub-Fund's Shares is expressed in the reference currency of the relevant Sub-Fund and within each Sub-Fund the NAV of each Class, if applicable, is expressed in the reference currency of the relevant Class, as further described in the relevant Sub-Fund Specifications. The NAV is calculated by the Central Administrative Agent under the responsibility of the AIFM, in conformity with the valuation policy or guidelines that may be established by the General Partner.

The NAV per Share is calculated on a Class by Class and Series by Series basis (if applicable) on such frequency as set forth in the relevant Sub-Fund Specifications.

For the purpose of determining the NAV of the Fund, the net assets attributable to each Class within each Sub-Fund shall, if not denominated in Euro, be converted into Euro and the NAV of the Fund shall be the aggregate of the net assets of all the Sub-Funds. All accounting gains, losses, income or expenditure as well as movements in cash relating to the use of foreign exchange hedging for a specific Class within a given Sub-Fund shall be attributed entirely to the specific Class within a given Sub-Fund that the hedging was entered into on behalf of and will not be attributed to any other Class.

The Fund reserves the right to suspend the determination of the NAV of a Sub-Fund under the circumstances set forth under Chapter 10 "Suspension of the Calculation of the NAV" below.

As between Shareholders, each Sub-Fund is treated as a separate entity, generating (without restriction) its own contributions, capital gains and capital losses, fees and expenses. The Fund constitutes a single legal entity. However, with regard to third parties, in particular towards the Fund's creditors, each Sub-Fund shall be exclusively responsible for all liabilities attributable to it.

All assets and liabilities of the Fund shall be valued at fair value in compliance with the accounting principles applicable to the Fund. The AIFM, in conformity with the valuation policy or guidelines that may be established by the General Partner, in its discretion and in good faith, may permit some other method of valuation to be used, if it considers that such valuation better reflects the fair value of any asset of the Fund.

If since the time of determination of the NAV there has been a material change in the quotations in the markets on which a substantial portion of the investments of the Fund are dealt in or quoted, the Fund/AIFM, in conformity with the valuation policy or guidelines that may be established by the General Partner, may, in order to safeguard the interests of the Shareholders and the Fund, cancel the first valuation and carry out a second valuation.

In the absence of bad faith, negligence or manifest error, every decision in calculating the NAV taken by the General Partner, the AIFM, the Valuation Assistant or the Central Administrative Agent, shall be final and binding on the Fund and present, past or future Shareholders.



I. The assets of the Fund shall include:

1. all cash in hand, receivable or on deposit, including any interest accrued thereon;
2. all bills and notes payable on demand and any account due (including the proceeds of securities sold but not delivered);
3. all securities, shares, bonds, time notes, debentures, debenture stocks, subscription rights, warrants and other securities, money market instruments and similar assets owned or contracted for by the Fund;
4. all interest accrued on any interest-bearing assets, except to the extent that the same is included or reflected in the principal amount of such assets;
5. all stock dividends, cash dividends and cash distributions receivable by the Fund to the extent information thereon is reasonably available to the Fund;
6. the preliminary expenses of the Fund, including the cost of issuing and distributing Shares of the Fund, insofar as the same have not been written off and insofar the Fund shall be reimbursed for the same;
7. the marketing and distribution costs of the relevant Sub-Fund, which may be amortised (in respect of the accounting of the Sub-Fund only) equally over a period of up to 5 (five) years as may be set forth in the relevant Sub-Fund Specifications;
8. the liquidating value of all forward contracts and all call or put options the Fund has an open position in; and
9. all other assets of any kind and nature, including expenses paid in advance.

II. The value of such assets shall be determined at fair value, by the AIFM with the assistance of the Valuation Assistant in conformity with the valuation policy or guidelines that may be established by the General Partner and/or the AIFM, with due regard to the following principles:

1. the value of any cash on hand or deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received is deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof is arrived at after making such discount as may be considered appropriate in such case to reflect the true thereof;
2. securities listed and traded primarily on 1 (one) or more recognised securities exchanges shall be valued at their last known prices on the Valuation Day;
3. investment in underlying undertakings for collective investment are taken at their last official NAV known in Luxembourg at the time of calculating the NAV of the relevant Sub-Fund. If such price is not representative of the fair value of such assets, then the price

shall be determined by the AIFM, with the assistance of the Valuation Assistant, in conformity with the valuation policy or guidelines that may be established by the General Partner on a fair value basis. Investments subject to bid and offer prices are valued at their mid-price, if not otherwise determined by the AIFM, with the assistance of the Valuation Assistant, conformity with the valuation policy or guidelines that may be established by the General Partner;

4. unlisted securities for which over-the-counter market quotations are readily available (included listed securities for which the primary market is believed to be the over-the-counter-market) shall be valued at a price equal to the last reported price as supplied by recognised quotation services or broker-dealers; and
5. all other non-publicly traded securities, other securities or instruments or investments for which reliable market quotations are not available, and securities, instruments or investments which the Fund determines in its discretion that the foregoing valuation methods do not fairly represent the fair value of such securities, instruments or investments, will be valued by the Fund either at their cost basis to the Sub-Fund or in good faith using methods it considers appropriate.

Assets expressed in a currency other than the reference currency of the Sub-Fund concerned respectively in Euro shall be converted on the basis of the rate of exchange ruling on the relevant Valuation Day. If such rate of exchange is not available, the rate of exchange will be determined in good faith by the AIFM, with the assistance of the Valuation Assistant, in conformity with the valuation policy or guidelines that may be established by the General Partner.

III. The liabilities of the Fund shall include, in respect of each Sub-Fund:

1. all loans, bills and accounts payable;
2. all accrued interest on loans (including accrued fees for commitment for such loans);
3. all accrued or payable expenses (including administrative expenses, advisory and management fees, including incentive fees, depositary fees, and corporate agents' fees);
4. all known liabilities, present or future, including all matured contractual obligations for payment of money, including the amount of any unpaid distributions declared by the Fund;
5. an appropriate provision for future taxes based on capital and income to the calculation day, as determined from time to time by the Fund, and other reserves (if any) authorised and approved by the General Partner, as well as such amount (if any) as the General Partner may consider to be an appropriate allowance in respect of any contingent liabilities of the Fund;
6. all other liabilities of whatsoever kind and nature reflected in accordance with generally accepted accounting principles; and

7. the costs and disbursements of any committees incurred in relation to the furtherance of the business of the Fund (if applicable) and shareholder meetings.

In determining the amount of liabilities the General Partner, the Valuation Assistant and the AIFM shall, with due regard to the expenses borne by the General Partner out of its management fee, take into account all expenses payable by the Fund which shall include formation expenses, fees, expenses, disbursements and out-of-pocket expenses payable to its accountants, depositary and its correspondents, alternative investment fund manager as well as any other agent employed by the Fund, the remuneration of the directors and their reasonable out-of-pocket expenses, insurance coverage and reasonable travelling costs in connection with General Partner meetings and investment committee meetings, fees and expenses for legal and auditing services, any fees and expenses involved in registering and maintaining the registration of the Fund with any governmental agencies or stock exchanges in the Grand Duchy of Luxembourg and in any other country, licensing fees for the use of the various indexes, reporting and publishing expenses, including the cost of preparing, translating, printing, advertising and distributing the Private Placement Memorandum, further explanatory sales documents, periodical reports or registration statements, the costs of publishing the NAV and any information relating to the estimated value of the Fund, the cost of printing certificates, if any, and the costs of any reports to Shareholders, the cost of convening and holding Shareholders', General Partner and committee meetings, all taxes, duties, governmental and similar charges, and all other operating expenses, including the cost of buying and selling assets, transaction fees, the cost of publishing the issue and redemption prices, interests, bank charges and brokerage, postage, insurance, telephone and telex, with respect to the Fund. The Fund may accrue administrative and other expenses of a regular or recurring nature based on an estimated amount for yearly or other periods. Such liabilities will be allocated among the Sub-Funds on a pro rata basis in proportion to their respective net assets.

IV. The assets and liabilities of different Sub-Funds or different Classes within the same Sub-Fund shall be allocated as follows:

1. the proceeds to be received from the issue of Shares of a Sub-Fund and Class, if applicable shall be applied in the books of the Fund to the relevant Sub-Fund and Class, if applicable;
2. where an asset is derived from another asset, such derived asset shall be applied in the books of the Fund to the same Sub-Fund and Class, if applicable as the assets from which it was derived and on each revaluation of an asset, the increase or diminution in value shall be applied to the relevant Sub-Fund and Class, if applicable;
3. where the Fund incurs a liability which relates to any asset of a particular Sub-Fund and Class, if applicable or to any action taken in connection with an asset of a particular Sub-Fund and Class, if applicable, such liability shall be allocated to the relevant Sub-Fund and Class, if applicable;

4. upon the record date for determination of the person entitled to any dividend declared on Shares of any Sub-Fund and Class, if applicable, the assets of such Sub-Fund and Class, if applicable shall be reduced by the amount of such dividends; and
5. in the case where any asset or liability of the Fund cannot be considered as being attributable to a particular Sub-Fund and Class, if applicable, such asset or liability shall be allocated to all the Sub-Funds and Classes, if applicable *pro rata* to the NAV of the relevant Sub-Fund and Class, if applicable or in such other manner as determined by the General Partner acting in good faith.

V. For the purposes of the Net Asset Value computation:

1. Shares to be redeemed in accordance with the terms of this Private Placement Memorandum shall be treated as existing and taken into account until immediately after the time specified by the General Partner on the relevant valuation time, and from such time and until paid by the Fund. The price therefore shall be deemed to be a liability of the relevant Sub-Fund and Class, if applicable;
2. Shares to be issued shall be treated as being in issue as from the time specified by the General Partner on the valuation time, and from such time and until received by the relevant Sub-Fund and Class, if applicable, the price therefore shall be deemed to be a debt due to the relevant Sub-Fund and Class, if applicable;
3. all investments, cash balances and other assets expressed in currencies other than the currency in which the NAV for the relevant Sub-Fund and Class, if applicable, is calculated shall be valued after taking into account the rate of exchange prevailing on the principal regulated market of each such asset on the dealing day preceding the valuation time; and
4. where on any valuation time the Fund has contracted to:
  - a. purchase any asset, the value of the consideration to be paid for such asset shall be shown as a liability of the relevant Sub-Fund and Class, if applicable and the value of the asset to be acquired shall be shown as an asset of the relevant Sub-Fund and Class, if applicable;
  - b. sell any asset, the value of the consideration to be received for such asset shall be shown as an asset of the relevant Sub-Fund and Class, if applicable and the asset to be delivered shall not be included in the assets of the Fund;

provided however, that if the exact value or nature of such consideration or such asset is not known on such valuation time, then its value shall be estimated in good faith by the AIFM, with the assistance of the Valuation Assistant, in conformity with the valuation policy or guidelines that may be established by the General Partner.

## 10. SUSPENSION OF THE CALCULATION OF THE NET ASSET VALUE

The Fund is authorised to temporarily suspend the calculation of the NAV and the issue, conversion and redemption of Shares in any Sub-Fund in the following cases, and furthermore in such cases, in respect of a specific Sub-Fund, as authorised in the relevant Sub-Fund Specifications:

- (a) during any period when any of the principal stock exchanges or other markets on which any substantial portion of the investments of the Fund attributable to such Sub-Fund from time to time is quoted or dealt in is closed otherwise than for ordinary holidays, or during which dealings therein are restricted or suspended, provided that such restriction or suspension affects the valuation on the investments of the Fund attributable to a Sub-Fund quoted thereon; or
- (b) during the existence of any state of affairs which constitutes an emergency in the opinion of the General Partner as a result of which disposals or valuation of assets owned by the Fund attributable to such Sub-Fund would be impracticable; or
- (c) during any breakdown in the means of communication normally employed in determining the price or value of any of the investments of the Fund attributable to such Sub-Fund or the current price or values on any stock exchange or other market in respect of the assets attributable to such Sub-Fund; or
- (d) when for any other reason the prices of any investments owned by the Fund attributable to any Sub-Fund cannot promptly or accurately be ascertained; or
- (e) during any period when the General Partner is unable to repatriate funds for the purpose of making payments on the redemption of the Shares of such Sub-Fund or during which any transfer of funds involved in the realisation or acquisition, of investments or payments due on redemption of Shares cannot in the opinion of the General Partner be effected at normal rates of exchange.

Shareholders holding Shares which are the subject of a suspension will be notified of any suspension of issue, redemption or determination of NAV or of any reinstatement following a suspension thereof, in each case within 10 (ten) days of the relevant event.

Where possible, all reasonable steps will be taken to bring any period of suspension to an end as soon as possible.

The relevant Sub-Fund Specifications may provide that the calculation of the NAV of a Sub-Fund or a Class within that Sub-Fund may also be suspended for other reasons.

## **11. DIVIDEND POLICY**

Any distributions of a given Sub-Fund's cash proceeds or the cash proceeds allocable to a given Class in a given Sub-Fund, either during the life of such Sub-Fund or Class, or prior to or upon its liquidation, will be made at the sole discretion of the General Partner. Any distributions shall be based on the provisions as set forth in the relevant Sub-Fund Specifications.

## 12. COSTS AND EXPENSES

Unless otherwise provided for in the relevant Sub-Fund Specifications, any costs and expenses incurred during the launch, operation or liquidation of the Fund and any of its Sub-Funds shall be allocated as follows:

### 12.1. Costs borne by the Fund and its Sub-Funds

#### 12.1.1 *Establishment costs*

The Fund shall bear its preliminary expenses, including legal, taxation, accounting, the costs of drawing up and printing the Private Placement Memorandum, notary public fees, the filing costs with administrative authorities and any other costs pertaining to the setting up and launching of the Fund.

These expenses, estimated at approximately EUR 200,000 (two hundred thousand Euro) shall be fully borne by the first 2 (two) Sub-Funds on a *pro rata* basis in proportion to their respective net assets, unless the General Partner decides in its sole discretion that 1 (one) or more other Sub-Funds created during the first 5 (five) years following the launch of the Fund and its first Sub-Fund shall bear a part of these expenses. The maximum amount contributed by a Sub-Fund to cover these expenses may be capped to a certain amount as set forth in the relevant Sub-Fund Specifications.

The expenses incurred by the Fund in relation to the launch of an additional Sub-Fund will be borne by and payable out of the assets of the relevant Sub-Fund and may be amortised (in respect of the accounting of that Sub-Fund only) on a straight line basis for a period of up to 5 (five) years from the launch date of the relevant Sub-Fund as may be set forth in the relevant Sub-Fund Specifications.

#### 12.1.2 *Management Fee*

The General Partner may be entitled to receive, out of the Fund's assets, an annual Management Fee the terms and conditions as well as the maximum amount of which shall be set forth in respect of each Sub-Fund in the relevant Sub-Fund Specifications.

#### 12.1.3 *Incentive Fee*

The General Partner (or any other entity as may be designated by the General Partner from time to time for such purpose) may be entitled to receive an annual incentive fee, the terms and conditions as well as the maximum amount of which shall be set forth in respect of each Sub-Fund in the relevant Sub-Fund Specifications.

#### 12.1.4 *Carried interest*

The General Partner (or any other entity as may be designated by the General Partner from time to time for such purpose) may be entitled to receive a carried interest, the terms and conditions of which shall be set forth in respect of each Sub-Fund in the relevant Sub-Fund Specifications.

**12.1.5 Other fees**

Other fees may be established by the General Partner for each Sub-Fund in the relevant Sub-Fund Specifications.

**12.1.6 Transaction fees**

Transaction fees such as acquisition, disposition, financing or other similar fees, if any, received in connection with the operation of a Sub-Fund or Class, if applicable will be paid to the relevant Sub-Fund or Class, if applicable after reimbursement of any related operating expenses incurred by any of the Sub-Fund's agents, unless otherwise provided in the relevant Sub-Fund Specifications.

**12.1.7 Operational costs and expenses**

Unless otherwise provided in the relevant Sub-Fund Specifications, each Sub-Fund and Class, if applicable shall pay all operational costs and expenses (other than already covered by the management fee referred to in 12.1.2 above) incurred for its own account, including:

- (i) transaction costs and expenses directly related to investments; provided, however, that the General Partner acting for a given Sub-Fund or Class, if applicable, will seek to require the payment by a prospective target of a transaction fee whenever appropriate and possible, which would be applied against these potential expenses;
- (ii) costs and fees payable in relation to software or systems required to analyse and monitor investments and potential investments on an ongoing basis, if applicable;
- (iii) accounting expenses (including tax preparation and reporting expenses), auditing fees, bank charges, legal fees, representation and publicity expenses, and other direct out-of-pocket costs; fees and expenses charged to the Fund and a given Sub-Fund or Class, if applicable by lawyers, auditors, accountants, brokers, finders and other professional advisers;
- (iv) costs, fees and expenses involved in filing a notification, registering and maintaining the registration of one or more of the Sub-Funds with any regulatory or governmental agencies in any country, as well as costs, fees and expenses of any paying agent and/or representative;
- (v) each Sub-Fund or Class, if applicable, will also bear the managerial fees and operational expenses attributable to its own investments, including, but not limited to, Incentive Fees and carried interest for the managers of those investments, if any;
- (vi) taxes payable by the Fund, if any;
- (vii) the costs of any listing application, if any, as well as the costs incurred with the ongoing listing of any of the Shares of the Fund or any Sub-Fund or Class thereof;
- (viii) the fees of the Depositary, the Central Administrative Agent, the AIFM and other agents appointed by the General Partner; whereby the fees and expenses of the Depositary and the Central Administrative Agent shall be in accordance with usual



practice in Luxembourg, such fees being based on the net assets of each Sub-Fund and the fees of the AIFM shall be as described in 3.4 above. Fees and expenses of correspondents, if any, of the Depositary are also borne by each Sub-Fund;

- (ix) the cost of reasonable fees related to the members of the board of managers of the General Partner per person per year; as well as the costs of reasonable travel, accommodation and out of pocket expenses incurred by the members of the board of managers of the General Partner;
- (x) the costs of reasonable directors' and officers' liability insurance on behalf of the members of the board of managers of the General Partner, of the AIFM, of the Portfolio Manager, of any Investment Advisor and their key officers and employees;
- (xi) the costs incurred in connection with any litigation, arbitration or other proceedings in relation to the Fund or the Sub-Funds;
- (xii) the costs of meetings of any investment committees and reimbursements of reasonable costs incurred by the members of these committees, as well as the costs relating to the convening and holding of Shareholders' meetings (including reasonable travel, accommodation and out of pocket expenses); and
- (xiii) all fees and costs due to legal or regulatory development, disclosures and reporting directly applicable to the Fund, the Sub-Funds or their Shareholders or any of their service providers to the extent such legal or regulatory development requires actions from the Fund (notably FATCA, CRS, EMIR, SFDR or EU Taxonomy (including any other applicable legislations or regulations related to the European Commission's Action Plan on Financing Sustainable Growth and any related obligations).

Each Sub-Fund and Class, if applicable shall thus pay for the costs and expenses directly attributable to it including any value added taxes. Costs and expenses which cannot be allotted to one specific Sub-Fund will be charged to the different Sub-Funds in equal parts or, as far as it is justified by the amounts concerned, proportional to their respective net assets.

## 12.2. Costs borne by the General Partner

Unless otherwise foreseen in the relevant Sub-Fund Specifications, the following operating expenses will be borne by the General Partner out of the Management Fee:

- (i) salaries of the employees of the General Partner and its affiliates (if any);
- (ii) Distributor's fees, sub-distributors' or agents' fees (if any), Portfolio Manager's fees and/or investment advisory fees;
- (iii) office costs; and
- (iv) secretarial, administration, accounting and other advisory expenses of the General Partner and its affiliates (if any).

### 13. TAX STATUS

The present Chapter is a short summary of certain important Luxembourg tax principles in relation to the Fund. The summary is based on laws and regulations in force and applied in Luxembourg at the date of this Private Placement Memorandum. Provisions may change at short-term notice, possibly with retroactive effect. In addition, certain United States federal income tax considerations of the acquisition, ownership and disposition of Shares in the Sub-Funds are discussed in 13.1.5 below.

This Chapter does not purport to be a complete summary of tax law and practice currently applicable in Luxembourg and the United States and does not contain any statement with respect to the tax treatment of an investment in the Fund in any other jurisdiction. Furthermore, this Chapter does not address the taxation of the Fund in any other jurisdiction or the taxation of any subsidiaries or intermediary companies of the Fund or of any investment structure in which the Fund holds an interest in any jurisdiction.

Depending on individual circumstances, the taxation treatment for Shareholders may differ from the guidance below and prospective investors are advised to consult their own professional tax advisers in respect of their investment in the Fund under the laws of their country of citizenship, residence, domicile, presence or incorporation.

The Fund reserves the right to disclose the name of the Shareholders on the Shareholders' register, or any other relevant information relating to Shareholders, to any tax authority where required by law or where the Fund believes such disclosure is in the best interests of the Fund or the Shareholders. If it does so, it shall advise the relevant Shareholders, unless prevented to do so by law.

#### 13.1. Taxation of the Fund

Under present Luxembourg law and administrative practice, the Fund is not liable for any Luxembourg corporate income tax, net worth tax or capital gains tax. The Fund is, however, liable in Luxembourg to a subscription tax (*taxe d'abonnement*) of in principle 0.01% (zero point zero one percent) *per annum* of its net assets, such tax being payable quarterly on the basis of the value of the aggregate net assets of the Fund at the end of the relevant calendar quarter. The value of assets represented by units or shares held in other SIF's or in undertakings for collective investment is however exempt from the subscription tax provided such units have already been subject to this tax. No stamp duty or other tax is payable in Luxembourg on the issue of Shares. No Luxembourg tax is payable on the realised capital appreciation of the assets of the Fund.

The Fund is liable for a fixed registration duty which was paid upon establishment and which shall be paid also upon future modification (if any) of its Articles. An initial fee (*taxe forfaitaire unique*) amounting to EUR 5,000 (five thousand Euro) has been levied by the CSSF upon implementation of the Fund which will be followed by a flat fee to be paid annually by the Fund to the CSSF in accordance with the Grand-ducal Regulation of 21 December 2017 relating to the fees to be levied by the Commission de Surveillance du Secteur Financier, as amended.

### 13.2. Luxembourg real estate levy

The Luxembourg Law of 19 December 2020 introduced a lump-sum 20% real estate levy on gross rental income and capital gains derived from real estate assets located in Luxembourg by funds set up as tax opaque entities and falling under Part II of the 2010 Law, specialised investment funds referred to in the 2007 Law (such as the Fund) and reserved alternative investments funds referred to in the Luxembourg law of 23 July 2016 on reserved alternative investment funds, as amended. The rule applies in respect of real estate assets located in Luxembourg, held either directly or indirectly through one or a series of tax-transparent entities, in proportion to the stake held. Reporting formalities and information requirements also apply regardless of whether income from Luxembourg real estate is earned or not.

### 13.3. Luxembourg taxation of Shareholders

Under current legislation, Shareholders are not subject to any capital gains, income or withholding taxes in Luxembourg (except for those domiciled, resident or having a permanent establishment in Luxembourg to which the Shares can be attributed and except also with respect to Luxembourg gift tax but only in the event that a gift is made pursuant to a deed signed before a Luxembourg notary or is registered in Luxembourg).

The receipt of dividends (if any) from the Fund by Shareholders, the redemption or transfer of Shares in the Fund and any distribution on a winding-up of the Fund or the receipt of interest on the loans granted by the Fund may result in a tax liability for the Shareholders according to the tax regime applicable in their various countries of residence, citizenship or domicile. The Fund shall have no liability in respect of the individual tax affairs of Shareholders.

### 13.4. Automatic exchange of information

Investors should note that Luxembourg signed an Intergovernmental Agreement (**IGA**) with the US in 2014 to assist with the implementation of the legislation commonly known as the US Foreign Account Tax Compliance Act (**FATCA**) and implemented the obligations resulting from the IGA into Luxembourg domestic law on 24 July 2015 (the **FATCA Law**).

Luxembourg further implemented the provisions of the Council Directive 2014/107/EU amending Council Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (**DAC**) as well as the multilateral agreement of 29 October 2014 by which the OECD adopts the Common Reporting Standard (**CRS**) into domestic law on 18 December 2015 (the **CRS Law**).

Under FATCA, the FATCA Law, the CRS and the CRS Law, the Fund - in its capacity as a financial institution – (or any other entity designated by the Fund to this end) may be obliged to identify its investors and, as the case may be, to report certain information regarding certain investors (qualifying as reportable persons or qualifying as passive non financial entities controlled by such reportable persons) as well as their investment and their allocable share of income to the Luxembourg Tax Authorities (Administration des Contributions Directes). The Luxembourg Tax Authorities will then forward such information to the relevant foreign authorities of other participating jurisdictions in the context of CRS and to the US Internal Revenue Service in the context of FATCA.

Investors have the right to access the data reported to the Luxembourg Tax Authorities and, as the case may be, to have these data rectified in case of error.

### 13.5. Certain US Federal Income Tax Considerations

The summary below discusses only certain US federal income tax considerations of the acquisition, ownership and disposition of Shares in the Sub-Funds, and is based upon the US Internal Revenue Code of 1986, as amended (the “Code”), judicial decisions, Treasury Regulations (the “Regulations”) and rulings in existence on the date hereof, all of which are subject to change. Certain additional US federal income tax considerations may be specified in the applicable Sub-Fund Specifications. The summary below does not discuss state, local or non-US tax considerations, nor does it discuss all US federal income tax considerations that may be relevant to prospective investors, some of which may be subject to special rules, such as Non-US Investors (defined below), governmental entities, bank holding companies, insurance companies, investors that will hold Shares in a Sub-Fund as part of a straddle, hedging or conversion transaction, investors that will own (directly, indirectly or by attribution) 10% or more of the Shares in a Sub-Fund, entities treated as partnerships or S Corporations or trusts for US federal income tax purposes and, except as specifically addressed below, organisations exempt from US federal income taxation. Such investors are urged to consult their own tax advisors as to the applicability of such special rules, including the application of the alternative minimum tax or any tax on “net investment income.”

For purposes of this discussion, a “US Investor” means a beneficial owner of Shares that, for US federal income tax purposes, is (i) an individual citizen or resident of the United States, (ii) a corporation created or organized under the laws of the United States or any state thereof, (iii) an estate the income of which is subject to US federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust, or the trust has elected to be treated as a domestic trust for US federal income tax purposes.

A “US Tax-Exempt Investor” means a beneficial owner of Shares that (i) is either (A) a corporation created or organised under the laws of the United States or any state thereof or (B) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for US federal income purposes and (ii) is generally exempt from US federal income taxation under Section 401 or 501 of the Code.

A “Non-US Investor” means a beneficial owner of Shares that is neither a US Investor nor an entity treated as a partnership for US federal income tax purposes.

The US federal income tax treatment of a partner in an entity treated as a partnership for US federal income tax purposes that holds Shares will depend on the status of the partner and the activities of the partnership. Prospective investors that are entities treated as partnerships for US federal income tax purposes should consult their tax advisors concerning the US federal income tax consequences to their partners of the acquisition, ownership and disposition of Shares by the partnership.

THE SUMMARY OF US FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY AND IS NOT INTENDED AS A SUBSTITUTE FOR CAREFUL

TAX PLANNING, PARTICULARLY SINCE CERTAIN OF THE INCOME TAX CONSEQUENCES OF AN INVESTMENT IN THE SHARES MAY NOT BE THE SAME FOR ALL TAXPAYERS. ALL PROSPECTIVE INVESTORS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING, AND DISPOSING OF THE SHARES, THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-US AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

### **Classification of the Sub-Funds**

The General Partner has elected for each Sub-Fund to be treated as a partnership (except as stated otherwise in the relevant Sub-Fund Specifications) for US federal income tax purposes and not as an association taxable as a corporation. An entity that would otherwise be classified as a partnership for US federal income tax purposes may nonetheless be taxable as a corporation if it is a “publicly traded partnership” and it does not qualify for the “90% passive income” exclusion, described below. Each Sub-Fund intends to operate in such a manner that it should either not be a publicly traded partnership or, alternatively, qualify for the 90% passive income exclusion for each taxable year of such Sub-Fund, although there can be no assurance in this regard.

A publicly traded partnership is any partnership the interests in which are traded on an established securities market or which are readily tradable on a secondary market (or the substantial equivalent thereof). In general, interests in a partnership will be considered readily traded on a secondary market (or the substantial equivalent thereof) if prospective buyers or sellers have an opportunity to buy or sell interests in the partnership, including through withdrawals, in a time frame and with the regularity and continuity that is comparable to trading on a securities market.

A Sub-Fund should qualify for the 90% passive income exclusion in a taxable year so long as at least 90% of its gross income for the year and for each prior year, from and after the first year in which it is publicly traded, consists of “qualifying income.” “Qualifying income” includes (i) gains from the sale of stock, securities and non-US currencies, (ii) interest (other than interest derived in the conduct of a financial or insurance business), dividends and payments with respect to securities loans, (iii) gains from options, futures or forward contracts derived with respect to the business of investing in stock, securities and non-US currencies, (iv) in the case of a partnership a principal activity of which is the buying and selling of commodities (other than as a dealer) and futures, forwards and options with respect to commodities, income and gains from such investments, and (v) certain other investment income as set forth in the Regulations under Section 7704 of the Code.

If the IRS were to determine that for a given taxable year a Sub-Fund did not qualify for the 90% passive income exclusion and the Sub-Fund was otherwise a publicly traded partnership, such Sub-Fund would be taxable in a manner similar to a Holding Company as discussed in “Certain US Federal Income Tax Considerations Applicable to Non-US Investors” below. Moreover, distributions of such income generally would be treated as dividend income when received by US Investors to the extent of the current or accumulated earnings and profits of such Sub-Fund, US Investors would not be entitled to report profits or losses recognized by such Sub-Fund, and such Sub-Fund would likely be treated as a PFIC (discussed below), among other potential adverse consequences. The remainder of this discussion assumes that each Sub-Fund will be treated as a partnership for US federal income tax purposes. However, the General Partner has elected for the Pensam Fund to be disregarded as an entity separate from its sole owner for US federal income tax purposes, such that the income,

assets and activities of the Pensam Fund will be treated for US federal income tax purposes as earned, held and conducted by the regarded owner of the Pensam Fund. Accordingly, the tax considerations discussed below regarding partnerships and their partners are not directly applicable to the Pensam Fund.

### **Taxation of the Sub-Funds**

Except as discussed in “Tax Returns, Audits, and Partnership Representative” below, each Sub-Fund that is a partnership for US federal income tax purposes is not expected to be subject to US federal income taxation, and each US Investor (or other investor subject to US taxation) generally will be required to include in its income for US federal income tax purposes its allocable share of each item of income, gain, loss, deduction or credit earned or realized by the Sub-Fund, whether or not such Sub-Fund makes any distributions to that investor and each such item will generally have the same character and source (either US or foreign) as though the US Investor realized the item directly.

To the extent that a Sub-Fund invests through an entity that is treated as a non-US corporation for US federal income tax purposes (a “**Holding Company**”), such Holding Company will be subject to US federal income tax on its net income, if any, that is effectively connected with a US trade or business and US withholding tax on certain non-effectively connected US source income. Certain Sub-Funds may invest substantially all of their assets in one or more Holding Companies. Such Holding Company will likely be classified as a PFIC (discussed below) for US federal income tax purposes except in certain cases where such Holding Company is treated as a CFC (described below). Classification as a PFIC may result in certain adverse US federal income tax consequences to US Investors. The US federal income tax treatment of a US Investor under the PFIC rules is complex and may vary depending upon the circumstances and activities of such investor and the Sub-Fund. Each prospective US Investor in the Sub-Funds is strongly encouraged to consult its own tax adviser concerning the potential US federal tax treatment under the PFIC rules of an investment in the Sub-Funds.

### **US Investors**

Each Sub-Fund generally expects to act as a trader or investor, and not as a dealer, with respect to its securities transactions. A trader and an investor are persons who buy and sell securities for their own accounts. A dealer, on the other hand, is a person who purchases securities for resale to customers rather than for investment or speculation. Generally, the gains and losses realized by a trader or an investor on the sale of securities are capital gains and losses. Capital gains and losses recognized by a Sub-Fund may be long-term or short-term depending, in general, upon the length of time a Sub-Fund maintains a particular investment position and, in some cases, upon the nature of the transaction. Property held for more than one year generally will be eligible for long-term capital gain or loss treatment. The application of certain rules relating to short sales, to so-called “straddle” and “wash sale” transactions and to Section 1256 Contracts (discussed below) may serve to alter the treatment of a Sub-Fund's securities positions.

Each Sub-Fund may also realize ordinary income and losses with respect to its transactions. A Sub-Fund may hold debt obligations with “original issue discount.” In such case a US Investor would be required to include amounts in taxable income on a current basis even though receipt of such amounts may occur in a subsequent year. A Sub-Fund may also acquire debt obligations with “market

discount". Upon disposition of such an obligation, a US Investor generally would be required to treat gain realized as interest income to the extent of the market discount which accrued during the period the debt obligation was held by such Sub-Fund.

US Investors that maintain certain types of financial statements and use the accrual method of accounting for US federal income tax purposes generally will be required to include certain amounts in income no later than the time such amounts are reflected on their financial statements. The application of this rule may require such US Investors to include certain amounts paid on debt obligations in income earlier than would otherwise in the absence of such rule. US Investors that use the accrual method of accounting are urged to consult their tax advisers regarding the potential applicability of this rule to their particular situations.

There are a number of uncertainties in the US federal income tax law relating to debt restructuring. In general, a "significant modification" of a debt obligation acquired by a Sub-Fund at a discount may be treated as a taxable event. However, other than for certain "safe harbor" modifications specified in the Regulations, the determination of whether a modification is "significant" is based on all of the facts and circumstances. Therefore, it is possible that the IRS could take the position that the restructuring of a debt obligation acquired by a Sub-Fund at a discount amounts to a "significant modification" that should be treated as a taxable event even if the Sub-Fund did not so treat the restructuring on its tax return.

**Section 1256 Contracts.** A Sub-Fund may invest in options, futures contracts and options on futures contracts, certain of which may be characterized for US federal income tax purposes as "Section 1256 Contracts." Any gains or losses with respect to a Section 1256 Contract are generally considered 60% long-term and 40% short term capital gain or loss ("60/40"), regardless of the actual holding period of the individual contract, although gains or losses with respect to a Section 1256 Contract may be ordinary in character if the contract is used in certain types of hedging transactions. In addition, any Section 1256 Contracts held by a Sub-Fund at the end of each taxable year are "marked-to-market" (i.e., treated for US federal income tax purposes as if sold for their fair market value on the last business day of each taxable year) and any resulting gain or loss is treated as 60/40 gain or loss and subject to US federal income tax at that time.

In general, if an individual taxpayer incurs a net loss for a year with respect to a Section 1256 Contract, the taxpayer may elect to carry back such net loss up to three years and deduct such net loss against any net capital gain from Section 1256 Contracts included in the taxpayer's income in such prior years. Losses so carried back are treated as 60/40 losses. To the extent that such losses are not used to offset gains on Section 1256 Contracts in a carryback year, they will carry forward indefinitely as losses on Section 1256 Contracts in future years.

**Straddles.** Hedging transactions undertaken by a Sub-Fund may result in "straddles" for US federal income tax purposes. The straddle rules may affect the character of gain (or loss) realized by a Sub-Fund. In addition, loss realized by a Sub-Fund on positions that are part of a straddle may be deferred under the straddle rules, rather than being taken into account in calculating the taxable income for the taxable year in which such loss is realized. In addition, a Sub-Fund may be required to capitalize, rather than deduct currently, any interest expense on indebtedness incurred or continued to purchase or carry any positions that are part of a straddle. The transactions may increase the amount of short-term capital gain realized by a Sub-Fund which is taxed at ordinary income rates for Shareholders.

A Sub-Fund may make one or more of the elections available under the Code which are applicable to straddles. If a Sub-Fund makes any of the elections, the amount, character and timing of the recognition of gain or loss from the affected straddle positions may be determined under rules that vary according to the election(s) made. The rules applicable under certain of the elections accelerate the recognition of gain or loss from the affected straddle positions.

Because application of the straddle rules may affect the character and timing of a Sub-Fund's gains, losses and deductions, the amounts allocated to Shareholders as ordinary income or short-term or long-term capital gain may be increased or decreased substantially as a result of such hedging transactions.

**Possible "Mark-to-Market" Election.** To the extent that a Sub-Fund is directly engaged in a trade or business as a trader in "securities", it may elect under Section 475 of the Code to "mark-to-market" the securities held in connection with such trade or business. Under such election, securities held by a Sub-Fund at the end of each taxable year will be treated as if they were sold by such Sub-Fund for their fair market value on the last day of such taxable year, and gains or losses recognized thereon will be treated as ordinary income or loss. Moreover, even if a Sub-Fund determines that its securities activities will constitute trading rather than investing, there can be no assurance that the IRS will agree, in which case such Sub-Fund may not be able to mark-to-market its positions.

**PFICs and CFCs.** As discussed in more detail below, it is expected that certain Sub-Funds will invest in a corporation(s) that is/are treated, for US tax purposes, as a passive foreign investment company (a "**PFIC**") or a controlled foreign corporation (a "**CFC**"). In the case of PFICs, a US Investor's share of certain distributions from such corporations and gains from the sale by such Sub-Fund of interests in such corporations (or gains from the indirect sale by a US Investor of interests in such corporations upon a disposition of an interest in the Sub-Fund) could be subject to an interest charge and subject to certain other disadvantageous tax treatment unless certain elections are made and maintained (as discussed further below). In the case of CFCs, a portion of the income of such corporations (whether or not distributed) could be imputed currently as ordinary income to certain US Investors. Furthermore, in the case of PFICs and CFCs, gains from the sale by a Sub-Fund of an interest in such corporations (or gains indirectly recognized by certain US Investors on the sale of their interests in the Sub-Fund) could be characterized as ordinary income (rather than as capital gains) in whole or in part (as discussed below). A corporate 10% US Investor may be allowed a deduction equal to the amount of the foreign source portion of a dividend paid by (or the amount of gain treated as a dividend for US federal income tax purposes from a sale of stock in) certain foreign corporations that are not PFICs.

Moreover, as discussed above, certain Sub-Funds will invest substantially all of their assets in one or more Holding Companies. Such a Holding Company will likely be classified as a PFIC for US federal income tax purposes except in certain cases where such Holding Company is treated as a CFC (described below).

If a Holding Company were classified as a PFIC, US taxable Investors would be subject to US federal income taxation under one of two alternative tax regimes. Under the first, US Investors generally would not be subject to US federal income tax on income and gains realized by the Holding Company until such amounts are actually distributed by the Holding Company. Distributions from the Holding Company, as well as gains recognized by US Investors on the sale, liquidation or other disposition of



any portion of their interests in the Holding Company (including through the sale, liquidation or other disposition of any portion of their interests in the applicable Sub-Fund) generally would be subject to tax at ordinary income tax rates. In addition, each US Investor would generally be required to pay an interest charge to the IRS on the US federal income tax payable by such investor in respect of such gain, and interest charges could also apply on the US federal income tax payable by such Investor in respect of all or a portion of such distributions.

Under the second regime, a US Investor in the Holding Company making a “qualified electing fund” (“**QEF**”) election with respect to its interest in the Holding Company would be taxed currently (at applicable ordinary income and capital gains tax rates) on its pro rata share of the ordinary earnings and net capital gains realized by the Holding Company (regardless of whether any such amounts are actually distributed to such investor). Such investor generally should not be subject to any further tax when such amounts are actually distributed by the Holding Company. Further, the electing US Investor’s gain realized from the sale, liquidation or other disposition of its interest in the Holding Company should be treated as capital gain income.

To be effective, a QEF election must be filed, subject to certain limitations, by the due date (plus extensions) for filing the US Investor’s federal income tax return for any tax year in which such investor holds an interest in the Holding Company (certain adverse tax consequences may apply, however, if the QEF election is not made for the first tax year in which the interest is acquired). This election will only be effective if the Holding Company provides the electing US Investor with an annual information statement including, among other things, the investor’s pro rata share of the Holding Company’s ordinary earnings and net capital gains for the year (or sufficient information to allow the Investor to calculate such amounts). There can be no assurance that the Holding Company will furnish such information.

It should be noted that, while a QEF election results in tax treatment somewhat similar to that of a partnership in that ordinary income and capital gains realized by the Holding Company are immediately passed through and taxed at ordinary income and capital gains rates in the hands of the electing US Investor, the PFIC/QEF regime and the partnership regime are not identical. Where a US Investor holds (directly, indirectly or constructively) at least 10% (by vote or value) of the interests in the Holding Company, and such US Investors in aggregate own (directly, indirectly or constructively) more than 50%, by vote or value, of the total interests in the Holding Company, such 10% US Investor will not be entitled to make a QEF election. Rather, such Holding Company will be treated as a CFC instead of a PFIC with respect to such US Investor and the investor generally will be subject to current taxation at ordinary income tax rates on its pro rata share of the passive investment income realized by the Holding Company (and certain other income subject to taxation under the CFC rules, including, among other things, “global intangible low-taxed income”), regardless of whether such income is actually distributed to the investor; such investor also may be subject to tax at ordinary income rates on all or a portion of the gain realized by such investor from the sale, liquidation or other disposition of its interest in the Holding Company (including through the sale, liquidation or other disposition of any portion of its interest in the applicable Sub-Fund). US Investors are urged to consult their own tax advisers concerning their potential tax treatment under the above rules, including under the PFIC and QEF rules.

US Investors should also be aware that the the Sub-Funds and/or a Holding Company may from time to time acquire interests in funds (or other entities) organized in jurisdictions other than the United

States which are not or may not be classified as partnerships under US federal income tax principles. Furthermore, the Sub-Fund or Holding Company will generally not be in a position to cause non-US entities in which it has acquired interests to make filings with the IRS which may be necessary to allow certain of them to be treated as partnerships for US federal income tax purposes. It should be further noted that if an underlying fund (or other entity) is classified for US federal income tax purposes as a corporation, it also may be classified as a PFIC and a US Investor likely will not be in a position to make a QEF election with respect to such underlying fund or entity (because the underlying fund or other entity is either unable or unwilling to provide the necessary information to enable such election). In such cases, US Investors would be subject to the tax treatment under the PFIC rules in respect of their allocable shares of distributions from, or gain from sales or exchanges of the interests in, such underlying entities, without the benefit of a QEF election.

**Restrictions on Deductibility of Expenses and Losses.** US Investors that are non-corporate taxpayers or certain closely-held corporations could be subject to various limitations or disallowances on their ability to use their allocable share of a Sub-Fund's deductions and losses to offset other income relating to such Sub-Fund. Such limitations or disallowances include those relating to "passive losses", amounts "at risk", and "excess business losses". Deductions for a Sub-Fund's expenses may be treated as "miscellaneous itemised deductions" with respect to which, individuals generally will not be entitled to a deduction for taxable years beginning on or before 31 December 2025 (and, for taxable years beginning after 31 December 2025, other limitations on such deductions may apply). Interest on any amount borrowed by a US Investor to purchase or carry an interest in a Sub-Fund, as well as interest expense incurred by a Sub-Fund and allocated to a US Investor, may be treated as "investment interest" subject to limitations on deductibility. Deductions for interest expense relating to the debt financing of debt investments with "market discount" may also be deferred, at least in part, until such "market discount" is taken into income. Prospective US Investors are urged to consult their own tax advisors regarding the potential limitations on the deductibility of their share of items of losses and expenses of a Sub-Fund.

In addition, deductions are disallowed with respect to business interest expense that exceeds the sum of business interest income and 30% of the adjusted taxable income of the business (which is its taxable income computed without regard to business interest income or expense, net operating losses or the deduction for certain passthrough income). Business interest includes any interest on indebtedness related to a trade or business, but excludes investment interest, to which separate limitations apply. These limitations may have a significant impact on US Investors in the Sub-Funds and/or the investments of the Sub-Funds.

**Cash Distributions and Withdrawals.** A distribution of cash from a Sub-Fund to a US Investor other than in complete liquidation of the US Investor's interest in the Sub-Fund reduces the US Investor's total tax basis of its interests in the Sub-Fund. Any cash distribution in excess of a US Investor's adjusted tax basis is taxable to the US Investor as gain from the sale or exchange of its interest in the Sub-Fund.

A US Investor receiving a distribution from a Sub-Fund in complete liquidation of its interest in the Sub-Fund generally will recognize gain or loss for US federal income tax purposes in an amount equal to the difference, if any, between the amount of the cash withdrawal proceeds and its adjusted tax basis for its interest in the Sub-Fund, subject to certain special rules applicable to any "unrealized receivables" of the Sub-Fund.

Foreign Currency. Because investments will be made and realized in currencies other than the US Dollar, a US Investor may recognize foreign currency gains or losses on its investment in a Sub-Fund. In general, a US Investor's share of any foreign currency gain or loss is treated as US source ordinary income or loss. US Investors should consult with their own tax advisors with respect to the tax treatment of foreign currency gain or loss.

Foreign Tax Credit. A US Investor's allocable share of any foreign taxes imposed on a Sub-Fund in respect of dividends, interest, capital gains or other income received by a Sub-Fund generally will be treated as a foreign income tax which the investor may elect to deduct in computing its US federal income tax liability or, subject to generally applicable limitations and conditions under the Code, to credit against such liability. US Investors will not generally be entitled to a foreign tax credit with respect to foreign taxes paid by a Holding Company or an underlying fund (or other entity) treated as a foreign corporation for US federal income tax purposes. The rules for determining eligibility for and limits on foreign tax credits are extremely complex and depend on a number of factors that are unique to each US Investor's own circumstances. US Investors should consult their own tax advisors regarding all aspects of the rules regarding foreign tax credits, and the potential availability to them of foreign tax credits with respect to the income or taxes of a Sub-Fund.

### **US Tax-Exempt Investors**

US Tax-Exempt Investors generally are subject to tax on their allocable share of "unrelated business taxable income" ("UBTI"). UBTI includes income from an unrelated trade or business regularly carried on and income from "debt-financed" property. If a US tax-exempt entity's acquisition of an interest in a partnership or other transparent entity is debt-financed, or the entity incurs "acquisition indebtedness" that is allocated to the acquisition of an investment by the entity, then UBTI would include a percentage of the gross income (less the same percentage of deductions) derived from the investment regardless of whether the income would otherwise be excluded from UBTI. As discussed above, certain Sub-Funds may invest substantially all of their assets in one or more Holding Companies. Borrowing by such a Holding Company generally should not cause a US Tax-Exempt Investor's indirect share of the income of such Holding Company to be UBTI provided that the US Tax-Exempt Investor itself has not incurred borrowings to finance its investment and the applicable Sub-Fund has also not borrowed money.

UBTI generally is taxed at the marginal US tax rates to which US taxable corporations or trusts are subject. Charitable remainder trusts are subject to an excise tax equal to 100% of the amount of UBTI that they incur. It is possible that the Sub-Funds may generate UBTI. All prospective US Tax-Exempt Investors are urged to consult their tax advisors regarding an investment in the Sub-Funds.

### **Certain US Federal Income Tax Considerations Applicable to Non-US Investors**

Prospective investors that are Non-US Investors that invest directly in a Sub-Fund generally will be subject to US federal income tax each year only on their distributive share of the taxable income of such Sub-Fund, if any, that is deemed to be "effectively connected" with a US trade or business as if they were US citizens or residents, regardless of whether such Sub-Fund makes any cash distributions. Each Sub-Fund currently operates in a manner designed to prevent the incurrence of income that is effectively connected with a US trade or business and does not expect to incur any such income. However, there can be no assurance in this regard.

A withholding tax at the highest applicable US federal income tax rate generally will be imposed on a Non-US Investor's allocable share of any taxable income of a Sub-Fund that is "effectively connected" with a US trade or business (whether or not such income is distributed). Such withholding tax may be claimed as a credit against such Non-US Investor's US tax liability. The gain on a sale, exchange or redemption (complete or partial) of an interest in such Sub-Fund generally will be taxed as effectively connected income to the extent that such Non-US Investor would have been allocated effectively connected income if the Sub-Fund sold all of its assets for fair market value as of the date of the sale, exchange or redemption. Further, if any portion of the gain on any sale, exchange or redemption of an interest in a Sub-Fund would be treated as effectively connected income, the transferee of an interest in such Sub-Fund generally would be required to withhold 10% of the amount realized on the sale, exchange or redemption unless the transferor certifies that the transferor is not a foreign person or otherwise establishes an exemption. If the transferee fails to withhold the correct amount, such Sub-Fund would be required to deduct and withhold from distributions to the transferee an amount equal to the amount the transferee failed to withhold. Potential investors in the Sub-Fund are urged to consult their tax advisers regarding all aspects of the above rules.

In addition, to the extent that a Sub-Fund realizes any fixed or determinable, annual or periodical income (such as interest and dividend income) from US sources that is not effectively connected with a US trade or business, such income generally will be subject to a 30% withholding tax unless, in the case of certain interest income, such withholding tax is eliminated under the "portfolio interest" rules contained in Section 871 or 881 of the Code. Any Non-US Investor that is a governmental entity qualifying under Section 892 of the Code may be exempt from the 30% withholding tax.

Prospective investors that are foreign corporations should also be aware that the 30% US "branch-profits tax" and "branch-level interest tax" imposed by Section 884 of the Code could apply to an investment in a Sub-Fund by a corporate Non-US Investor.

As discussed above, certain Sub-Funds may invest substantially all of their assets in one or more Holding Companies. A Non-US Investor in such Sub-Fund(s) who is not otherwise subject to US taxing jurisdiction will generally not be subject to US federal income taxation on distributions paid by such Sub-Fund in respect of such person's interest or gains recognized on the sale, exchange or redemption (complete or partial) of an interest in such Sub-Fund, provided such Sub-Fund invests all of its assets in one or more Holding Companies.

As a foreign corporation, a Holding Company generally will not be subject to US federal income taxation on income or gain realized by it from trading and investment activities provided that the Holding Company is not engaged in, or deemed to be engaged in, a US trade or business to which such income or gain is treated as effectively connected. In the event that the Holding Company were engaged in, or deemed to be engaged in, a US trade or business in any year, the Holding Company (but not any of the Shareholders) would be required to file a US federal income tax return for such year and pay tax on its income and gain that is effectively connected with such US trade or business at US corporate tax rates. In addition, the Holding Company would be required to pay a branch profits tax equal to 30% of the dividend equivalent amount for the taxable year.

The Holding Company also will be subject to a 30% US withholding tax on the gross amount of (i) any US source interest income that falls outside the portfolio interest exception or other available exception to withholding tax, (ii) any US source dividend income or dividend equivalent payments,

and (iii) any other US source fixed or determinable annual or periodical gains, profits, or income, in each case to the extent such amounts are not effectively connected with a US trade or business. All prospective Non-US Investors are urged to consult their tax advisors regarding an investment in the Sub-Funds.

### **Tax Returns, Audits, and Partnership Representative**

The Bipartisan Budget Act of 2015, which was enacted on November 2, 2015, significantly changed the rules for US federal income tax audits of partnerships. Under the new rules, tax audits will continue to be conducted at the partnership level. However, with respect to tax returns for taxable years beginning after 31 December 2017, adjustments to the amount of tax due (including interest and penalties) generally will be payable by the partnership unless the partnership qualifies for and affirmatively elects an alternative procedure. Under the alternative procedure, if elected, a partnership would issue information returns to persons who were partners in the audited year, who would then be required to take the adjustments into account in calculating their own tax liability, and the partnership would not be liable for the adjustments. If a Sub-Fund is able to and, in fact, elects the alternative procedure for a given adjustment, the amount of taxes for which such persons will be liable will be increased by any applicable penalties and a special interest charge.

There can be no assurance that any Sub-Fund will be eligible to make such an election or that it will, in fact, make such an election for any given adjustment. If a Sub-Fund does not or is not able to make such an election, then (i) the then current investors in the Sub-Fund, in the aggregate, could indirectly bear income tax liabilities in excess of the aggregate amount of taxes that would have been due had the Sub-Fund elected the alternative procedure, and (ii) a given investor may indirectly bear taxes attributable to income allocable to other Investors or former investors, including taxes (as well as interest and penalties) with respect to periods prior to such investor's ownership of interests in the Sub-Fund. Accordingly, it is possible that an investor will bear tax liabilities unrelated to its interest in a Sub-Fund. Amounts available for distribution to investors may be reduced as a result of a Sub-Fund's obligations to pay any taxes associated with an adjustment.

The partnership representative of a Sub-Fund will be the only person with the authority to act on behalf of the Sub-Fund with respect to audits and certain other tax matters and may decide not to elect (or may be unable to elect) the alternative procedure for any particular adjustment. In addition, the Sub-Fund and each investor will be bound by the actions taken by the partnership representative on behalf of the Sub-Fund during any audit or litigation proceeding concerning US federal income taxes.

Many issues and the overall effect of this legislation on the Sub-Funds are uncertain, and potential investors are urged to consult their tax advisors regarding all aspects of this legislation as it affects their particular circumstances.

### **FATCA Withholding**

Pursuant to the FATCA provisions of the US Hiring Incentives to Restore Employment Act of 2010, payments of most types of income from sources within the United States (as determined under applicable US federal income tax principles), such as interest and dividends (collectively, "**Withholdable Payments**"), to a foreign financial institution or certain other foreign entities generally will be subject to a 30% US federal withholding tax, unless certain reporting and other applicable

requirements are satisfied. It is expected that the Sub-Funds and certain non-US entities in which the Sub-Funds may invest (each, including the Sub-Funds, an “**Offshore Entity**”) will be treated as a “foreign financial institution” for this purpose. As a foreign financial institution, in order to be permitted to receive Withholdable Payments without deduction of this 30% withholding tax, it is expected that each Offshore Entity generally may need to be a party to an agreement (a “**Withholding Agreement**”) with the IRS requiring such Offshore Entity to provide certain information on its account holders to the IRS and to meet other requirements or, alternatively, each Offshore Entity may be permitted to receive Withholdable Payments without a 30% withholding tax deduction if it complies with the terms of an applicable intergovernmental agreement, if any, between the United States government and the government of the country in which the Offshore Entity is a resident.

As an alternative to a Withholding Agreement, the government of Luxembourg has entered into an intergovernmental agreement with the United States to help implement FATCA for certain Luxembourg funds. As such, a Sub-Fund may be required to report certain information on its US account holders to the government of Luxembourg in order (i) to obtain an exemption from FATCA withholding on payments it receives and/or (ii) to comply with any applicable Luxembourg law. It is not yet certain how the United States and Luxembourg will address withholding on “foreign passthru payments” or if such withholding will be required at all. To avoid being subject to this US federal withholding tax, the Sub-Funds will require their investors to provide information regarding themselves and their owners. The Sub-Funds may be unable to satisfy their reporting obligations (including, if the Sub-Funds cannot collect the requisite information from some or all of their investors) and, as a result, payments received by the Sub-Funds may be subject to this withholding tax.

By investing (or continuing to invest) in the Sub-Funds, investors shall be deemed to acknowledge that:

- the Sub-Funds may be required to disclose to the government of Luxembourg (or to other foreign fiscal authorities, as applicable) certain information in relation to the investor and certain information relating to the investor's investment;
- the government of Luxembourg (or other foreign fiscal authorities, as applicable) may be required to automatically exchange information as outlined above with the IRS and other foreign fiscal authorities (as applicable);
- each Offshore Entity may be required to disclose to the IRS and other foreign fiscal authorities (as applicable) certain confidential information when registering with such authorities, and such authorities may contact such Offshore Entity with further enquiries; and
- each Offshore Entity may require the investor to provide additional information and/or documentation which such Offshore Entity may be required to disclose to the relevant foreign fiscal authority.

Each Shareholder should consult its own tax advisors regarding the possible implications of FATCA (and the reporting obligations that will apply to such investor, which may include providing certain information in respect of such investor's beneficial owners).

## Certain Reporting Requirements

US Investors (including potentially US Tax-Exempt Investors) may be required to comply with various information reporting obligations with respect to their investments in the Sub-Funds. For example, US Investors may be obligated to file Forms 926, 5471, 8621, 8865, 8886, 8938, 8990 or 8992 with the IRS, or Financial Crimes Enforcement Network (FinCEN) Form 114 (Report of Foreign Bank and Financial Accounts) with the US Treasury Department. These forms may require disclosures regarding the filing US Investor, other investors and the Sub-Funds. The Sub-Funds have not committed themselves to provide all of the information concerning the Sub-Funds or their investors necessary to complete such forms. Failure to properly file such forms, if required, may result in the imposition of substantial penalties and an extension of the statute of limitations for the assessment of US federal income tax. US Investors are urged to consult their own legal advisors regarding these potential reporting obligations and any other potential reporting obligations that may arise from an investment in the Sub-Funds.

## US State and Local Taxes

State and local tax laws often differ significantly from US federal income tax laws. In addition to US federal income tax consequences, prospective investors should consider potential US state and local tax payment and filing obligations resulting from an investment in the Sub-Funds in the states or localities in which they are a resident for tax purposes or in which investments are made, if any.

An investment in the Sub-Funds involves complex tax considerations. Investors are urged to consult their tax advisors with respect to the US federal, state and local income tax considerations relevant to an investment in the Sub-Funds.

### 13.6. DAC 6

Council Directive (EU) 2018/822 (**DAC 6**) imposes mandatory disclosure requirements on intermediaries and, in certain circumstances, taxpayers effective from 1 July 2020 in respect of reportable cross-border arrangements implemented on or after 25 June 2018. Subject to the implementation of DAC 6 in the relevant EU Member States, the General Partner or the AIFM, investors in the Fund, or any person that has advised or assisted could be legally obliged to file information in relation to the Fund and its activities with the competent authorities with a view to an automatic exchange of such information with other EU Member States.

Further to the transposition of DAC 6 into domestic law with the Luxembourg law of 25 March 2020, information about reportable cross-border arrangements implemented as from 1 July 2020 will need to be reported to the Luxembourg tax authorities within 30 days beginning: (a) on the day after the arrangement is made available for implementation; or (b) on the day after the arrangement is ready for implementation; or (c) when the first step of the arrangement has been implemented, whichever occurs first.

## 14. CERTAIN SHAREHOLDER MATTERS

### 14.1. Meetings, Reports and Financial Year

The general meeting of Shareholders is held every year at the Fund's registered office or at any other address in Luxembourg stipulated in the convening notice.

The annual general meeting of Shareholders shall be held on the second Friday of the month of May at 11:00 am (Luxembourg time) and for the first time in 2010. If this date is not a Business Day, the annual general meeting shall be held on the next following Business Day.

Except as otherwise provided for by Luxembourg law or the Articles, notices of all general meetings are sent by mail to all registered Shareholders, to their address indicated in the register of Shareholders, at least 8 (eight) days before the general meeting.

These notices shall indicate the time and place of the general meeting, the admission conditions, the agenda and the Luxembourg legal quorum and majority requirements. Each Shareholder may participate in the meetings of Shareholders by appointing in writing, via a cable, telegram or telefax, another person as his proxy. The Shareholders of a specified Sub-Fund or Class may, at any time, hold general meetings with the aim to deliberate on a subject which concerns only their Sub-Fund or Class (as the case may be).

At general meetings, each Shareholder has the right to 1 (one) vote for each whole Share held.

In the case of a joint holding, only the first named Shareholder may vote.

Unless otherwise stipulated by law or in the Articles, the decisions of the general meeting of a specified Sub-Fund will be reached by a simple majority vote of the Shareholders present or represented, it being understood that any resolution shall validly be adopted only with the approval of the General Partner.

The financial year of the Fund begins each year on 1 January and ends on 31 December of the same year.

If the General Partner decides to prepare combined accounts, such accounts of the Fund will be expressed in Euro. For this purpose, all figures expressed in another currency than the Euro will be converted into Euro at the rates used in the NAV calculation.

As required by the 2007 Law, the Fund will publish an annual report drawn up as per the end of the Fund's financial year, being 31 December of each year, available to Shareholders at the registered office of the Fund ultimately 6 (six) months after the end of the financial year of the Fund.

The annual report includes a balance sheet or a statement of income and a statement of changes in equity and a cash flow statement, a report on the activities of the past financial year as well as any significant information enabling Shareholders to make an informed judgment on the development of the activities and of the results of the Fund.



The financial information of the Fund shall be prepared in accordance with International Financial Reporting Standards (**IFRS**), provided that the General Partner may decide to use different accounting methods in respect of any Sub-Fund, as set forth in the relevant Sub-Fund Specifications.

The General Partner may establish such further reports as determined in respect of a given Sub-Fund as set forth in the relevant Sub-Fund Specifications. The information detailed below will also be set out in the Fund's periodic reports:

- the percentage of the relevant Sub-Fund's assets which are subject to special arrangements arising from their illiquid nature;
- any new liquidity management arrangements;
- any new right of the reuse of collateral or any new guarantee granted under a leveraging arrangement;
- the total amount of leverage employed by the relevant Sub-Fund; and
- details of the current risk profile of the relevant Sub-Fund and the risk management systems employed to manage those risks.

Any increase in the maximum amount of leverage that may be used by a Sub-Fund will be detailed in a revised Private Placement Memorandum or Supplement.

#### 14.2. Term and liquidation of the Fund and of Sub-Funds

The Fund has been set up for an unlimited term and shall end with the dissolution and liquidation of its last Sub-Fund.

The Sub-Fund(s) may be created for an undetermined period or for a fixed period as provided for in the relevant Sub-Fund Specifications. Sub-Funds created for a fixed period will terminate automatically on the expiration date (if any) provided for in the relevant Sub-Fund Specifications.

The General Partner may decide to liquidate a Sub-Fund if its net assets have decreased to, or have not reached, an amount determined by the General Partner to be the minimum level for such Sub-Fund to be operated in an economically efficient manner or if a change in circumstances relating to the Sub-Fund concerned would justify such liquidation.

Shareholders of the relevant Sub-Fund will be notified by the General Partner of any decision to liquidate the relevant Sub-Fund prior to the effective date of the liquidation and the notice will indicate the reasons for, and the procedures applicable to the liquidation.

Unless otherwise provided for in the relevant Sub-Fund Specifications, the Shareholders of the Sub-Fund concerned and who hold redeemable Shares may request the redemption of their Shares, in accordance with the terms contained in the relevant Sub-Fund Specifications, upon or prior to the liquidation by application of the applicable liquidation NAV as determined by the General Partner. Assets which cannot be distributed to their beneficiaries upon the close of liquidation of the Sub-Fund concerned will be deposited with the *Caisse des Consignations* on behalf of their beneficiaries.

In addition to the above, should the capital of the Fund fall below 2/3 (two thirds) of the minimum capital, an extraordinary general meeting of Shareholders must be convened to consider the

dissolution of the Fund. Any decision to liquidate the Fund must be taken by a majority of the Shares present or represented at the meeting.

Where the capital falls below  $\frac{1}{4}$  (one quarter) of the minimum capital, the General Partner must convene an extraordinary general meeting of Shareholders to decide upon the liquidation of the Fund. At that meeting, the decision to liquidate the Fund may be taken by Shareholders holding together one quarter of the Shares present or represented.

As soon as the decision to liquidate or wind the Fund up is taken, the issue of Shares in all Sub-Funds and Classes is prohibited and any issuance of Shares in contradiction with this prohibition shall be deemed null and void.

#### 14.3. Amalgamation

Unless otherwise provided for in the relevant Sub-Fund Specifications, the General Partner may decide to terminate one Sub-Fund by contributing its assets and liabilities into another existing or new Sub-Fund or into another existing or new collective investment scheme or an assimilated entity.

The General Partner may also organise the amalgamation of 2 (two) or more Sub-Funds into an existing or a new Sub-Fund.

The General Partner may also organise the amalgamation of 2 (two) or more Classes within a Sub-Fund.

Shareholders will be notified of any such decision as well as the relevant information in relation to the new Sub-Fund, the new collective investment scheme or assimilated entity or the new Class of Shares. Notice will be provided at least 1 (one) month before the amalgamation in order to enable Shareholders who hold redeemable Shares to request that their Shares be redeemed in accordance with the terms contained in the relevant Sub-Fund Specifications before the amalgamation is completed.

#### 14.4. Consolidation/splitting of Shares

The General Partner may decide to consolidate Shares of different Classes within a Sub-Fund or to split the Shares within a given Class of a Sub-Fund.

#### 14.5. Shareholders' rights in relation to service providers

The Fund is reliant on the performance of third-party service providers, including the AIFM, the Investment Advisor, the Valuation Assistant, the Depositary, the Central Administrative Agent, the Registrar and Transfer Agent, the Placement Agent(s) and the Auditor (the **Service Providers**). Further information in relation to the roles of the Service Providers is set out above.

No Shareholder will have any direct contractual claim against any Service Provider with respect to such Service Provider's default. Any Shareholder who believes they may have a claim against any Service Provider in connection with their investment in the Fund, should consult their legal advisor.

#### 14.6. Recognition and Enforcement of Judgments in Luxembourg

The 1980 Rome Convention on the Law Applicable to Contractual Obligations (other than Article 7(1)), Regulation (EC) 593/2008 (Rome I) (the **Rome I Regulation**) and Regulation (EC) 864/2007 (Rome II) (the **Rome II Regulation**), all have force of law in Luxembourg (together, the **Rome Regulations**). Accordingly, the choice of a governing law in any given agreement is subject to the provisions of the Rome Regulations. Under the Rome I Regulation, the courts of Luxembourg may apply any rule of Luxembourg law which is mandatory irrespective of the governing law and may refuse to apply a rule of governing law if:

- (a) the foreign law was not pleaded and proved; or
- (b) if pleaded and proved, such foreign law would be contrary to (i) the public policy of the forum, (ii) the overriding mandatory provisions of the law of the forum, (iii) the provisions of the law of a country which cannot be derogated from by agreement, where matters are connected with such country only, (iv) the provisions of Community law which cannot be derogated from by agreement, where matters are connected with the EU only and (v) the overriding mandatory provisions of the law of the country where the obligations arising out of the contract have to be or have been performed, in so far as those overriding mandatory provisions render the performance of the contract unlawful.

The fact that contractual parties choose a foreign law, whether or not accompanied by the choice of a foreign tribunal, shall not, where all the other elements relevant to the situation at the time of the choice are connected with one country only, prejudice the application of rules of the law of that country, which cannot be derogated from by agreement.

The effectiveness of provisions relating to the choice of law to govern non-contractual obligations is subject, where applicable, to the Rome II Regulation. The effectiveness of such provisions in situations where the Rome II Regulation does not apply is uncertain.

Regulation (EU) No 44/2001 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters has force of law in Luxembourg. In accordance with its provisions, a judgment obtained in the courts of another EU jurisdiction will in general be recognised and enforced in Luxembourg without review as to its substance, save in certain exceptional circumstances.

#### 14.7. Complaint Handling Policy

Information on the complaint handling policy of the Fund may be obtained free of charge upon request to the General Partner.

## **15. INFORMATION AVAILABLE**

Copies of the Articles, this Private Placement Memorandum, the relevant Sub-Fund Specifications, the Depositary, Registrar and Transfer Agency, Administrative Agency Agreement, the latest financial reports as well as any further documents and/or reports in respect of any Sub-Fund, if any, shall be mailed to Shareholders upon their request and may be obtained free of charge during office hours at the registered office of the Fund.

Shareholders may only receive communication of the Sub-Fund Specifications relating to the Sub-Fund(s) in which they are investing.

Except where the determination of the net asset value of a particular Share Class or Sub-Fund has been suspended, the NAV per Share of each Sub-Fund and Class, if applicable, and historical performance of each Sub-Fund shall be available on each Valuation Day at the Fund's registered office.

Claims of Shareholders against the Fund lapse 5 (five) years after the date of the event giving rise to the rights invoked.

English shall be the governing language for this Private Placement Memorandum.

## 16. AMENDMENTS

The General Partner shall be authorised to amend this Private Placement Memorandum in order to:

1. reflect a change in the name of the Fund or a given Sub-Fund;
2. make any change that is necessary or desirable to cure any ambiguity or to correct or supplement any provision of this Private Placement Memorandum that would otherwise be inconsistent with the Articles;
3. make a change that is necessary or desirable to satisfy any applicable requirements, conditions or guidelines contained in any opinion, directive, order, statute, rule or regulation of any governmental entity so long as the change is made in a manner which minimises any adverse effect on Shareholders; or
4. any other amendment that in the opinion of the General Partner may be necessary or desirable;

provided that in each case the amendment does not adversely affect Shareholders in a material respect, that the Shareholders are duly informed of any such amendments and that such amendments are approved by the CSSF.

No amendment, which increases an Investor's commitment (if any), modifies the profit allocation rules or decreases the level of approval of Shareholders required to make such amendments may be made without the unanimous approval of all the Shareholders entitled to vote.

## 17. CONFLICTS OF INTEREST

### 17.1. General

No contract or other transaction between the Fund and any other company or firm shall be affected or invalidated by the fact that any 1 (one) or more of the directors, managers or officers of the General Partner or of the AIFM is interested in, or is a director, associate, officer or employee of such other company or firm. Any director, manager or officer of the General Partner or of the AIFM who serves as a director, manager, officer or employee of any company or firm, with which the Fund shall contract or otherwise engage in business shall, by reason of such affiliation with such other company or firm, be prevented from considering and voting or acting upon any matters with respect to such contract or other business.

In the event that any director, manager or officer of the General Partner may have in any transaction of the Fund an interest different to the interests of the Fund, such director, manager or officer shall make known to the General Partner such conflict of interest and shall not consider or vote on any such transaction and such transaction, and such director's or officer's interest therein shall be reported to the next succeeding meeting of Shareholders.

The General Partner and the AIFM will act in the best interest of the Shareholders when undertaking any investments where conflicts of interest may arise and will endeavour to ensure that such conflicts are resolved fairly.

The term conflict of interests, as used in the preceding paragraph, shall not include any relationship with or interest in any matter, position or transaction involving the Initiator, the Portfolio Manager, any Investment Advisor(s), the Depositary, the Central Administrative Agent, the Distributor, any sub-distributor or agent as well as any other person, company or entity as may from time to time be determined by the General Partner on its discretion.

Shareholders will be notified of any new conflicts of interest, if any, whether by correspondence directly or through custodians, disclosure on a website or communications with relationship managers.

### 17.2. Conflicts of interest

Various potential and actual conflicts of interest may arise from the overall advisory, investment and other activities of the General Partner, the AIFM, the Portfolio Manager and their respective clients. The following briefly summarizes some of these conflicts; it is not intended to be an exhaustive list of all such conflicts. By making an investment in the Fund and any Sub-Fund, each Shareholder will be deemed to have acknowledged the existence of actual and potential conflicts of interest relating to the General Partner, the AIFM and the Portfolio Manager, and to the operations of the Fund and the relevant Sub-Fund and the Other Accounts (as defined below) in the face of these conflicts, and to have waived any claims with respect to the existence of such conflicts.

The AIFM, the Portfolio Manager, the Portfolio Manager's affiliates ("**Alcentra Parties**") and their respective clients may invest in securities that would be appropriate for one or more Sub-Funds. Such investments may be different from those made in respect of any Sub-Fund. The AIFM, the Portfolio

Manager, and/or Alcentra Parties have or may have ongoing relationships with, render services to and engage in transactions with other investment vehicles and other managed accounts that they manage (collectively, the **Other Accounts**), and such Other Accounts may have strategies, investments and/or positions that are different from or opposite to the strategies, investments and positions of the Fund and the Sub-Funds. The AIFM and the Portfolio Manager may, in the future, serve as investment adviser or sub-adviser (or in a similar role) for Other Accounts. The AIFM, the Portfolio Manager and/or Alcentra Parties may at certain times be simultaneously seeking to purchase or dispose of investments for their own account, one or more Sub-Funds, any similar entity for which they serve as investment adviser and for their clients or affiliates. In addition, the AIFM, the Portfolio Manager and/or Alcentra Parties may advise Other Accounts with respect to different parts of the capital structure of the same issuer, or classes of securities that are subordinate or senior to securities, in which the Sub-Funds invest. As a result, the AIFM, the Portfolio Manager and/or Alcentra Parties may pursue or enforce rights or activities, or refrain from pursuing or enforcing rights or activities, on behalf of Other Accounts with respect to a particular issuer in which a Sub-Fund has invested. The Sub-Funds could sustain losses during periods in which the AIFM, the Portfolio Manager and/or Alcentra Parties and Other Accounts achieve profits. Investment opportunities sourced by the AIFM and the Portfolio Manager will generally be allocated to the Sub-Funds and the Other Accounts in a fair and equitable manner.

When a portfolio manager intends to trade the same security for more than one account, the policies of the Portfolio Manager generally require that such trades be “bunched,” which means that the trades for the individual accounts are aggregated and each account receives the same price. Some accounts may not be eligible for bunching for contractual reasons (such as directed brokerage arrangements). Circumstances may also arise where the trader believes that bunching the orders may not result in the best possible price. From the standpoint of the Sub-Funds, simultaneous identical portfolio transactions for the Sub-Funds and Other Accounts may tend to decrease the prices received, and increase the prices required to be paid, by the Sub-Funds for their portfolio sales and purchases. Where less than the maximum desired number of shares of a particular security to be purchased is available at a favourable price, the shares purchased will be allocated among the Sub-Funds and Other Accounts in an equitable manner. Further, it may not always be possible or consistent with the investment objectives of the Sub-Funds and Other Accounts for the same investment positions to be taken or liquidated at the same time or at the same price. Where the accounts or circumstances described above are involved, the Portfolio Manager will place the order in a manner intended to result in as favourable a price as possible under the circumstances for the relevant Sub-Funds and any Other Accounts.

Investment opportunities sourced by the Portfolio Manager that are suitable for both one or more Sub-Funds and Other Accounts generally will be allocated to the Sub-Funds and the Other Accounts in a manner determined to be fair and equitable under the circumstances to all clients, including the relevant Sub-Funds. Neither the AIFM nor the Portfolio Manager is under any obligation to offer investment opportunities of which they become aware to any Sub-Fund or to account to any Sub-Fund (or share with any Sub-Fund or inform the Fund for the benefit of any Sub-Fund of) any such transaction or any benefit received by them from any such transaction or to inform the Fund for the benefit of any Sub-Fund of any investments before offering any investments to the Other Accounts. Furthermore, the Portfolio Manager and/or Alcentra Parties may make an investment in respect of any account that they manage or advise without offering the investment opportunity or making any investment in respect of the Sub-Funds. Furthermore, Alcentra Parties may make an investment on

their own behalf without offering the investment opportunity to, or the Portfolio Manager making any investment in respect of, the Sub-Funds.

Although the principals, employees and professional staff of the AIFM and the Portfolio Manager will devote as much time to the Fund and each Sub-Fund as the AIFM and the Portfolio Manager deem appropriate to perform their duties in accordance with the Alternative Investment Fund Management Agreement and/or the relevant Portfolio Agreements, as appropriate, and in accordance with reasonable commercial standards, such principals, employees and professional staff may have conflicts in allocating their time and services among the Fund and each Sub-Fund and the Other Accounts. Under the terms of these agreements, the AIFM, the Portfolio Manager, Alcentra Parties and each of their respective directors, members, partners, shareholders, officers, employees and agents may conduct any other business, including any business within the securities industry, whether or not such business is in competition with the Fund and the Sub-Funds, and, without limiting the generality of the foregoing, may act as manager, investment advisor, investment manager or general partner for others, may manage funds, separate accounts or capital for others, may have, make and maintain investments in their own name or through other entities and may serve as an officer, director, consultant, partner or stockholder of one or more investment funds, partnerships, securities firms or advisory firms. Such other entities or accounts may have investment objectives or may implement investment strategies similar to or different from those of the Fund and the Sub-Funds.

To the extent permitted by applicable law, the Sub-Funds may also purchase investments that are issued, or the subject of an underwriting or other distribution, by Alcentra Parties. The Sub-Funds also may invest in the securities of companies with which the AIFM, the Portfolio Manager and their affiliates have a business relationship or in which the AIFM, the Portfolio Manager and/or Alcentra Parties have an equity or other interest. The purchase, holding and sale of such investments by the Sub-Funds may enhance the profitability of the AIFM's, the Portfolio Manager's and/or Alcentra Parties' investments in or other relationships with such companies. The AIFM and the Portfolio Manager will make any such investment decisions where such conflicts of interest may exist in a manner consistent with their fiduciary responsibilities to the Sub-Funds.

As a result of the foregoing, the AIFM, Portfolio Manager, and Alcentra Parties may have conflicts of interest in allocating their time and activity between, allocating investments among and effecting transactions for the Fund, the Sub-Funds, Other Accounts and other entities, including ones in which the AIFM, Portfolio Manager, Alcentra Parties and/or their respective directors, members, partners, shareholders, officers, employees and agents may have a financial interest that is greater than their interest in the Fund and the Sub-Funds (if any).

The AIFM, the Portfolio Manager and Alcentra Parties do not expect to, but may, to the extent permitted by applicable law, trade on a principal basis with the Sub-Funds and may cause the Sub-Funds to engage in cross trades. By executing the Subscription Agreement, each Shareholder consents to the relevant Sub-Fund entering into cross transactions to the fullest extent permissible by applicable law. Under the Investment Advisers Act, the AIFM, the Portfolio Manager (or a Sub-Manager) and Alcentra Parties may be required to obtain consent prior to settlement of a principal transaction between the Sub-Fund and the AIFM, the Portfolio Manager or Alcentra Parties. No principal trades will be entered into by the AIFM, the Portfolio Manager or Alcentra Parties with any Sub-Fund to the extent that the assets of any Sub-Fund are treated as "plan assets" under ERISA.



The allocation of a percentage of a Sub-Fund's net profits to the AIFM, the Portfolio Manager or Alcentra Parties from the Sub-Fund Shareholders may create an incentive for the AIFM and the Portfolio Manager to cause the Sub-Fund to make investments that are riskier or more speculative than would be the case if this allocation were not made. Since the allocation is calculated on a basis that includes unrealized appreciation of assets, such allocation may be greater than if it were based solely on realized gains.

The AIFM and the Portfolio Manager, in the course of their investment management and other activities (e.g., board or creditor committee service), may come into possession of confidential or material non-public information about issuers, including issuers in which the AIFM, the Portfolio Manager or their related persons have invested or seek to invest on behalf of the Sub-Funds. The AIFM and the Portfolio Manager are prohibited from improperly disclosing or using such information for their own benefit or for the benefit of any other person, regardless of whether such other person is a client. The AIFM and the Portfolio Manager maintain and enforce written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that the AIFM, the Portfolio Manager and Alcentra Parties are meeting their obligations to clients and remains in compliance with applicable law. In certain circumstances, the AIFM, the Portfolio Manager and/or Alcentra Parties may possess certain confidential or material, non-public information that, if disclosed, might be material to a decision to buy, sell, or hold a security, but the AIFM, the Portfolio Manager and Alcentra Parties will be prohibited from communicating such information to the Fund or using such information for the Sub-Funds' benefit. In such circumstances, the AIFM and the Portfolio Manager will have no responsibility or liability to the Fund or the Sub-Funds for not disclosing such information to the Fund (or the fact that the AIFM and the Portfolio Manager possess such information), or not using such information for the Sub-Funds' benefit, as a result of following the AIFM's and the Portfolio Manager's policies and procedures designed to provide reasonable assurances that they are complying with applicable law. See also the section headed "Relationship with Franklin Templeton" below.

The AIFM's and the Portfolio Manager's employees may receive gifts and forms of entertainment from service providers doing business with the Fund and the Sub-Funds, including executing brokers, prime brokers, auditors and others. The AIFM and the Portfolio Manager maintain policies and procedures in accordance with acceptable industry standards to limit the dollar value of gifts an employee may receive annually from such service providers (although there is no dollar value cap on entertainment value received annually, such as dinner and tickets to sporting events). To the extent that the AIFM's and the Portfolio Manager's employees may receive material dollar value of entertainment per annum, there may be an incentive for such employees to sustain or expand the relationship with the service provider providing the gifts and entertainment. The AIFM and the Portfolio Manager will monitor the level of gifts and entertainment received by each employee and compile periodic reports for supervisory persons to review.

The Distributor may enter into agreements with affiliated placement agents, including Franklin Distributors, LLC (in respect of offers and sales in the United States) and Franklin Templeton International Services S.à r.l. (in respect of offers and sales in Europe), and non-affiliated third-party placement agents, including, without limitation, internationally recognized registered broker-dealers and federally chartered banks, with respect to sales of Shares. Such persons may also solicit participants in the Sub-Funds to invest in Other Accounts. The commissions or fees, if any, payable to such persons with respect to solicitation of investments in the Sub-Funds are expected to be the

sole responsibility of the Distributor and the Fund, the Sub-Funds and the Shareholders are not expected to have any obligation with respect thereto. The prospect of receiving placement fees may provide such placement agents and/or their salespersons with an incentive to favour sales of Shares over the sale of interests of Other Accounts or investments with respect to which the placement agent does not receive such additional compensation or receives lower levels of additional compensation.

In addition, to the extent permitted by law, certain placement agents and their respective affiliates may provide brokerage and certain other financial and securities services to the AIFM, the Portfolio Manager, Alcentra Parties and/or Other Accounts. Such services, if any, will be provided at competitive rates. The AIFM, the Portfolio Manager and Alcentra Parties may also have relationships with service providers, distributors and consultants that may provide services and may receive fees from the AIFM, the Portfolio Manager or Alcentra Parties in connection with such services, which may incentivize such persons to distribute Shares or interests in other Alcentra products.

In addition, employees that are part of the AIFM or the Portfolio Manager may have board, advisory, brokerage or other relationships with issuers, distributors, consultants and others that may have investments in the Fund, the Sub-Funds and/or Other Accounts or that may recommend investments in the Fund, the Sub-Funds, and/or Other Accounts or distribute Shares and/or interests in Other Accounts or engage in transactions for issuers in which the Sub-Funds may invest. To the extent permitted by applicable law and pursuant to Franklin Templeton's applicable policies and procedures, the AIFM, the Portfolio Manager, Alcentra Parties and their personnel, may make charitable contributions to institutions, including those that have relationships with Shareholders or personnel of Shareholders. To the extent permitted by applicable law and pursuant to Franklin Templeton's applicable policies and procedures, personnel of the AIFM and the Portfolio Manager may also make political contributions. Further, employees of the AIFM and the Portfolio Manager may receive compensation in connection with the Fund and the Sub-Funds. As a result of the relationships and arrangements described in this paragraph, placement agents, consultants, distributors and other parties may have conflicts associated with their promotion of the Fund and the Sub-Funds, or other dealings with the Fund and the Sub-Funds, that create incentives for them to promote the Fund and the Sub-Funds.

The Fund and the Sub-Funds, as well as the General Partner, the AIFM and/or the Portfolio Manager engage one or more counsel to represent them in connection with the organization of the Fund and the Sub-Funds and the offer and sale of Shares, and not for any Shareholder or the Shareholders as a group. In connection with such representation, including the preparation of this Memorandum, counsel has relied upon certain information furnished to them by the AIFM and the Portfolio Manager, and has not investigated or verified the accuracy or completeness of such information. In connection with this offering and subsequent advice, such counsels' engagement is limited to the specific matters as to which they are consulted and, therefore, there may exist facts or circumstances that could have a bearing on the Fund's or the Sub-Funds' financial condition or operations with respect to which counsel has not been consulted and for which they expressly disclaim any responsibility. Counsel has not represented and will not be representing Shareholders in the Fund or the Sub-Funds. No independent counsel has been retained (or is expected to be retained) to represent Shareholders. No attorney-client relationship exists between either firm and any other person solely by such person making an investment in the Fund or any Sub-Fund. As a result, prospective investors are urged to retain their own counsel.

It should be noted that the prime brokers of the Sub-Funds act as prime broker for other funds and thus may have conflicts from time to time.

Other present and future activities of the General Partner, the AIFM, the Portfolio Manager and Alcentra Parties may give rise to additional conflicts of interest. The Fund and the Portfolio Manager will make available to any prospective investor additional information which it possesses, or which can be acquired without unreasonable effort or expense that may assist prospective investors in their evaluation of such conflicts of interest. Prospective investors should consult with their own advisers regarding the possible implications on their investment in the Fund and the Sub-Funds of the conflicts of interest described herein.

The conflicts of interest described above with respect to the General Partner, the AIFM and the Portfolio Manager will also generally be applicable to any Investment Advisor or Sub-Manager retained by the Portfolio Manager and should be read as also referring to each such Investment Advisor or Sub-Manager to the extent relevant to any Sub-Fund.

### **Relationship with Franklin Templeton**

The Portfolio Manager is a subsidiary of Franklin Templeton (together with its affiliated advisers referred to in this section as “FT”). Clients of the Portfolio Manager and/or FT may invest in the same portfolio companies, including in the same security or other instrument or in different securities or instruments issued by such a portfolio company and FT has no obligation to inform the Portfolio Manager, the Fund or any Sub-Fund of any such investments or offer such investments to the Fund or any Sub-Fund.

In the ordinary course of conducting the Fund’s or any Sub-Fund’s activities, interests of the Fund or any Sub-Fund may therefore conflict with the interests of other clients of the Portfolio Manager and/or FT (as applicable). In addition, as a diversified financial services organisation, FT engages in a broad spectrum of activities including financial, advisory, investment and other activities where their interests may conflict with the interests of the Fund or any Sub-Fund. FT may provide investment advisory services and other services to clients and receive fees for such services in connection with transactions in which those clients may have interests that conflict with those of the Fund or any Sub-Fund. FT may also give advice to clients that may cause them to take actions adverse to the Fund’s investments. In addition, FT may have relationships with clients seeking to invest in an existing portfolio investment of the Fund or any Sub-Fund or clients that compete with an existing portfolio investment of the Fund or any Sub-Fund. Further, although it is not expected, it is possible that FT could create investment vehicles in the future that may compete with the Fund or any Sub-Fund for investment opportunities. FT will have no obligation to forego or share such investment opportunities with the Fund or any Sub-Fund.

In connection with its advisory business, FT may come into possession of information that could potentially limit the ability of the Fund or any Sub-Fund to engage in potential transactions. In order to avoid such limitation, the Portfolio Manager intends to control the flow of such information, such as by erecting information barriers to restrict the transfer of such information between the Portfolio Manager and FT, other than Alcentra NY, LLC and BSP. In the event that an information barrier designed to protect the Fund or any Sub-Fund is breached (including inadvertently), changed or removed, the Fund or Sub-Fund will likely face the same restrictions on its investment activities as it

would have faced had the information barrier not been established in the first place or face restrictions resulting from such changes to the information barrier, as the case may be. The Portfolio Manager will generally not rely on the expertise of FT, other than Alcentra NY, LLC and BSP, and its investment professionals and will not share such investment professionals in managing and/or advising the Fund or any Sub-Fund.

The Portfolio Manager will not establish an information barrier between itself and BSP.

## 18. RISK FACTORS

Potential Investors should consider the following risk factors before investing in the Fund. Potential Investors should also inform themselves of, and where appropriate consult their professional advisers, as to the tax consequences of application for buying, holding, exchanging, redeeming or otherwise disposing of Shares under the law of their country of residence or domicile. This information is not intended to be an exhaustive listing of all potential risks associated with an investment in the Fund's Shares.

### 18.1. General

The Fund must be considered for Investors accepting a certain level of risk and aware that there is no assurance that the Fund's objectives will be achieved or that there will be any return of capital.

Prospective Investors should carefully consider the following risk factors applicable to the Fund and relating particularly to the opportunistic investment strategy of the Fund prior to making any commitment.

Investment in the Fund should be considered only by sophisticated Investors who are willing and able to assume the risk of loss and degree of illiquidity involved by the type of investment made by the Fund.

### 18.2. Risk specific to investing in opportunistic funds

#### 18.2.1 *General business risk*

In this Chapter 18, a reference to the Fund includes a reference to (any of) the Sub-Funds or the investments as the case may be. An investment in the Fund involves certain risk factors and considerations relating to the Fund's structure and investment objective which prospective Investors should evaluate before making a decision to subscribe for Shares. No assurance can be given that the Fund will succeed in meeting its investment objective or that there will be any return on capital. Moreover, past performance is not a guarantee of future results.

Before making any investment decision with respect to the Shares, any prospective Investors should consult their professional advisors and carefully review and consider such an investment decision in light of the risk factors included below in this Chapter 18. The following is a brief description of certain factors, which should be considered along with other matters discussed elsewhere in this Private Placement Memorandum. The following does however, not purport to be a comprehensive summary of all the risks associated with an investment in the Shares or the Fund generally. Rather, the following are only certain particular risks to which the Fund is subject and that the Fund wishes to encourage prospective Investors to discuss in detail with their professional advisors.

An investment in the Fund requires a long-term commitment and there can be no assurance that the Fund will achieve its investment objective or that the Investors will receive any return or the return of their invested capital.

#### *18.2.2 Third-party involvement*

The Fund may in some situations co-invest with third parties through joint ventures or other entities. Such investments could involve additional risk in the event that a joint venture partner has economic or business interests that are inconsistent with those of the Fund. In addition, in certain circumstances the Fund could be liable for actions of its joint venture partners.

#### *18.2.3 Unspecified investments*

This offer is a non-specified asset offering and the Investors will not have the opportunity to evaluate specific investments prior to an investment therein. There can be no assurance that the Fund will be able to locate and acquire investments that meets its objectives. Investors must rely on the ability of the Fund to identify, structure and implement investments in accordance with the Fund's investment objectives.

#### *18.2.4 Lack of publicly available information regarding investments*

The investments made by the Fund may be offered on a private placement basis, and unlike more regulated mutual funds registered for distribution to the public, are subject to limited regulatory, disclosure and reporting requirements. Accordingly, only a relatively small amount of publicly available information about such investments, their holding and their performance may be available.

#### *18.2.5 Liquidity of investments*

Although the Fund may, on occasion, acquire securities that trade publicly or that are issued by companies that have another class of securities that trade publicly, it is unlikely that there will be a public market for many of the investments held by the Fund. The types of investments held by the Fund may be such that they require a substantial length of time to liquidate.

#### *18.2.6 Restrictions on transfer of Shares*

Investors will not have the right to transfer their Shares to other Eligible Investors, except as set out in this Private Placement Memorandum and the relevant Sub-Fund Specifications, and, notwithstanding the fact that certain Shares of certain Classes in certain Sub-Funds will be listed on the Luxembourg Stock Exchange and traded on the EU Regulated market and/or the Euro MTF market, it is not expected that a significant market will develop 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 or until such Shares may be redeemed in accordance with the terms contained in the relevant Sub-Fund Specifications (if at all).

### *18.2.7 Reliance on Portfolio Manager(s) and Investment Advisor(s)*

The Portfolio Manager(s) and/or Investment Advisor(s) will be appointed by the AIFM to provide certain delegated investment advisory and investment management services in respect of certain Sub-Funds in accordance with the relevant agreements. Thus, the Fund's success or a Sub-Fund's success may, where applicable, depend largely on the services of the Portfolio Manager(s) and/or Investment Advisor(s), their officers, employees and agents, and, in part, on the continuing ability of the Portfolio Manager(s) and/or Investment Advisor(s) to hire and retain knowledgeable personnel. There can be no assurance that the General Partner, the AIFM or the Portfolio Manager(s) and/or Investment Advisor(s) will be able to successfully implement the strategies that the Sub-Funds intend to pursue.

### *18.2.8 Newly formed scheme*

Each new Sub-Fund will be a newly formed scheme with no operating history. There can be no assurance that the Sub-Funds' investment objectives will be achieved. Given the factors as described in this Chapter 18 there exists a possibility that an Investor could suffer a substantial or total loss as a result of an investment in the Fund.

### *18.2.9 Currency Risk*

The Fund's investments may be in various currencies at the level of each Sub-Fund, and the Fund will maintain its books and intends to pay distributions each time in accordance with the relevant Sub-Fund Specifications. Thus, Investors, other than those in the Euro zone, will be subject to fluctuations in currency exchange rates between the Euro and their national currencies.

If the Fund does not hedge the currency risks, the NAV per Share can be impacted negatively. Vice versa, the NAV per Share can be supported if those other currencies gain in value with respect to the relevant Sub-Fund's reference currency.

### *18.2.10 Distributions*

The Fund may depend on payments it receives from the investments in order to make distributions to Shareholders. The timing and the ability of the investments to make payments may be limited by applicable law and regulations.

### *18.2.11 Lack of diversification*

The Fund will seek to create a portfolio of assets that are diversified by geographic location, manager, investment strategy and time horizon in order to achieve a high level of risk diversification. However, subject to the investment limitations, investments may be weighted to certain investment types and in certain geographic markets and there can be no guarantees as to the diversification of the Fund's assets. Events that impact a specific investment may have an impact on the Fund's performance.

### *18.2.12 Investments in partnerships and other entities*

The Fund may make investments in closed-ended entities and may enter into closed partnerships or joint ventures with any person, in accordance with the terms (if any) contained in the relevant Sub-Fund Specifications. The Fund will thus invest in illiquid assets. Such investments may involve risks not present in direct investment, including for example, the possibility that a partner of the partnership might become bankrupt, or may at any time have economic or business interests or goals that are inconsistent with those of the Fund, or that such partners may be in a position to take action contrary to the Fund's investment objective. In addition, the Fund may be liable for actions of its partners. While the Fund, the Portfolio Manager, the Investment Advisor(s) and their appointed agents will take all reasonable steps to review the qualifications and previous experience of any proposed partners, it does not expect in all cases to obtain financial information from, or to undertake private investigations with respect to, prospective partners.

### *18.2.13 Valuation and reporting*

The General Partner, the AIFM and the Valuation Assistant will be entitled to rely on the information and valuation data provided by independent valuers which data may not always be provided in a timely manner and which may contain valuation errors. In such case, the Fund may use the immediately prior NAV calculated on a Valuation Day adjusted to take into account its reasonable estimate of accruals of assets (income and capital) and liabilities should the information from independent valuers be delivered late or be obviously incomplete or inaccurate. As a result, such indicative NAV may not be accurate and may be revised on a subsequent Valuation Day.

In addition, Investors should note that the Fund has adopted a breach remedy policy which notably sets the materiality threshold applicable to NAV errors, investment breaches and other errors in the management and administration of the Fund. Such breach remedy policy may be obtained upon request from the General Partner.

### *18.2.14 Increased competition*

The Fund will engage in a business which is competitive. The entry of competitors or decline in the number or size of investments being offered may adversely affect the Fund's ability to achieve its investment objectives. While the General Partner believes that attractive investments of the type in which the Fund intends to invest are currently available, there can be no assurance that such investment opportunities will be available when the Fund commences operations or that then available investments will meet the Fund's investment objectives.

### *18.2.15 Cyber Security Risk*

The Fund and its service providers are susceptible to operational and information security and related risks of cyber security incidents. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber security attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through "hacking" or malicious



software coding) for purposes of misappropriating assets or sensitive information, corrupting data or causing operational disruption. Cyber attacks also may be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make services unavailable to intended users). Cyber security incidents affecting the General Partner, AIFM, Portfolio Manager, Transfer Agent or Depositary or other service providers such as financial intermediaries have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, including by interference with a fund's ability to calculate its NAV; impediments to trading for a fund's portfolio; the inability of fund shareholders to transact business with the Fund; violations of applicable privacy, data security or other laws; regulatory fines and penalties; reputational damage; reimbursement or other compensation or remediation costs; legal fees; or additional compliance costs. Similar adverse consequences could result from cyber security incidents affecting issuers of securities in which a fund invests, counterparties with which the fund engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions and other parties. While information risk management systems and business continuity plans have been developed which are designed to reduce the risks associated with cyber security, there are inherent limitations in any cyber security risk management systems or business continuity plans, including the possibility that certain risks have not been identified.

#### *18.2.16 Taxation*

An investment in the Fund involves a number of complex tax considerations. Changes in tax legislation in any of the countries in which the Fund will have investments, or changes in tax treaties negotiated by those countries, could adversely affect the returns from the Fund to its Shareholders. No assurance can be given on the actual level of taxation suffered by the Fund. Shareholders should consult their own tax advisors on the tax implications for them of investing, holding and disposing of Shares and receiving distributions in respect of Shares in the Fund.

#### *18.2.17 OECD's Base Erosion and Profit Sharing*

Changes in tax laws or their interpretation could lead to an increase in the tax liabilities of the Fund or its subsidiaries and could affect the intended tax treatment of investments. Changes to tax treaties (or their interpretation) between the jurisdiction of the Fund and the countries in which the Fund invests may adversely affect the Fund's ability to realize income or capital gains efficiently. Payments with respect to the Fund's investments in certain jurisdictions may be subject to withholding taxes and in some cases such withholding taxes may be greater than if the Shareholders held such investments directly. Although the Fund may where possible make its investments in a way that minimizes or eliminates withholding taxes where relevant, there can be no guarantee that these strategies will be successful. The Fund and its subsidiaries likely will hold some or all investments through intermediary holding companies and/or asset holding companies (the "**Asset Companies**"). Tax laws could change or be subject to differing interpretations, possibly with retroactive effect, or the relevant tax authority could take a different view, so that the tax consequences of a particular investment or Asset Company structure could change after the investment has

been made or the Asset Company has been established with the result that assets held by Asset Companies could be subject to withholding taxes or the Asset Companies themselves could become liable to tax, in each case resulting in the after-tax returns of the Fund being reduced.

In particular, pursuant to the Organisation for Economic Co-operation and Development's (the "**OECD**") BEPS project, individual jurisdictions are introducing domestic legislation implementing certain of the BEPS actions. Several of the areas of tax law (including double taxation treaties) on which the BEPS project is focusing are relevant to the ability of the Fund to efficiently realize income or capital gains and to efficiently repatriate income and capital gains from the jurisdictions in which they arise to Shareholders and, depending on the extent to and manner in which relevant jurisdictions implement changes in those areas of tax law (including double taxation treaties), the ability of the Fund to do those things may be adversely impacted. The Fund may make investments in jurisdictions that have indicated that they would implement the OECD's Multilateral Instrument. Such instrument may amend the terms of existing bilateral tax treaties between signatory countries and introduce enhanced anti-abuse provisions. There remains significant uncertainty as to whether and to what extent the Fund or its subsidiaries may benefit from protections otherwise afforded by such treaties and whether the Fund may look to its investors in order to derive tax treaty or other benefits.

In addition, in July 2016, the European Union ("**EU**") adopted the Anti-Tax Avoidance Directive 2016/1164 (commonly referred to as "**ATAD I**"), which directly implements some of the BEPS Project actions points within EU law, followed on 29 May 2017, by the Council Directive amending Directive (EU) 2016/1164 as regards hybrid mismatches with third countries (commonly referred to as "**ATAD II**"). ATAD II came into force in member states on 1 January 2020 (subject to relevant derogations, and in particular the reverse hybrid mismatch rules which entered into force from fiscal year 2022).

On 22 December 2021, the EU Commission proposed a new directive aiming at preventing the misuse of so-called "shell" entities for tax purposes within the EU (commonly referred to as the "**ATAD III Proposal**" or "**Unshell**"). Under the current draft of the directive, if an undertaking passes certain gateways indicative of its "shell" nature and does not fulfil the certain minimum substance requirements, such undertaking may no longer benefit from double tax treaties or the EU interest and royalty or parent-subsidiary directives. On 17 January 2023, the European Parliament approved the European Commission's draft directive for preventing the misuse of shell entities for tax purposes as amended by the Committee on Economic and Monetary Affairs ("**ECON**"). The ATAD III Proposal is currently scheduled to be implemented into Member States' national laws by 30 June 2023, and to come into effect as of 1 January 2024. It is currently foreseen that the reporting obligations will be based on the operational set up of the undertaking during the two years preceding the year of reporting, therefore at the time of effect, 2022 may already be a point of reference. The ATAD III Proposal must now be submitted to the EU Council for examination and (unanimous) vote for adoption. While there remains uncertainty surrounding the development of the proposal and potential amendments, these rules (if applicable) may have an impact on how returns are taxed and may decrease the amounts available to investors.

Further to Action 1 of the BEPS project, the OECD published blueprints (commonly referred to as “**BEPS 2.0**”), divided into two “pillars” of issues, seeking to address tax challenges arising from digitalisation of the economy, and proposing fundamental changes to the international tax system. Pillar One proposes the reallocation of taxing rights between jurisdictions, and Pillar Two additional global anti-base erosion rules. The implementation of the Pillar One and Pillar Two proposals is scheduled for 2023. Whilst an implementation plan on BEPS 2.0 was agreed in the OECD Statement of 8 October 2021, the detailed rules are to be developed over the coming months. On 20 December 2021, the OECD published detailed rules to assist in the implementation of Pillar Two. On 12 December 2022, the EU member states reached agreement to implement Pillar Two at EU level, with a directive to be transposed into member states’ national law by the end of 2023. While sector-specific exclusions have been proposed for investments funds and other financial services, it cannot be excluded, depending on the application of the technical detail of BEPS 2.0, that the Fund and its affiliates may suffer additional tax as effective tax rates could increase within the Fund structure or on its investments, including by way of higher levels of tax being imposed than is currently the case, possible denial of deductions or increased withholding taxes and/or profits being allocated differently.

#### *18.2.18 DEBRA*

On 11 May 2022, the EU Commission proposed a new directive aiming at reducing the disparity in treatment between debt and equity financing by proposing a tax-deductible allowance for increases in equity investments (commonly referred to as the “**DEBRA Proposal**”). The DEBRA Proposal provides additional interest limitation rules allowing the deduction of exceeding borrowing costs only up to 85%. However, the DEBRA Proposal provides that certain financial undertakings are out of scope. The DEBRA Proposal was scheduled to be implemented by 31 December 2023, and to come into effect as of 1 January 2024. However, on 6 December 2022, it was announced by the EU Council that the DEBRA Proposal “will be suspended and, if appropriate, would be reassessed within a broader context only after other proposals in the area of corporate income taxation announced by the Commission have been put forward”.

The implementation of the foregoing laws and regulations (the full extent of which is not yet known) could have a material and adverse effect on the Fund, its operations and its subsidiaries.

#### *18.2.19 US Tax Reform*

An investment in the Fund involves complex US federal income tax and non-US tax considerations that will differ for each investor depending on the investor’s particular circumstances. On 22 December 2017, legislation was enacted that includes significant changes to US federal income tax law. The legislation, as well as potential future US tax legislation and administrative guidance, could materially impact the tax consequences of a Shareholder’s investment in the Fund and the tax treatment of the Fund’s investments. While some of these changes may be beneficial, others could negatively impact the after-tax returns of the Fund and the Shareholders. Prospective investors are urged to consult their own tax advisers with reference to their specific tax situations.

In addition, deductions are disallowed for business interest expense (even if paid to third parties) in excess of the sum of business interest income and 30% of the adjusted taxable income of the business, which is its taxable income computed without regard to business interest income or expense, net operating losses or the pass-through income deduction. Business interest includes any interest on indebtedness related to a trade or business, but excludes investment interest, to which separate limitations apply. These limitations may make it less attractive for a borrower to issue debt, which could affect the Fund as borrowers may reevaluate their capital structure and increase the amount of equity, and reduce the amount of debt, they issue, which may reduce the investment opportunities of the Fund.

Investors should note that the manner in which the General Partner's (or its affiliate's) entitlement to Carried Interest is determined may result in a conflict between its interests and the interests of Shareholders with respect to the sequence and timing of disposals of investments. For example, the ultimate beneficial owners of the General Partner may be subject to US federal and local income tax (unlike certain of the Shareholders). The General Partner may be incentivized to operate the Sub-Funds, including to hold and/or sell investments, in a manner that takes into account the tax treatment of its Carried Interest. In this regard, a lower capital gains tax rate may apply in respect of investments held for at least three years. While the General Partner generally intends to seek to maximize pre-tax returns for each Sub-Fund as a whole, the General Partner may nonetheless be incentivized, for example, to hold investments longer to ensure long-term capital gains treatment and/or to realize investments prior to any change in law that results in a higher effective income tax rate on its Carried Interest.

#### *18.2.20 Changes in Political Environment – Brexit and economic risks*

The UK officially withdrew from the EU on 31 January 2020 and lost all its rights and obligations as an EU member state on 1 January 2021. While the EU and the UK have concluded a trade and cooperation agreement which has been provisionally applied from; 1 January 2021, this agreement does not necessarily create a permanent set of rules, but a basis for an evolving relationship between the EU and the UK, with scope for increasing divergence or closer cooperation which may vary between different areas. Accordingly, there remain a number of uncertainties in connection with the future of the UK and its relationship with the EU. Given the size and importance of the UK's economy, current uncertainty or unpredictability about its legal, political and economic relationship with Europe may continue to be a source of instability, create significant currency fluctuations, and/or otherwise adversely affect international markets, arrangements for trading or other existing cross-border co-operation arrangements (whether economic, tax, fiscal, legal, regulatory or otherwise) for the foreseeable future.

Other related risks may include impetus for the break-up of the UK and related political and economic stresses, legal uncertainty regarding achievement of compliance with applicable financial and commercial laws and regulations and the effects of future divergence between the legal, regulatory and tax regimes in the EU and the UK.

In particular, together with the impact of the changes that have already occurred as a result of the termination of the UK's access to the EU single market, further developments in the UK's relationship with the EU (including for example in respect of the border between

Northern Ireland and the Republic of Ireland) or otherwise connected with the UK's withdrawal as a member state of the EU may adversely impact companies or assets based in, doing business in, or having services or other significant relationships in or with, the UK and/or the EU, including with respect to opportunity, pricing, regulation, value or exit (as well as exacerbating the effects of supply bottlenecks and labour shortages that have recently been experienced on a global level). In addition, the UK's withdrawal as a member state of the EU may have an adverse effect on the tax treatment of any investments in the UK. The EU Directives preventing withholding taxes being imposed on intra-group dividends, interest and royalties no longer apply to payments made into and out of the UK, meaning that instead the UK's double tax treaty network needs to be relied upon. Not all double tax treaties fully eliminate withholding tax. Further, there may be changes to the operation of VAT (now that UK VAT is different than EU VAT) and the economic implications could potentially affect wider tax policy in the UK, such as the rate of corporation tax and other taxes. For these reasons, the decision of the UK to leave the EU could have adverse consequences on the Fund and the Sub-Funds, the performance of their investments and their ability to fulfil their investment objective and implement their investment strategy. Risks associated with the UK's departure from the EU also include the potential for prejudice to financial services businesses based in the UK which deal with businesses in the EU, and disruption to regulatory regimes related to the operations of the Fund, the Sub-Funds and their advisers and service providers that are based in the EU or the UK. It cannot be ruled out that further regulatory changes connected with the UK's departure from the EU could require a restructuring of the appointment of any UK financial services business appointed with respect to the Fund and the Sub-Funds.

The Fund, the Sub-Funds and their investments may be materially affected by market, economic, political and social 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, inflation risk and trade barriers. The Coronavirus (**Covid-19**) pandemic, populist, anti-globalization movements and other political developments (such as Brexit), may result in material changes in economic, trade and immigration policies, all of which could lead to significant disruption of global markets and could have materially adverse consequences on the investments of the Fund or Sub-Funds. More generally, legislative acts, rulemaking, adjudicatory or other activities by US or non-US governmental, quasi-governmental or self-regulatory bodies, agencies and regulatory organizations could make it more difficult (or less attractive) for the Fund to achieve its investment objectives. These factors are outside the control of the General Partner and/or the AIFM and/or the Portfolio Manager and/or the Central Administrative Agent, and could adversely affect the liquidity and value of the Fund's and the Sub-Funds' investments and may reduce their ability to make attractive new investments or extend the time to acquire or dispose of investments.

### *18.2.21 Special risks related to the situation in Ukraine*

On 24 February 2022, Russia launched a full-scale invasion of Ukraine. As a result of the invasion, a number of countries worldwide (including but not limited to the member states of the EU, the United States, the UK and Switzerland), have developed and continue to develop coordinated sanctions and export-control measure packages. The uncertain nature, magnitude and duration of Russia's invasion of Ukraine and actions taken by western countries and other states and multinational organizations in response thereto, including, amongst other things, the potential effects of sanctions, export-control measures, travel banks, asset seizures, as well as any Russian retaliatory actions, including, amongst other things, restrictions on oil and gas exports and cyber-attacks, on the world economy and markets, have contributed to increased market volatility and uncertainty. Such geopolitical risks may have a material adverse impact on macroeconomic factors which affect the Fund and Sub-Funds' businesses, as well as the operations of the AIFM, the Portfolio Manager and their affiliates.

### *18.2.22 Systemic Risk*

Credit risk may arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which the Fund and Sub-Funds or their borrowers interact or may interact as well as subscription facility lenders. A systemic failure could have material adverse consequences on the Fund, the Sub-Funds, their borrowers, and on the ability of the Fund and Sub-Fund to obtain and maintain subscription facility borrowings.

### *18.2.23 Inflation Risk*

Inflation and rapid fluctuations in inflation rates may have in the future, negative effects on the economies, the financial markets and the economic growth. After a long period of relatively low rates of inflation, inflation rates have recently increased, and there can be no assurance that such higher inflation rates will decrease during the terms of the Fund, which could have an adverse effect on the Fund and its investments.

### *18.2.24 Changes in Applicable Law*

The Fund must comply with various legal requirements, including requirements imposed by the securities laws and companies laws in various jurisdictions, including Luxembourg. Should any of those laws changes, the legal requirements to which the Fund and the Shareholders may be subject could differ materially from current requirements.

### *18.2.25 Absence of US Regulatory Oversight*

Notwithstanding that US Persons may be permitted to invest in certain Sub-Funds as set forth in the relevant Sub-Fund Specifications, neither the Fund nor any Sub-Fund are

registered investment companies under the Investment Company Act in the United States or otherwise registered under the securities laws, or with the securities regulatory authority or commission, of any US state and the Fund has no current intention of the Fund or any Sub-Fund being so registered. Accordingly, the provisions of the Investment Company Act and such other US legislation regulating the relationship between an investment fund and its asset manager and otherwise protecting the interests of investors in an investment fund are generally not applicable to an investment in the Fund or any Sub-Fund.

#### 18.2.26 COVID 19

Concerns about the spread of Covid-19 and other outbreaks of health epidemics and contagious diseases in the past have caused governments at various times to take measures to prevent the spread of viruses, including restrictions on travel and public transport and prolonged closures of workplaces. The outbreak of communicable diseases such as Covid-19 on a global scale may affect investment sentiment and result in volatility in global capital markets or adversely affect regional or global economies, which may in turn give rise to significant costs to the Fund and adversely affect the Fund's business and financial results.

#### 18.3. Legal Matters

Sidley Austin LLP served as U.S. law legal counsel, to the Portfolio Manager in connection with the preparation of this Private Placement Memorandum. Sidley Austin LLP may continue to serve in such capacity in the future, but has not assumed any obligation to update this Private Placement Memorandum. Sidley Austin LLP may advise the Portfolio Manager in matters relating to the operation of the Fund (or any Sub-Fund) on an ongoing basis. Sidley Austin LLP does not represent and has not represented the prospective investors or the Fund (or any Sub-Fund) in the course of the organisation of the Fund (or any Sub-Fund), the negotiation of its business terms, the offering of the Shares or in respect of the Fund's (or any Sub-Fund's) ongoing operations.

Sidley Austin LLP's engagement by the Portfolio Manager in respect of the Fund (and the Sub-Funds) is limited to the specific matters as to which it is consulted by the Portfolio Manager and, therefore, there may exist facts or circumstances which could have a bearing on the Fund's or any Sub-Fund's (or the Portfolio Manager's) financial condition or operations with respect to which Sidley Austin LLP has not been consulted and for which Sidley Austin LLP expressly disclaims any responsibility. More specifically, Sidley Austin LLP does not undertake to monitor the compliance of the Portfolio Manager and its affiliates with the investment program, valuation procedures and other guidelines set forth herein, nor does it monitor compliance with applicable laws. In helping to prepare this Private Placement Memorandum, Sidley Austin LLP relied upon information furnished to it by the Fund (and the Sub-Funds) and/or the Portfolio Manager, and did not investigate or verify the accuracy and completeness of information set forth herein concerning the Portfolio Manager, the Fund's (or any Sub-Fund's) service providers and their affiliates and personnel.

**ALCENTRA FUND S.C.A. SICAV-SIF**

an investment company with variable capital  
(*société d'investissement à capital variable - SICAV*)

organised as an umbrella specialised investment fund  
(*fonds d'investissement spécialisé - FIS*)

in the form of a corporate partnership limited by shares  
(*société en commandite par actions - SCA*)

(the **Fund**)

**ALCENTRA FUND S.C.A. SICAV-SIF - ALCENTRA EUROPEAN LOAN FUND**

(the **Sub-Fund**)

**December 2023**

**SUPPLEMENT 1**

**TO THE PRIVATE PLACEMENT MEMORANDUM OF THE FUND**



1 Name of the Sub-Fund

Alcentra European Loan Fund (the **Sub-Fund**)

2 Definitions

Unless defined elsewhere in these Sub-Fund Specifications or unless the context indicates otherwise, capitalised words and expressions in these Sub-Fund Specifications have the meaning as described in the Private Placement Memorandum (as defined hereinafter).

<b>A-Conversion</b>	the conversion of B Shares into A Shares as set out under 24 “B-Conversions, A-Conversions, F-Conversions, E-Conversions, H-Conversions and G-Conversions” of these Sub-Fund Specifications;
<b>Alcentra Members</b>	the Portfolio Manager, any employee or beneficial owner of the Portfolio Manager, and/or any person affiliated with the Portfolio Manager (including any fund managed or advised by the Portfolio Manager or any of its affiliates);
<b>A Shares</b>	the Class A Shares as further described in the Annex 1;
<b>Annex 1</b>	the annex 1 to these Sub-Fund Specifications providing details on the A and B Shares, which are closed for new subscriptions, except in relation to Class V-A, Class V (RAIF Feeder)-A, Class VI-A, Class VI (RAIF Feeder)-A, Class VII-A, Class VII (RAIF Feeder)-A, Class VIII-A, Class VIII (RAIF Feeder)-A, Class XI-A, Class XI (RAIF Feeder)-A, Class XII-A and Class XII (RAIF Feeder)-A;
<b>Annex 2</b>	the annex 2 to these Sub-Fund Specifications providing details regarding the distribution of the Sub-Fund in Switzerland;
<b>AUD</b>	the Australian Dollar;
<b>B-Conversion</b>	the conversion of A Shares into B Shares as set out under 25 “B-Conversions, A-Conversions, F-Conversions, E-Conversions, H-Conversions and G-Conversions” of these Sub-Fund Specifications;
<b>B Shares</b>	the Class B Shares as further described in the Annex 1;
<b>Cayman Feeder</b>	Alcentra European Loan Fund (Cayman Islands) Trust, a unit trust organized under the laws of the Cayman Islands;
<b>(Cayman Feeder) Shares</b>	The classes XV (Cayman Feeder)-I Shares and XVI (Cayman Feeder)-I Shares, exclusively issued to the Cayman Feeder and subject to the I Qualifying Amount;
<b>CHF</b>	the Swiss Franc;
<b>Class or Classes</b>	a class of Shares in issue or to be issued in this Sub-Fund;
<b>Eligibility</b>	the requirement that an Investor or transferee qualifies as: (i) a Well-Informed Investor; (ii) a Professional Investor in the case of Classes

<b>Requirement</b>	A and I Shares and either a Professional Investor or a semi-professional investor (within the meaning of section 1 (19) no. 33 of the German Capital Investment Code) in the case of Class E and Class G Shares; (iii) either an Eligible US Investor or a non-US Person and (iv) complies with any additional conditions for holding Shares of the relevant Class;
<b>Eligible Assets</b>	assets in which the Sub-Fund may invest, as set out under 3 “Investment Objective and Policy” of these Sub-Fund Specifications;
<b>Eligible US Investor</b>	any US Person who is: (i) an “accredited investor” as defined in Rule 501(a) of Regulation D under the Securities Act; and (ii) a “qualified purchaser” as defined in section 2(a)(51) of the Investment Company Act, or a “knowledgeable employee” with respect to the Sub-Fund, as defined under Rule 3c-5 under the Investment Company Act and who provides such supporting information or documentation relating to the foregoing as may be requested by or on behalf of the Fund in connection with the offer and sale of Shares of the Sub-Fund;
<b>E-Conversion</b>	the conversion of F Shares into E Shares as set out under 24 “B-Conversions, A-Conversions, F-Conversions, E-Conversions, H-Conversions and G-Conversions” of these Sub-Fund Specifications;
<b>E Shares</b>	the Class I-E, the Class I (RAIF Feeder)-E, the Class II-E, the Class II (RAIF Feeder)-E, the Class III-E, the Class III (RAIF Feeder)-E, the Class IV-E, the Class IV (RAIF Feeder)-E, the Class IX-E, the Class IX (RAIF Feeder)-E, the Class X-E, the Class X (RAIF Feeder)-E, the Class XIII-E, the Class XIII (RAIF Feeder)-E, the Class XIV-E, the Class XIV (RAIF Feeder)-E, the Class XV-E, the Class XV (RAIF Feeder)-E, the Class XVI-E, the Class XVI (RAIF Feeder)-E, the Class XVII-E, the Class XVII (RAIF Feeder)-E, the Class XVIII-E and the Class XVIII (RAIF Feeder)-E Shares of the Sub-Fund;
<b>EUR</b>	the Euro;
<b>EU Regulated Market</b>	the markets as defined in the European Directive 2014/65/EU and published on the list of regulated markets published in the Official Journal of the European Union;
<b>F Conversion</b>	the conversion of E Shares into F Shares as set out under 24 “B-Conversions, A-Conversions, F-Conversions, E-Conversions, H-Conversions and G-Conversions” of these Sub-Fund Specifications;
<b>F Shares</b>	the Class I-F, the Class I (RAIF Feeder)-F, the Class II-F, the Class II (RAIF Feeder)-F, the Class III-F, the Class III (RAIF Feeder)-F, the Class IV-F, the Class IV (RAIF Feeder)-F, the Class IX-F, the Class IX (RAIF Feeder)-F, the Class X-F, the Class X (RAIF Feeder)-F, the Class XIII-F, the Class XIII (RAIF Feeder)-F, the Class XIV-F, the Class XIV (RAIF Feeder)-F, the Class XV-F, the Class XV (RAIF Feeder)-F, the Class XVI-F, the Class XVI (RAIF Feeder)-F, the Class XVII-F, the Class XVII (RAIF Feeder)-F, the Class XVIII-F

F and the Class XVIII (RAIF Feeder)-F Shares of the Sub-Fund, resulting from a F-Conversion;

<b>Formation Date</b>	the day on which the Fund is incorporated;
<b>GBP</b>	the Great British Pound or Pound Sterling;
<b>G-Conversion</b>	the conversion of H Shares into G Shares as set out under 24 “B-Conversions, A-Conversions, E-Conversions, F-Conversions, G-Conversions and H-Conversions” of these Sub-Fund Specifications;
<b>G Qualifying Amount</b>	an amount of EUR 5,000,000 (five million Euros) (or equivalent in another relevant currency) or more in capital invested in the Sub-Fund;
<b>G Qualifying Investor</b>	either (a) an Investor who has, either on a standalone basis or in aggregate with other Investors advised by the same portfolio manager/adviser (as determined in its sole discretion by the General Partner), invested, and who maintains a capital investment of at least the G Qualifying Amount in G Shares; or (b) a financial intermediary who maintains a capital investment of at least the G Qualifying Amount in G Shares and who charges its clients directly for the portfolio management or investment advice they provide and who either does not accept or is prohibited from receiving and retaining third-party payments (whether commission, rebates or other fees) under applicable law;
<b>G Shares</b>	the Class I-G, the Class I (RAIF Feeder)-G, the Class II-G, the Class II (RAIF Feeder)-G, the Class III-G, the Class III (RAIF Feeder)-G, the Class IV-G, the Class IV (RAIF Feeder)-G, the Class IX-G, the Class IX (RAIF Feeder)-G, the Class X-G, the Class X (RAIF Feeder)-G, the Class XIII-G, the Class XIII (RAIF Feeder)-G, the Class XIV-G, the Class XIV (RAIF Feeder)-G, the Class XV-G, the Class XV (RAIF Feeder)-G, the Class XVI-G, the Class XVI (RAIF Feeder)-G, the Class XVII-G, the Class XVII (RAIF Feeder)-G, the Class XVIII-G and the Class XVIII (RAIF Feeder)-G Shares of the Sub-Fund;
<b>H-Conversion</b>	the conversion of G Shares into H Shares as set out under 24 “B-Conversions, A-Conversions, F-Conversions, E-Conversions, H-Conversions and G Conversions” of these Sub-Fund Specifications;
<b>H Shares</b>	the Class I-H, the Class I (RAIF Feeder)-H, the Class II-H, the Class II (RAIF Feeder)-H, the Class III-H, the Class III (RAIF Feeder)-H, the Class IV-H Shares, the Class IV (RAIF Feeder)-H Shares, the Class IX-H, the Class IX (RAIF Feeder)-H, the Class X-H, the Class X (RAIF Feeder)-H, the Class XIII-H, the Class XIII (RAIF Feeder)-H, the Class XIV-H, the Class XIV (RAIF Feeder)-H, the Class XV-H, the Class XV (RAIF Feeder)-H, the Class XVI-H, the Class XVI (RAIF Feeder)-H, the Class XVII-H, the Class XVII (RAIF Feeder)-H, the Class XVIII-H and the Class XVIII (RAIF Feeder)-H Shares of the Sub-Fund;

XVIII (RAIF Feeder)-H Shares of the Sub-Fund, resulting from a H-Conversion;

<b>I Shares</b>	The Class XV (Cayman Feeder)-I Shares and Class XVI (Cayman Feeder)-I Shares of the Sub-Fund;
<b>I Qualifying Amount</b>	an amount of EUR 5,000,000 (five million Euros) (or equivalent in another relevant currency) or more in capital invested in the Sub-Fund;
<b>IFRS</b>	International Financial Reporting Standards;
<b>Initial Issue Price</b>	<p>the price per Share applicable:</p> <ul style="list-style-type: none"> <li>• in respect of the first issuance of a new Class of A Shares: (i) EUR 1,000 (one thousand Euro) per Share in respect of the Class I-A, the Class I (RAIF Feeder)-A, the Class II-A, the Class II (RAIF Feeder)-A, the Class V-A the Class V (RAIF Feeder)-A, the Class VI-A and the Class VI (RAIF Feeder)-A Share, (ii) GBP 1,000 (one thousand Pounds Sterling) in respect of the Class III-A, Class III (RAIF Feeder)-A, Class IV-A, Class IV (RAIF Feeder)-A, Class VII-A, Class VII (RAIF Feeder)-A, Class VIII-A and Class VIII (RAIF Feeder)-A Share, (iii) USD 1,000 (one thousand US Dollar) in respect of the Class IX-A, Class IX (RAIF Feeder)-A, Class X-A, Class X (RAIF Feeder)-A, Class XI-A, Class XI (RAIF Feeder)-A, Class XII-A and Class XII (RAIF Feeder)-A Share, and (iv) to AUD 1,000 (one thousand Australian Dollar) in respect of the Class XIII-A, Class XIII (RAIF Feeder)-A, Class XIV-A and Class XIV (RAIF Feeder)-A Shares;</li> <li>• in respect of the first issuance of a new Class of E Shares: (i) EUR 1,000 (one thousand Euro) per Share in respect of the Class I-E, Class I (RAIF Feeder)-E, Class II-E and Class II (RAIF Feeder)-E Shares, (ii) GBP 1,000 (one thousand Pounds Sterling) in respect of the Class III-E, Class III (RAIF Feeder)-E, Class IV-E and Class IV (RAIF Feeder)-E Shares, (iii) USD 1,000 (one thousand US Dollar) in respect of the Class IX-E, Class IX (RAIF Feeder)-E, Class X-E and Class X (RAIF Feeder)-E Shares, (iv) AUD 1,000 (one thousand Australian Dollar) in respect of the Class XIII-E, Class XIII (RAIF Feeder)-E, Class XIV-E and Class XIV (RAIF Feeder)-E Shares, (v) to JPY 1,000 (one thousand Japanese Yen) in respect of the Class XV-E, Class XV (RAIF Feeder)-E, Class XVI-E and Class XVI (RAIF Feeder)-E Shares and (vi) to CHF 1,000 (one thousand Swiss Francs) in respect of the Class XVII-E, Class XVII (RAIF Feeder)-E, Class XVIII-E and Class XVIII (RAIF Feeder)-E Shares; and</li> <li>• in respect of the first issuance of a new Class of G Shares: (i) EUR 1,000 (one thousand Euro) per Share in respect of the Class I-G, Class I (RAIF Feeder)-G, Class II-G and Class II (RAIF Feeder)-G Shares, (ii) GBP 1,000 (one thousand Pounds Sterling) in respect</li> </ul>

of the Class III-G, Class III (RAIF Feeder)-G, Class IV-G and Class IV (RAIF Feeder)-G Shares, (iii) USD 1,000 (one thousand US Dollar) in respect of the Class IX-G, Class IX (RAIF Feeder)-G, Class X-G and Class X (RAIF Feeder)-G Shares, (iv) AUD 1,000 (one thousand Australian Dollar) in respect of the Class XIII-G, Class XIII (RAIF Feeder)-G, Class XIV-G and Class XIV (RAIF Feeder)-G Shares, (v) to JPY 1,000 (one thousand Japanese Yen) in respect of the Class XV-G, Class XV (RAIF Feeder)-G, Class XVI-G and Class XVI (RAIF Feeder)-G Shares and (vi) to CHF 1,000 (one thousand Swiss Francs) in respect of the Class XVII-G, Class XVII (RAIF Feeder)-G, Class XVIII-G and Class XVIII (RAIF Feeder)-G Shares;

- in respect of the first issuance of a new Class of I Shares: JPY 1,000 (one thousand Japanese Yen) in respect of the Class XV (Cayman Feeder)-I and the Class XVI (Cayman Feeder)-I Shares.

**Initial Subscription Date** the earliest date after the Formation Date on which the General Partner (in its sole discretion) accepted subscriptions for A Shares of the relevant Class in the Sub-Fund from Investors, which was on 1 July 2009;

**Issue Price** the price per Share applicable

- after the first issuance of any Class of Shares, in respect of A Shares (including issuance of A Shares pursuant to an A Conversion), E Shares (including issuance of E Shares pursuant to an E Conversion), G Shares (including issuance of G Shares pursuant to a G Conversion), or I Shares, equal to the NAV per Share of the relevant Class calculated on or immediately preceding the relevant Subscription Date and,
- in respect of an issue of a new Class of B Shares pursuant to a B Conversion, a new Class of F Shares pursuant to a F Conversion, or a new Class of H Shares pursuant to a H Conversion, equal:
  - EUR 1,000 (one thousand Euro) per Class I-B, Class I (RAIF Feeder)-B, Class II-B, Class II (RAIF Feeder)-B, Class V-B, Class V (RAIF Feeder)-B, Class VI-B, Class VI (RAIF Feeder)-B, Class I-F, Class I (RAIF Feeder)-F, Class II-F, Class II (RAIF Feeder)-F, Class I-H, Class I (RAIF Feeder)-H, Class II-H and Class II (RAIF Feeder)-H Shares,
  - GBP 1,000 (one thousand Pounds Sterling) per Class III-B, Class III (RAIF Feeder)-B, Class IV-B, Class IV (RAIF Feeder)-B, Class VII-B, Class VII (RAIF Feeder)-B, Class VIII-B, Class VIII (RAIF Feeder)-B, Class III-F, Class III (RAIF Feeder)-F, Class IV-F, Class IV (RAIF Feeder)-F, Class III-H, Class III (RAIF Feeder)-H, Class IV-H and Class IV (RAIF Feeder)-H Shares,

- USD 1,000 (one thousand US Dollar) per Class IX-B, Class IX (RAIF Feeder)-B, Class X-B, Class X (RAIF Feeder)-B, Class XI-B, Class XI (RAIF Feeder)-B, Class XII-B, Class XII (RAIF Feeder)-B, Class IX-F, Class IX (RAIF Feeder)-F, Class X-F, Class X (RAIF Feeder)-F, Class IX-H, Class IX (RAIF Feeder)-H, Class X-H and Class X (RAIF Feeder)-H Shares,
- AUD 1,000 (one thousand Australian Dollar) per Class XIII-B, Class XIII (RAIF Feeder)-B, Class XIV-B, Class XIV (RAIF Feeder)-B, Class XIII-F, Class XIII (RAIF Feeder)-F, Class XIV-F, Class XIV (RAIF Feeder)-F, Class XIII-H, Class XIII (RAIF Feeder)-H, Class XIV-H and Class XIV (RAIF Feeder)-H Shares,
- JPY 1,000 (one thousand Japanese Yen) per Class XV-F, Class XV (RAIF Feeder)-F, Class XVI-F, Class XVI (RAIF Feeder)-F, Class XV-H, Class XV (RAIF Feeder)-H, Class XVI-H and Class XVI (RAIF Feeder)-H Shares, and
- CHF 1,000 (one thousand Swiss Francs) per Class XVII-F, Class XVII (RAIF Feeder)-F, Class XVIII-F, Class XVIII (RAIF Feeder)-F, Class XVII-H, Class XVII (RAIF Feeder)-H, Class XVIII-H and Class XVIII (RAIF Feeder)-H Shares;

<b>JPY</b>	Japanese Yen;
<b>Luxembourg GAAP</b>	generally accepted accounting principles in Luxembourg;
<b>Person</b>	an individual, a corporation, limited liability company, trust, partnership, estate, unincorporated association or other legal entity, including but not limited to the Initiator;
<b>Portfolio Manager</b>	Alcentra Limited, an English private limited company which is authorised and regulated by the UK Financial Conduct Authority;
<b>Private Placement Memorandum</b>	the private placement memorandum of the Fund containing the provisions applicable to the Fund generally;
<b>RAIF Feeder</b>	Alcentra Fund S.A. SICAV RAIF, a Luxembourg reserved alternative investment fund in accordance with the Luxembourg law of 23 July 2016 on reserved alternative investment funds, as amended;
<b>(RAIF Feeder) Shares</b>	the Class (RAIF Feeder)-A, (RAIF Feeder)-B, (RAIF Feeder)-E, (RAIF Feeder)-F, (RAIF Feeder)-G and (RAIF Feeder)-H Shares;
<b>Redemption Date</b>	(i) the first Business Day of each calendar month of each year, or (ii) the fifteenth calendar day of each calendar month of each year or, if such day is not a Business Day, the first following Business Day;
<b>SFDR RTS</b>	means Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing SFDR with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of 'do not significant harm',

specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports;

<b>Special Investment</b>	a special investment of the Sub-Fund that causes a B-Conversion, a F-Conversion or a H-Conversion and the issuance of a new Class of B Shares, a new Class of F Shares or a new Class of H Shares as set out under 24 “B-Conversions, A-Conversions, E-Conversions, F-Conversions, G-Conversions and H-Conversions” of these Sub-Fund Specifications;
<b>Subscription Date</b>	(i) the first Business Day of each calendar month of the year, or (ii) the fifteenth calendar day of each calendar month of each year or, if such day is not a Business Day, the first following Business Day, (iii) or any other day designated by the General Partner, on which the General Partner may accept subscriptions for E Shares, G Shares and/or I Shares, or (iv) the issuance of A Shares and/or E Shares and/or G Shares pursuant to an A-Conversion, a E-Conversion or a G-Conversion (as the case may be);
<b>Sustainability Factor</b>	means environment, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters;
<b>Sustainable Investment</b>	means in accordance with Article 2 (17) SFDR, an investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.
<b>Threshold</b>	the maximum aggregate redemptions permitted at any time, equal to 10% (ten percent) of the total aggregate value of the issued A Shares, E Shares, G Shares and I Shares of the Sub-Fund;
<b>USD</b>	the United States Dollar;
<b>Valuation Day</b>	in respect of this Sub-Fund, (i) the last Business Day of each calendar month of each year and (ii) the fourteenth calendar day of each

calendar month of each year or, if such day is not a Business Day, the first preceding Business Day.

**Western Europe**

Andorra, Austria, Belgium, Denmark, Finland, France, Germany, Gibraltar, Greece, Iceland, Ireland, Italy, Liechtenstein, Luxembourg, Monaco, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

These Sub-Fund Specifications must be read in conjunction with the Private Placement Memorandum, as may be amended from time to time.

In case of a conflict between any of the contents of any of the sections of these Sub-Fund Specifications and any of the contents of any of the sections the Private Placement Memorandum, the contents of these Sub-Fund Specifications will prevail.

3 Investment Objective and Policy

The investment objective of the Sub-Fund is to generate attractive risk adjusted returns. This is aimed to be achieved by investing either directly or indirectly (through one or more dedicated investment vehicles) in a diversified pool of predominantly European senior secured loans of non-investment grade issuers.

The Sub-Fund will seek to outperform the Credit Suisse Western European Leveraged Loan Non-USD Denominated Index (EUR Hedged) (the **Index**) over a market cycle by investing primarily directly or indirectly (through open-ended collective investment schemes or through investment vehicles as described under 10 "Investment Vehicles" of these Sub-Fund Specifications), in:

- (a) European leveraged loans (as further described below) including senior loans, mezzanine loans, second lien loans;
- (b) other below investment grade fixed and floating rate assets such as secured and unsecured notes, bonds and other fixed income investments, including without limitation, high yield bonds (i) of European corporate issuers, (ii) of Euro denominated issues from non-European corporates dealt in on regulated markets in Europe, and (iii) of United States corporate issuers;
- (c) derivative instruments related directly or indirectly to both bank loans and/or bonds; and interest rate derivatives (e.g. interest rate swaps, caps and floors) to hedge interest rate risk related to fixed rate assets (together the **Eligible Assets**).

The Index is used for information and comparison purposes only. The performances of the Index are not tracked or replicated and there is no investment constraint on the asset allocation of the Sub-Fund's portfolio.

In addition to the above, the Sub-Fund may only invest in:

- (a) money market instruments;
- (b) open-ended collective investment schemes;
- (c) equities (including warrants); and
- (d) bank deposits.

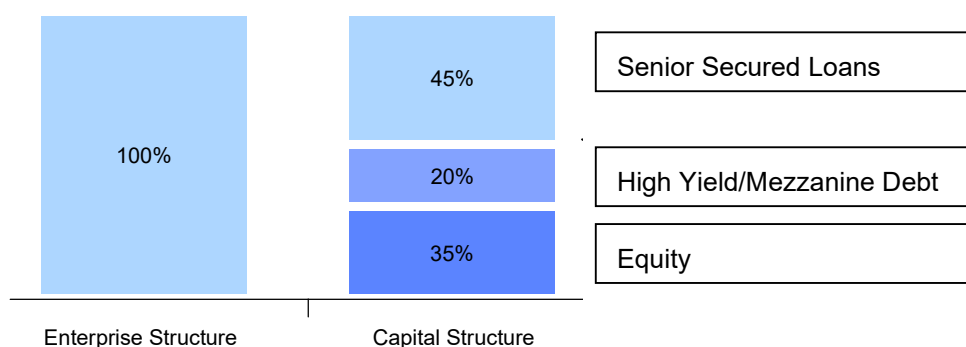


The Sub-Fund will invest in new leveraged loans offered in the primary market. In addition the Sub-Fund intends to gain exposure to loans through purchases in the secondary market, focusing on investments where the underlying price is at a discount to the actual credit quality of the borrower and additionally expects to improve investment returns through the active management of its portfolio, particularly in instances where there is expected credit improvement, pending upgrade or when the AIFM or the Portfolio Manager deems that technical factors may cause the price of the loans to increase.

In general, the Sub-Fund expects to have at least 85% (eighty-five percent) of the target investments in senior loans, senior secured bonds and cash. The Sub-Fund may have up to 15% (fifteen percent) of the target investments directly or indirectly in mezzanine, second lien loans, unsecured notes, unsecured bonds and other unsecured fixed income investments.

### **European leveraged loans**

Leveraged loans refer to bank loans, high yield loans, and institutional loans or simply below investment grade loans. The term leverage in leveraged loans refers to the fact that this class of loans is generally applied and utilised by leveraged companies, either through private equity transactions (leveraged buyouts, management buyouts, recapitalisations) or other significant financings. European leveraged loans typically are arranged and underwritten by large banks or investment banks and syndicated to other European banks and institutional investors (principally collateral loan obligations or collateral debt obligations). Leveraged loans typically (i) are senior in the capital structure with approximately 50% (fifty percent) to 55% (fifty-five percent) embedded subordination, (ii) are secured by assets of the borrower, (iii) pay floating rate interest, and (iv) have bullet maturities of 5 (five) to 8 (eight) years from inception.



The Sub-Fund's investment strategy is to take advantage of new primary transactions and lower secondary prices of leveraged loans. The discounted purchase prices should result in capital appreciation from the eventual principal repayment of the loans, as well as an effective increase in the contracted margin and interest rate payments that are payable by the borrowers.

### **Investment discipline and strategy**

The Portfolio Manager uses a disciplined approach to investment selection and portfolio management. In all cases, the underlying investment decision is predicated upon a complete credit analysis.

As a general rule, the Portfolio Manager expects its overall strategy will be to:

- (i) purchase effective exposure to higher quality sub-investment grade loans; initially target investing in primary loans;
- (ii) subsequently target investing in secondary loans at a discount to par looking for upside from eventual repayment at par if risk return profile is better than primary loans;
- (iii) not utilise leverage in order to increase returns;
- (iv) selectively purchase and trade loans; and
- (v) employ a disciplined approach to sales.

There is no assurance that the Portfolio Manager will adopt this strategy in all circumstances and at all times.

A research team of analysts is responsible for screening underlying investment ideas in 33 (thirty-three) industries as classified by Standard and Poor's and analysts are assigned to specific industries. Investment ideas are developed and presented by the analysts and the portfolio manager to the investment committee of the Portfolio Manager and undergo an initial screening for acceptable investment merit. The initial criteria typically includes:

- (i) industry positions;
- (ii) company description and history;
- (iii) capital structure and leverage;
- (iv) yield, price and potential investment return;
- (v) liquidity of the investment;
- (vi) trading history of the investment;
- (vii) situation assessment (ratings outlook, impending financings, earnings shortfalls, current news or outstanding issues, etc.);
- (viii) cash flow level, consistency and sustainability; and
- (ix) operating ratios.

If the potential underlying investment passes through the first screening, the responsible analyst(s) performs more in-depth due diligence as needed to confirm or reject an investment. The further due diligence may include:

- (i) structural credit and documentation review including review of collateral, pledge and security agreements, guarantees, etc.;
- (ii) further industry review;
- (iii) comparative credit review;
- (iv) management assessment (reputation, compensation, board oversight, proxy review);
- (v) full financial analysis including review of projections as necessary;
- (vi) field visit to plant or facilities;
- (vii) discussions with outside information sources (vendors, customers, private equity investors etc.).

The Portfolio Manager will concurrently screen the underlying portfolio to determine acceptability in terms of industry diversity, potential incremental yield to the portfolio and comparison with similar holdings in the portfolio.

The Portfolio Manager will employ a portfolio management strategy that will seek diversification and liquidity.

Changes in market conditions or Fund size as well as other factors may cause the Portfolio Manager to adopt a different diversification approach, but always within the limits of CSSF Circular 07/309 on risk spreading.

## **ESG Disclosures**

### **Information on the manner in which Sustainability Risks are integrated into the investment decision-making process in accordance with Article 6 SFDR**

The management of Sustainability Risks forms an important part of the due diligence process implemented by the Portfolio Manager. The Portfolio Manager has implemented a Sustainability Risks policy (the "**Policy**"), which sets out the policies in respect of the integration of Sustainability Risks in its investment decision-making process, as required by SFDR. The statement below provides a summary description of the key features of the Policy.

When assessing the Sustainability Risk associated with underlying investments, the Portfolio Manager is assessing the risk that the value of such underlying investments could be materially negatively impacted by ESG events or conditions ("**ESG Events**"). Using both quantitative and qualitative processes, Sustainability Risk is identified, monitored and managed by the Portfolio Manager in the following manner:

- (i) Prior to acquiring investments on behalf of the Sub-Fund, the investment universe is screened using the Portfolio Manager's sector exclusion policy, whereby potential investments are removed based on the sector it operates in, e.g., controversial weapons. In assessing any investment opportunity in new issuers for the Sub-Fund, the Portfolio Manager undertakes a holistic fundamental analysis of the credit risk of the issuer. For existing issuers that have not had a historical ESG analysis undertaken, the Portfolio Manager is undertaking an exercise to retrospectively perform an ESG analysis on these issuers. A key component of this analysis is an assessment of any material ESG factors that may adversely impact the creditworthiness of an issuer. The process of integrating ESG factors starts by identifying an issuers' exposure to material ESG risks, followed by an assessment of the potential financial impact of those risks, which the Portfolio Manager uses to manage exposure to material ESG risks to issuers. Given the markets the Portfolio Manager operates in, active corporate engagement is the most important tool and forms the basis of the integration and analysis of ESG integration and analysis of ESG factors. The Portfolio Manager has developed an ESG checklist and sector materiality guide, which frame the engagement activities. The integration of ESG risk factors culminates with the assignment of a proprietary ESG rating, which informs the Portfolio Manager's credit opinion and portfolio construction decisions.
- (ii) During the life of the investment, Sustainability Risk is monitored through review of ESG data published by the issuer (where relevant) and ongoing focus on active corporate engagement to determine whether the level of Sustainability Risk has changed since the initial assessment has been conducted. The Portfolio Manager's assessment of ESG factors is an important part of the daily credit monitoring process, whereby the investment team assess all risks and opportunities related to the issuer. The Portfolio Manager engages with all issuers on ESG matters on a regular basis, however, engagement may

be more frequent where exposure to material ESG risks is higher. In addition, the Portfolio Manager maintains an ESG engagement log to capture and measure effectiveness of engagement activities. Where the Sustainability Risk associated with a particular investment has increased beyond the ESG risk appetite for the Sub-Fund, the Portfolio Manager will consider selling or reducing the Sub-Fund's exposure to the relevant investment, taking into account the best interests of the Shareholders of the Sub-Fund.

Information on the AIFM's ESG approach and its policies on the integration of Sustainability Risks is available on the AIFM's website, available at <https://www.waystone.com/waystone-policies/>.

### **Results of an assessment of the likely impact of Sustainability Risks on the returns of the Sub-Fund under Article 6 of SFDR**

Assessment of Sustainability Risks is complex and requires subjective judgements, which may be based on data, which is difficult to obtain and incomplete, estimated, out of date or otherwise materially inaccurate. Even when identified, there can be no guarantee that the AIFM and the Portfolio Manager will correctly assess the impact of Sustainability Risks on the Sub-Fund's investments.

To the extent that a Sustainability Risk occurs or occurs in a manner that is not anticipated by the AIFM and the Portfolio Manager there may be a sudden, material negative impact on the value of an investment and hence the returns of the Sub-Fund. Such negative impact may result in an entire loss of value of the relevant investment(s) and may have an equivalent negative impact on the returns of the Sub-Fund. The impacts following the occurrence of a Sustainability Risk may be numerous and vary depending on the specific risk. In general, where a Sustainability Risk occurs in respect of an asset, there will be a negative impact on, and may be an entire loss of, its value. For a corporate, this may be because of damage to its reputation with a consequential fall in demand for its products or services, loss of key personnel, exclusion from potential business opportunities, increased costs of doing business and/or increased cost of capital. A corporate may also suffer the impact of fines and other regulatory sanctions. The time and resources of the corporate's management team may be diverted from furthering its business and be absorbed seeking to deal with the Sustainability Risk, including changes to business practices and dealing with investigations and litigation. The utility and value of assets held by businesses to which the Sub-Fund is exposed may also be adversely impacted by a Sustainability Risk.

Sustainability Risks are relevant as both standalone risks, and also as cross-cutting risks which manifest through many other risk types which are relevant to the assets of the Sub-Fund. For example, the occurrence of a Sustainability Risk can give rise to financial and business risks, including through a negative impact on the credit worthiness of other businesses. The increasing importance given to sustainability considerations by both businesses and consumers means that the occurrence of a Sustainability Risk may result in significant reputational damage to affected businesses. The occurrence of a Sustainability Risk may also give rise to enforcement risk by governments and regulators, and also litigation risk. A Sustainability Risk may arise and impact a specific investment or may have a broader impact on an economic sector, geographical regions and/or jurisdictions and political regions. Many economic sectors, regions and/or jurisdictions, including those in which the Sub-Fund may operate, are currently and/or in the future may be, subject to a general transition to a greener, lower carbon and less polluting economic model. Drivers of this transition include

governmental and/or regulatory intervention, evolving consumer preferences and/or the influence of non-governmental organisations and special interest groups.

Laws, regulations and industry norms play a significant role in controlling the impact on Sustainability Factors of many industries, particularly in respect of environmental and social factors. Any changes in such measures, such as increasingly stringent environmental or health and safety laws, can have a material impact on the operations, costs and profitability of businesses. Further, businesses which are in compliance with current measures may suffer claims, penalties and other liabilities in respect of alleged prior failings. Any of the foregoing may result in a material loss in value of an investment linked to such businesses. Further, certain industries face considerable scrutiny from regulatory authorities, non-governmental organisations and special interest groups in respect of their impact on Sustainability Factors, such as compliance with minimum wage or living wage requirements and working conditions for personnel in the supply chain. The influence of such authorities, organisations and groups along with the public attention they may bring can cause affected industries to make material changes to their business practices which can increase costs and result in a material negative impact on the profitability of businesses. Such external influence can also materially impact the consumer demand for a business's products and services which may result in a material loss in value of an investment linked to such businesses. Sectors, regions, businesses and technologies which are carbon-intensive, higher polluting or otherwise cause a material adverse impact on Sustainability Factors may suffer from a significant fall in demand and/or obsolescence, resulting in stranded assets the value of which is significantly reduced or entirely lost ahead of their anticipated useful life. Attempts by sectors, regions, businesses and technologies to adapt so as to reduce their impact on Sustainability Factors may not be successful, may result in significant costs being incurred, and future ongoing profitability may be materially reduced. In the event that a Sustainability Risk arises this may cause Shareholders, including the AIFM and the Portfolio Manager in respect of the Sub-Fund, to determine that a particular investment is no longer suitable and to divest of it (or not make an investment in it), further exacerbating the downward pressure on the value of the investment.

Based on the above, the Portfolio Manager has determined that the Sustainability Risk (being the risk that the value of the Sub-Fund could be materially negatively impacted by an ESG Event) faced by the Sub-Fund is low.

#### **No Consideration of Principal Adverse Impacts under Articles 4 and 7 SFDR:**

As of the date of these Sub-Fund Specifications, the Sub-Fund does not consider principal adverse impacts of investment decisions on sustainability factors as part of its investment due diligence process. Further information on the reason why this financial product does not consider the principal adverse impacts on sustainability factors is available in Annex 3 of this Sub-Fund Specifications. Further information on the environmental and social characteristics promoted is available in Annex 3 of this Sub-Fund Specifications.

For the time being, the AIFM does not consider principal adverse impacts of investment decisions on sustainability factors (environmental, social and employee matters, the respect for human rights, anti-corruption and anti-bribery matters). The main reason is actually the lack of information and data available to adequately assess such principal adverse impacts. When the AIFM will consider the adverse impacts of its investment decisions on sustainability factors, the related disclosures (i) on its

website and (ii) in this Private Placement Memorandum will be updated accordingly at the next possible time.

#### **SFDR Categorisation of the Sub-Fund:**

The Sub-Fund promotes environmental or social characteristics within the meaning of Article 8 SFDR and follows good governance practices but does not have as its objective a Sustainable Investment. The Sub-Fund is therefore not subject to the additional disclosure requirements for financial products referred to in Article 9 SFDR.

Further information on the environmental and social characteristics promoted is available in Annex 3 of this Sub-Fund Specifications.

#### **EU Taxonomy:**

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria. The “do not significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities.

The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Hence, the underlying assets of the Sub-Fund will not be aligned with the EU Taxonomy. Further Information can be found in the Annex 3 of this Sub-Fund Specifications.

#### **4 Portfolio Manager**

The AIFM has appointed Alcentra Limited as Portfolio Manager in respect of the Sub-Fund. Alcentra Limited is a private limited company incorporated in England and Wales, and authorised and regulated as, *inter alia*, an asset manager by the Financial Conduct Authority. The Portfolio Manager will, subject to the overall supervision and liability of the AIFM, *inter alia*, manage the assets of the Sub-Fund in accordance with the Investment Objective and Policy and subject to the Investment Restrictions and relevant limitations contained in these Sub-Fund Specifications. The rights and duties of the Portfolio Manager are set forth in a portfolio management agreement made under Luxembourg law and entered into with effect from 3 May 2023 (which superseded the portfolio management agreement entered into with the Former AIFM that was effective as of 11 July 2014 until 3 May 2023). The Portfolio Manager is registered with the SEC as an investment adviser under the Investment Advisers Act with respect to its US clients.

#### **5 Placement Agent(s)**

The Distributor may appoint one or more placement agents to assist in marketing the Fund or any Sub-Fund. This includes Franklin Distributors, LLC (in respect of offers and sales in the United States) and Franklin Templeton International Services S.à r.l. (in respect of offers and sales in Europe), each of which is an affiliate of the Distributor, and potentially other non-affiliated third-party placement

agents. Such placement agents will not be entitled to receive fees or expenses directly from the Fund or any Sub-Fund.

## 6 Investment Restrictions

The Sub-Fund aims to invest no less than 85% (eighty-five percent) of its NAV in senior loans, senior secured bonds and cash and up to 15% (fifteen percent) of its NAV in other assets. The following investment restrictions shall apply to the investments of the Sub-Fund:

- (i) no more than 7.5% (seven point five percent) of the Sub-Fund NAV shall be invested in assets which have as counterparty the same obligor;
- (ii) no more than 20% (twenty percent) of the Sub-Fund NAV shall be invested in debt issued by issuers located in or primarily related to countries outside of Western Europe;
- (iii) no more than 20% (twenty percent) of the Sub-Fund NAV shall be invested in assets which have as counterparty obligors active in the same industry, provided that one exception may be made for investments in one single industry up to 25% (twenty-five percent);
- (iv) no more than 50% (fifty percent) of the Sub-Fund NAV shall be invested in non-Euro denominated assets;
- (v) no more than 20% (twenty percent) of the Sub-Fund NAV shall be invested in assets which pay a fixed rate of interest and which are not hedged back to floating rate through a corresponding interest rate swap;
- (vi) no more than 10% (ten percent) of the Sub-Fund NAV shall be invested in open-ended collective investment schemes;
- (vii) no more than 20% (twenty percent) of the Sub-Fund NAV shall be invested in equity participations in corporations which are neither admitted to trading on a stock exchange nor included in another organised market;  
the Sub-Fund shall have at least 20 (twenty) positions; and
- (viii) the Sub-Fund investments in equity participations in a corporation shall be limited to 10% (ten percent) (excluded) of the equity capital of such corporation.

The General Partner may from time to time impose such further investment restrictions as shall be compatible with or in the interest of the Shareholders in order to comply with the laws and regulations of the countries where Shareholders are located.

## 7 Borrowing

Other than as restricted by clause 8, the Sub-Fund may incur or assume indebtedness at any time and for any purpose, but only short-term (credit period up to one year) and only up to a maximum of 10% (ten percent) of the Sub-Fund NAV, including to cover expenses of the Sub-Fund and to fund redemptions.

## 8 Leverage

It is the General Partner's policy not to incur or assume any indebtedness for purposes of making investments, and to minimise the Fund's use of leverage in accordance with the investment objective and policy, borrowing powers and policies on the use of derivatives set out in this Private Placement Memorandum. The General Partner does not intend to use borrowing to boost returns or exposure. Derivatives are used to hedge non-Euro denominated assets against fluctuations in exchange rates.

In implementing its investment policy, the Sub-Fund is generally expected to be leveraged at the ratio of approximately 1:1 (using the gross method of calculation) and approximately 1:1 (using the commitment method of calculation), Shareholders should note that the actual leverage levels may vary and deviate from these levels significantly. However, leverage will not exceed the ratio of 2.5:1 (using the gross method of calculation) and 1.5:1 (using the commitment method of calculation). For the purposes of this disclosure, leverage is any method by which the Sub-Fund's exposure is increased, whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means.

Shareholders should note that the level of leverage, as calculated under the gross method of calculation, does not necessarily provide a reasonable illustration of the overall risk profile of the Sub-Fund. For example, financial derivative instruments and borrowing of cash or of securities are used to manage risk as well as to seek return. This is largely due to the fact that the gross method of calculation simply aggregates the absolute sum of all long and short financial derivative instrument positions, even if they are for hedging or offsetting purposes, and further uses just notional values rather than measures that calculate the overall contributions to risk which will often explain why the leverage levels under this method appear high. That can also be illustrated by the relatively lower levels when calculating leverage using the 'commitment approach' under which netting and hedging is incorporated within the calculation methodology. Please refer to the investment objective and policy for further information on the Sub-Fund's strategy.

## 9 Hedging

Non-Euro denominated assets will be hedged against the Euro. The Portfolio Manager may undertake additional hedging activities including, but not limited to index hedging and credit default swaps or "CDS", on behalf of the Sub-Fund with the sole purpose to protect the Sub-Fund against fluctuations in interest rates and single name credit risk.

The Portfolio Manager shall hedge the value of Shares issued in a currency other than Euro against Euro in order to minimise fluctuations between the base currency of the Sub-Fund (Euro) and the currency of those Shares.



## 10 Investment Vehicles

The investments of the Sub-Fund may, in the discretion of the General Partner but upon proposal from the Portfolio Manager or the AIFM, be made in whole or in part through dedicated investment vehicles including, but not limited to, special purpose vehicles, securitisation vehicles, vehicles for collective investment or similar vehicles. The provisions of 6 “Investment Restrictions” above shall be complied with on a look-through basis.

The Sub-Fund may not invest in equity participations issued by investment vehicles of the corporate type other than securitisation vehicles.

## 11 Term of the Sub-Fund

The Sub-Fund shall have an unlimited term.

## 12 Minimum Subscription

The minimum subscription by an Investor investing in A Shares in this Sub-Fund shall be EUR 125,000 (one-hundred and twenty-five thousand Euro) or its equivalent in GBP, in USD, in AUD, in JPY or in CHF (as the case may be).

The minimum subscription by an Investor investing in E Shares in this Sub-Fund shall be EUR 200,000 (two hundred thousand Euro) or its equivalent in GBP, in USD, in AUD, in JPY or in CHF (as the case may be).

The definitions of a “Qualifying Investor” with respect to a G Shares and I Shares may include a higher minimum subscription and/or holding amount, directly or indirectly, on a standalone basis or collectively with other Investors.

## 13 Classes of Shares

The General Partner may issue different Classes of Shares as appropriate, which may carry different rights and obligations inter alia with regard to the income and profit entitlements, redemption features, reporting obligations and/or fee and cost features or of the Investors to whom such Shares may be issued.

The General Partner has made the following Classes of Shares available for subscription by Investors, as further described in the table below:

- **Class A:** subject to a 0.45% *per annum* Management Fee (as further described under 26 “Management Fee” of these Sub-Fund Specifications) and to a 10% performance fee above the A Shares High Water Mark and the A Shares Hurdle (as further described under 3 “A Shares Incentive Fee” of the Annex 1). This Share Class is closed for new subscriptions, except in relation to Class V-A, Class V (RAIF Feeder)-A, Class VI-A, Class VI (RAIF Feeder)-A, Class VII-A, Class VII (RAIF Feeder)-A, Class VIII-A, Class VIII (RAIF Feeder)-A, Class XI-A, Class XI (RAIF Feeder)-A, Class XII-A and Class XII (RAIF Feeder)-A Shares.

- **Class E:** subject to 1.00% *per annum* Management Fee (as further described under 25 “Management Fee” of these Sub-Fund Specifications).
- **Class G:** subject to 0.50% *per annum* Management Fee (as further described under 25 “Management Fee” of these Sub-Fund Specifications) and opened to G Qualifying Investors only.
- **Class I:** subject to 0.57% *per annum* Management Fee (as further described under 25 “Management Fee” of these Sub-Fund Specifications) issued to the Cayman Feeder only and subject to the I Qualifying Amount.

Class	Share	Share	Share	Share	Share	Currency
I	A	E	G	I	Distributing	€
I (RAIF Feeder)	A	E	G		Distributing	€
II	A	E	G		Capitalizing	€
II (RAIF Feeder)	A	E	G		Capitalizing	€
III	A	E	G		Distributing	£
III (RAIF Feeder)	A	E	G		Distributing	£
IV	A	E	G		Capitalizing	£
IV (RAIF Feeder)	A	E	G		Capitalizing	£
V*	A				Distributing	€
V (RAIF Feeder)*	A				Distributing	€
VI*	A				Capitalizing	€
VI (RAIF Feeder)*	A				Capitalizing	€
VII*	A				Distributing	£
VII (RAIF Feeder)*	A				Distributing	£
VIII*	A				Capitalizing	£
VIII (RAIF Feeder)*	A				Capitalizing	£
IX	A	E	G		Distributing	US\$

<b>Class</b>	<b>Share</b>	<b>Share</b>	<b>Share</b>	<b>Share</b>	<b>Share</b>	<b>Currency</b>
IX (RAIF Feeder)	A	E	G		Distributing	US\$
X	A	E	G		Capitalizing	US\$
X (RAIF Feeder)	A	E	G		Capitalizing	US\$
XI*	A				Distributing	US\$
XI (RAIF Feeder)*	A				Distributing	US\$
XII*	A				Capitalizing	US\$
XII (RAIF Feeder)*	A				Capitalizing	US\$
XIII	A	E	G		Distributing	AUD
XIII (RAIF Feeder)	A	E	G		Distributing	AUD
XIV	A	E	G		Capitalizing	AUD
XIV (RAIF Feeder)	A	E	G		Capitalizing	AUD
XV		E	G		Distributing	JPY
XV (RAIF Feeder)		E	G		Distributing	JPY
XV (Cayman Feeder)				I	Distributing	JPY
XVI		E	G		Capitalizing	JPY
XVI (RAIF Feeder)		E	G		Capitalizing	JPY
XVI (Cayman Feeder)				I	Capitalizing	JPY
XVII		E	G		Distributing	CHF
XVII (RAIF Feeder)		E	G		Distributing	CHF
XVIII		E	G		Capitalizing	CHF

Class	Share	Share	Share	Share	Share	Currency
XVIII (RAIF Feeder)		E	G		Capitalizing	CHF

\*Share classes that are available exclusively for investment by Alcentra Members, and are not subject to Management Fees (Classes V-A, V (RAIF Feeder)-A, VI-A, VI (RAIF Feeder)-A, VII-A, VII (RAIF Feeder)-A, VIII-A, VIII (RAIF Feeder)-A, XI-A XI (RAIF Feeder)-A, XII-A and XII (RAIF Feeder)-A).

All the above Share Classes are subject to the same liquidity terms (see 23 “Redemption” of these Sub-Fund Specifications).

Shares held in Classes referred to as “Distributing” in the above table will entitle Investors to quarterly distributions of profits (based on unaudited interim statements) minus such amount as the General Partner, in its sole discretion, withholds for purposes of estimated expenses and contingencies (“**Profits**”). Investors holding Shares in Classes referred to as having a “Capitalizing” status in the above table will instead see the Profits of their Shares reinvested for their benefit. Profits as referred to in this paragraph, do not include realised or unrealised capital gains.

RAIF Feeder Classes of Shares will bear all the costs relating to the operations of the RAIF Feeder. These shall include, respectively, all and any costs and expenses of the RAIF Feeder, including but not limited to set-up costs, on-going expenses, service providers’ fees, travel, legal, administrative, regulatory, administration, marketing, tax and other fees, costs and expenses but excluding establishment costs which will be covered by the Portfolio Manager. These costs shall be taken into account when calculating the NAV of the RAIF Feeder Classes of Shares, respectively, before calculation of the Management Fee and Incentive Fee.

#### *Class B Shares*

The General Partner may, under the circumstances described under 25 “B-Conversions, A-Conversions, F-Conversions, E-Conversions, H-Conversions and G-Conversions” below, carry out a B-Conversion and issue a new Class of corresponding B Shares to each investor *pro rata* to their holding of A Shares so converted at an Issue Price per Share equal (i) to EUR 1,000 (one thousand Euro) per Class I-B, Class I (RAIF Feeder)-B, Class II-B, Class II (RAIF Feeder)-B, Class V-B, Class V (RAIF Feeder)-B Class VI-B and Class VI (RAIF Feeder)-B Shares, (ii) GBP 1,000 (one thousand Pounds Sterling) per Class III-B, Class III (RAIF Feeder)-B, Class IV-B, Class IV (RAIF Feeder)-B, Class VII-B Class VII (RAIF Feeder)-B, Class VIII-B and Class VIII (RAIF Feeder)-B Shares, (iii) USD 1,000 (one thousand US Dollar) per Class IX-B, Class IX (RAIF Feeder)-B, Class X-B, Class X (RAIF Feeder)-B, Class XI-B, Class XI (RAIF Feeder)-B, Class XII-B and Class XII (RAIF Feeder)-B Shares, (iv) AUD 1,000 (one thousand Australian Dollar) per Class XIII-B, Class XIII (RAIF Feeder)-B, Class XIV-B and Class XIV (RAIF Feeder)-B Shares, and (v) CHF 1,000 (one

thousand Swiss Francs) per Class XVII-B, Class XVII (RAIF Feeder)-B, Class XVIII-B and Class XVIII (RAIF Feeder)-B Shares.

A new Class of non-redeemable Class I-B Shares will be issued to Investors upon a B-Conversion of Class I-A Shares, a new Class of non-redeemable Class I (RAIF Feeder)-B Shares will be issued to Investors upon a B-Conversion of Class I (RAIF Feeder)-A Shares, a new Class of non-redeemable Class II-B Shares will be issued to Investors upon a B-Conversion of Class II-A Shares, a new Class of non-redeemable Class II (RAIF Feeder)-B Shares will be issued to Investors upon a B-Conversion of Class II (RAIF Feeder)-A Shares, a new Class of non-redeemable Class III-B Shares will be issued to Investors upon a B-Conversion of Class III-A Shares, a new Class of non-redeemable Class III (RAIF Feeder)-B Shares will be issued to Investors upon a B-Conversion of Class III (RAIF Feeder)-A Shares, a new Class of non-redeemable Class IV-B Shares will be issued to Investors upon a B-Conversion of Class IV-A Shares, a new Class of non-redeemable Class IV (RAIF Feeder)-B Shares will be issued to Investors upon a B-Conversion of Class IV (RAIF Feeder)-A Shares, a new Class of non-redeemable Class V-B Shares will be issued to Investors upon a B-Conversion of Class V-A Shares, a new Class of non-redeemable Class V (RAIF Feeder)-B Shares will be issued to Investors upon a B-Conversion of Class V (RAIF Feeder)-A Shares, a new Class of non-redeemable Class VI-B Shares will be issued to Investors upon a B-Conversion of Class VI-A Shares, a new Class of non-redeemable Class VI (RAIF Feeder)-B Shares will be issued to Investors upon a B-Conversion of Class VI (RAIF Feeder)-A Shares, a new Class of non-redeemable Class VII-B Shares will be issued to Investors upon a B-Conversion of Class VII-A Shares, a new Class of non-redeemable Class VII (RAIF Feeder)-B Shares will be issued to Investors upon a B-Conversion of Class VII (RAIF Feeder)-A Shares, a new Class of non-redeemable Class VIII-B Shares will be issued to Investors upon a B-Conversion of Class VIII-A Shares, a new Class of non-redeemable Class VIII (RAIF Feeder)-B Shares will be issued to Investors upon a B-Conversion of Class VIII (RAIF Feeder)-A Shares, a new Class of non-redeemable Class IX-B Shares will be issued to Investors upon a B-Conversion of Class IX-A Shares, a new Class of non-redeemable Class IX (RAIF Feeder)-B Shares will be issued to Investors upon a B-Conversion of Class IX (RAIF Feeder)-A Shares, a new Class of non-redeemable Class X-B Shares will be issued to Investors upon a B-Conversion of Class X-A Shares, a new Class of non-redeemable Class X (RAIF Feeder)-B Shares will be issued to Investors upon a B-Conversion of Class X (RAIF Feeder)-A Shares, a new Class of non-redeemable Class XI-B Shares will be issued to Investors upon a B-Conversion of Class XI-A Shares, a new Class of non-redeemable Class XI (RAIF Feeder)-B Shares will be issued to Investors upon a B-Conversion of Class XI (RAIF Feeder)-A Shares, a new Class of non-redeemable Class XII-B Shares will be issued to Investors upon a B-Conversion of Class XII-A Shares, a new Class of non-redeemable Class XII (RAIF Feeder)-B Shares will be issued to Investors upon a B-Conversion of Class XII (RAIF Feeder)-A Shares, a new Class of non-redeemable Class XIII-B Shares will be issued to Investors upon a B-Conversion of Class XIII-A Shares, a new Class of non-redeemable Class XIII (RAIF Feeder)-B Shares will be issued to Investors upon a B-Conversion of Class XIII (RAIF Feeder)-A Shares, a new Class of non-redeemable Class XIV-B Shares will be issued to Investors upon a B-Conversion of Class XIV-A Shares, a new Class of non-redeemable Class XIV (RAIF Feeder)-B Shares will be issued to Investors upon a B-Conversion of Class XIV (RAIF Feeder)-A Shares, a new Class of non-redeemable Class XVII-B Shares will be issued to Investors upon a B-Conversion of Class XVII-A Share, a new Class of non-redeemable Class XVII (RAIF Feeder)-B Shares will be issued to Investors upon a B-Conversion of Class XVII (RAIF Feeder)-A Share, a new Class of non-redeemable Class XVIII-B Shares will be issued to Investors upon a B-Conversion of Class XVIII-A Shares and a new Class of non-redeemable Class

XVIII (RAIF Feeder)-B Shares will be issued to Investors upon a B-Conversion of Class XVIII (RAIF Feeder)-A Shares.

All assets allocated to B Shares shall be carried at the value at which the B Conversion took place, unless the General Partner or the AIFM determine(s) that it is fair and equitable, in light of the circumstances, to perform a valuation, and no Management Fee or Incentive Fee will accrue or will be paid on B Shares.

Each Class of B Shares will have the same characteristics as the Shares of each other Class of B Shares but will differ in respect of the allocable asset(s) and, consequently, the trigger event for an A Conversion.

#### *Class F Shares*

The General Partner may, under the circumstances described under 25 “B-Conversions, A-Conversions, F-Conversions, E-Conversions, H-Conversions and G-Conversions” below, carry out a F-Conversion and issue a new Class of corresponding F Shares to each investor *pro rata* to their holding of E Shares so converted at an Issue Price per Share equal to (i) EUR 1,000 (one thousand Euro) per Class I-F, Class I (RAIF Feeder)-F, Class II-F and Class II (RAIF Feeder)-F Shares, (ii) GBP 1,000 (one thousand Pounds Sterling) per Class III-F, Class III (RAIF Feeder)-F, Class IV-F and Class IV (RAIF Feeder)-F Shares, (iii) USD 1,000 (one thousand US Dollar) per Class IX-F, Class IX (RAIF Feeder)-F, Class X-F and Class X (RAIF Feeder)-F Shares, (iv) AUD 1,000 (one thousand Australian Dollar) per Class XIII-F, Class XIII (RAIF Feeder)-F, Class XIV-F and Class XIV (RAIF Feeder)-F Shares, (v) JPY 1,000 (one thousand Japanese Yen) per Class XV-F, Class XV (RAIF Feeder)-F, Class XVI-F and Class XVI (RAIF Feeder)-F Shares and (vi) CHF 1,000 (one thousand Swiss Francs) per Class XVII-F, Class XVII (RAIF Feeder)-F, Class XVIII-F and Class XVIII (RAIF Feeder)-F Shares.

A new Class of non-redeemable Class I-F Shares will be issued to Investors upon a F-Conversion of Class I-E Shares, a new Class of non-redeemable Class I (RAIF Feeder)-F Shares will be issued to Investors upon a F-Conversion of Class I (RAIF Feeder)-E Shares, a new Class of non-redeemable Class II-F Shares will be issued to Investors upon a F-Conversion of Class II-E Shares, a new Class of non-redeemable Class II (RAIF Feeder)-F Shares will be issued to Investors upon a F-Conversion of Class II (RAIF Feeder)-E Shares, a new Class of non-redeemable Class III-F Shares will be issued to Investors upon a F-Conversion of Class III-E Shares, a new Class of non-redeemable Class III (RAIF Feeder)-F Shares will be issued to Investors upon a F-Conversion of Class III (RAIF Feeder)-E Shares, a new Class of non-redeemable Class IV-F Shares will be issued to Investors upon a F-Conversion of Class IV-E Shares, a new Class of non-redeemable Class IV (RAIF Feeder)-F Shares will be issued to Investors upon a F-Conversion of Class IV (RAIF Feeder)-E Shares, a new Class of non-redeemable Class IX-F Shares will be issued to Investors upon a F-Conversion of Class IX-E Shares, a new Class of non-redeemable Class IX (RAIF Feeder)-F Shares will be issued to Investors upon a F-Conversion of Class IX (RAIF Feeder)-E Shares, a new Class of non-redeemable Class X-F Shares will be issued to Investors upon a F-Conversion of Class X-E Shares, a new Class of non-redeemable Class X (RAIF Feeder)-F Shares will be issued to Investors upon a F-Conversion of Class X (RAIF Feeder)-E Shares, a new Class of non-redeemable Class XIII-F Shares will be issued to Investors upon a F-Conversion of Class XIII-E Shares, a new Class of non-redeemable Class XIII (RAIF Feeder)-F

Shares will be issued to Investors upon a F-Conversion of Class XIII (RAIF Feeder)-E Shares, a new Class of non-redeemable Class XIV-F Shares will be issued to Investors upon a F-Conversion of Class XIV-E Shares, a new Class of non-redeemable Class XIV (RAIF Feeder)-F Shares will be issued to Investors upon a F-Conversion of Class XIV (RAIF Feeder)-E Shares, a new Class of non-redeemable Class XV-F Shares will be issued to Investors upon a F-Conversion of Class XV-E Shares, a new Class of non-redeemable Class XV (RAIF Feeder)-F Shares will be issued to Investors upon a F-Conversion of Class XV (RAIF Feeder)-E Shares, a new Class of non-redeemable Class XVI-F Shares will be issued to Investors upon a F-Conversion of Class XVI-E Shares, a new Class of non-redeemable Class XVI (RAIF Feeder)-F Shares will be issued to Investors upon a F-Conversion of Class XVI (RAIF Feeder)-E Shares, a new Class of non-redeemable Class XVII-F Shares will be issued to Investors upon a F-Conversion of Class XVII-E Shares, a new Class of non-redeemable Class XVII (RAIF Feeder)-F Shares will be issued to Investors upon a F-Conversion of Class XVII (RAIF Feeder)-E Shares, a new Class of non-redeemable Class XVIII-F Shares will be issued to Investors upon a F-Conversion of Class XVIII-E Shares, and a new Class of non-redeemable Class XVIII (RAIF Feeder)-F Shares will be issued to Investors upon a F-Conversion of Class XVIII (RAIF Feeder)-E Shares.

All assets allocated to F Shares shall be carried at the value at which the F-Conversion took place, unless the General Partner or the AIFM determine(s) that it is fair and equitable, in light of the circumstances, to perform a valuation, and no Management Fee will accrue or will be paid on F Shares.

#### *Class H Shares*

The General Partner may, under the circumstances described under 25 “B-Conversions, A-Conversions, F-Conversions, E-Conversions, H-Conversions and G-Conversions” below, carry out a H-Conversion and issue a new Class of corresponding H Shares to each investor *pro rata* to their holding of G Shares so converted at an Issue Price per Share equal to (i) EUR 1,000 (one thousand Euro) per Class I-H, Class I (RAIF Feeder)-H, Class II-H and Class II (RAIF Feeder)-H Shares, (ii) GBP 1,000 (one thousand Pounds sterling) per Class III-H, Class III (RAIF Feeder)-H, Class IV-H and Class VI (RAIF Feeder)-H Shares, (iii) USD 1,000 (one thousand US Dollar) per Class IX-H, Class IX (RAIF Feeder)-H Shares, Class X-H and Class X (RAIF Feeder)-H Shares, (iv) AUD 1,000 (one thousand Australian Dollar) per Class XIII-H, Class XIII (RAIF Feeder)-H, Class XIV-H and Class XIV (RAIF Feeder)-H Shares, (v) JPY 1,000 (one thousand Japanese Yen) per Class XV-H, Class XV (RAIF Feeder)-H, Class XVI-H and Class XVI (RAIF Feeder)-H Shares and (vi) CHF 1,000 (one thousand Swiss Francs) per Class XVII-H, Class XVII (RAIF Feeder)-H, Class XVIII-H and Class XIII (RAIF Feeder)-H Shares.

A new Class of non-redeemable Class I-H Shares will be issued to Investors upon a H-Conversion of Class I-G Shares, a new Class of non-redeemable Class I (RAIF Feeder)-H Shares will be issued to Investors upon a H-Conversion of Class I (RAIF Feeder)-G Shares, a new Class of non-redeemable Class II-H Shares will be issued to Investors upon a H-Conversion of Class II-G Shares, a new Class of non-redeemable Class II (RAIF Feeder)-H Shares will be issued to Investors upon a H-Conversion of Class II (RAIF Feeder)-G Shares, a new Class of non-redeemable Class III-H Shares will be issued to Investors upon a H-Conversion of Class III-G Shares, a new Class of non-redeemable Class III (RAIF Feeder)-H Shares will be issued to Investors upon a H-Conversion of Class III (RAIF Feeder)-G Shares, a new Class of non-redeemable Class IV-H Shares will be issued to Investors upon a H-

Conversion of Class IV-G Shares, a new Class of non-redeemable Class IV (RAIF Feeder)-H Shares will be issued to Investors upon a H-Conversion of Class IV (RAIF Feeder)-G Shares, a new Class of non-redeemable Class IX-H Shares will be issued to Investors upon a H-Conversion of Class IX-G Shares, a new Class of non-redeemable Class IX (RAIF Feeder)-H Shares will be issued to Investors upon a H-Conversion of Class IX (RAIF Feeder)-G Shares, a new Class of non-redeemable Class X-H Shares will be issued to Investors upon a H-Conversion of Class X-G Shares, a new Class of non-redeemable Class X (RAIF Feeder)-H Shares will be issued to Investors upon a H-Conversion of Class X (RAIF Feeder)-G Shares, a new Class of non-redeemable Class XI-H Shares will be issued to Investors upon a H-Conversion of Class XI-G Shares, a new Class of non-redeemable Class XI (RAIF Feeder)-H Shares will be issued to Investors upon a H-Conversion of Class XI (RAIF Feeder)-G Shares, a new Class of non-redeemable Class XIII-H Shares will be issued to Investors upon a H-Conversion of Class XIII-G Shares, a new Class of non-redeemable Class XIII (RAIF Feeder)-H Shares will be issued to Investors upon a H-Conversion of Class XIII (RAIF Feeder)-G Shares, a new Class of non-redeemable Class XIV-H Shares will be issued to Investors upon a H-Conversion of Class XIV-G Shares, a new Class of non-redeemable Class XIV (RAIF Feeder)-H Shares will be issued to Investors upon a H-Conversion of Class XIV (RAIF Feeder)-G Shares, a new Class of non-redeemable Class XV-H Shares will be issued to Investors upon a H-Conversion of Class XV-G Shares, a new Class of non-redeemable Class XV (RAIF Feeder)-H Shares will be issued to Investors upon a H-Conversion of Class XV (RAIF Feeder)-G Shares, a new Class of non-redeemable Class XVI-H Shares will be issued to Investors upon a H-Conversion of Class XVI-G Shares, a new Class of non-redeemable Class XVI (RAIF Feeder)-H Shares will be issued to Investors upon a H-Conversion of Class XVI (RAIF Feeder)-G Shares, a new Class of non-redeemable Class XVII-H Shares will be issued to Investors upon a H-Conversion of Class XVII-G Shares, a new Class of non-redeemable Class XVII (RAIF Feeder)-H Shares will be issued to Investors upon a H-Conversion of Class XVII (RAIF Feeder)-G Shares, a new Class of non-redeemable Class XVIII-H Shares will be issued to Investors upon a H-Conversion of Class XVIII-G Shares and a new Class of non-redeemable Class XVIII (RAIF Feeder)-H Shares will be issued to Investors upon a H-Conversion of Class XVIII (RAIF Feeder)-G Shares.

All assets allocated to H Shares shall be carried at the value at which the H Conversion took place, unless the General Partner or the AIFM determine(s) that it is fair and equitable, in light of the circumstances, to perform a valuation, and no Management Fee will accrue or will be paid on H Shares.

Each Class of H Shares will have the same characteristics as the Shares of each other Class of F Shares but will differ in respect of the allocable asset(s) and, consequently, the trigger event for a G-Conversion.

#### *General Provisions*

Shares have no preferential or pre-emption rights and are subject to any transfer restrictions as set forth in the Private Placement Memorandum. Investors of the same Class will be treated equally *pro rata* to the number of the Shares of the relevant Series (if applicable) of such Class held by them.

Certain Class A, Class E, Class G and Class I Shares may be listed on the Luxembourg Stock Exchange and traded on the EU Regulated Market. The B Shares, F Shares and H Shares will not be listed or traded on any stock exchange.



The General Partner shall have a discretionary right to issue additional Classes of Shares and set the terms thereof as it sees fit. The Private Placement Memorandum shall, on each such occasion, be updated accordingly.

14 Issue Price per Share

*Initial Issue Price*

In respect of the first issuance of a new Class of Class E Shares, Class G Shares or Class I Shares, the issue price shall be the applicable Initial Issue Price.

*Subsequent issues*

After the first issuance of any new Class of Class E Shares, Class G Shares or Class I Shares, the issue price of any new Share in the relevant Class shall be the applicable Issue Price.

The issue price of any Share in the Class B Shares, Class F Shares or Class H Shares shall be the applicable Issue Price.

15 Subscription process

Investors wishing to subscribe for E Shares, G Shares or I Shares in the Sub-Fund shall execute a Subscription Agreement indicating the Class of E Shares, G Shares or I Shares for which they wish to subscribe and deliver the same to the Central Administrative Agent by no later than 4 p.m. Luxembourg time on the relevant Subscription Date together with any anti-money laundering or know-your-customer documents that may be requested by the Central Administrative Agent. Upon execution of such Subscription Agreement, Investors shall be deemed to have agreed to the terms and conditions set forth in the Fund Documents. Investors thus commit themselves to subscribing and accepting Shares in accordance with the terms and conditions set forth in the Fund Documents and the documents incorporated therein by reference.

E Shares, G Shares and I Shares shall, subject to receipt of monies by no later than 4 p.m. Luxembourg time on the relevant Subscription Date, be issued with effect from Subscription Date, at the Initial Issue Price or the Issue Price (calculated with reference to the last Valuation Day) by no later than fifteen days after such Subscription Date (excluded) of the relevant month or, if the fifteenth thereafter day is not a Business Day, on the first following Business Day.

If subscription monies have not been received on the relevant Subscription Date, the application for E Shares, G Shares and/or I Shares will be postponed, at the absolute discretion of the General Partner, and Shares will be issued to the Investor with reference to the first following Subscription Date, at the then relevant NAV per Share.

Subscription requests made in accordance with the foregoing procedure shall be irrevocable. The General Partner, the AIFM and the Portfolio Manager shall use any amounts received from Investors in order to:

- (i) make investments;
- (ii) pay ongoing obligations and operating expenses of the Sub-Fund as well as its *pro rata* share of any Fund expenses;
- (iii) repay indebtedness of the Sub-Fund attributable to the operations of the Sub-Fund; and
- (iv) satisfy redemptions of A Shares, E Shares, G Shares or I Shares in the Sub-Fund, if any.

Shares may, at the sole discretion of the General Partner, be issued in consideration of the contribution to the Sub-Fund of permitted assets subject to respecting the investment policies and restrictions laid down in these Sub-Fund Specifications. Assets contributed to the Sub-Fund will be valued independently in a special report from an independent auditor, established at the expense of the contributing Investor. Transaction charges, if any, will be chargeable to the Investor in respect of such contribution in kind.

As per the date of issuance of Shares to an Investor, such Investor will be fully entitled to all rights and benefits attaching to the Shares concerned. Shares are issued in registered form only. At the time of subscription of Shares in the Sub-Fund, an account is opened in the Investor's name in the Sub-Fund's books. This account is credited with Shares subscribed or purchased by the Investor. Whenever a transaction with respect to existing or newly issued Shares is registered, the Shareholder will receive a statement of its account.

#### 16 Eligibility Requirement

The General Partner is entitled to refuse, at its discretion, any request for subscription of Shares if there is not sufficient evidence that the Person to which the Shares are to be issued is an Eligible Investor, or for any other reason.

The General Partner shall refuse any subscription of G Shares if there is not sufficient evidence that the Person to which the Shares are to be issued is a G Qualifying Investor.

The General Partner shall refuse any subscription of I Shares if there is not sufficient evidence that the Person to which the Shares are to be issued is the Cayman Feeder and complied with the I Qualifying Amount.

The Shares which are listed on the Luxembourg Stock Exchange are required to be negotiable and transferable on the Luxembourg Stock Exchange upon their admission to trading thereon (and trades registered thereon are not able to be cancelled by the General Partner). The Eligibility Requirements will nevertheless apply to any Person to which Shares are transferred on the Luxembourg Stock Exchange.

In considering the qualification of a subscriber or a transferee as an Eligible Investor, the Fund will have due regard to the applicable laws and regulations or recommendations (if any) of the CSSF. Eligible Investors subscribing in their own name, but on behalf of a third party, must certify that such subscriptions are made on behalf of an Eligible Investor as aforesaid and the Fund may require, at its sole discretion, evidence that the beneficial owner of the Shares is an Eligible Investor.

The holding at any time of any Shares by a Person not satisfying the Eligibility Requirements may result in the compulsory redemption of such Shares by the Fund.

The holding at any time of any G Shares by a Person who is not or who no longer qualifies as a G Qualifying Investor will result in the compulsory conversion to E Shares of all such G Shares. The General Partner is expressly authorized to effect such conversion, which will be done through the compulsory redemption of the relevant number of G Shares and the application of the redemption proceeds to purchase, on behalf of the relevant Person, A Shares to an equivalent value. The compulsory redemption of G Shares will neither be subject to the redemption charge nor will such Shares be counted for purposes of the Threshold described under 23 "Redemption".

The holding at any time of any I Shares by a Person who is not or who no longer (i) qualifies as the Cayman Feeder or (ii) complies with the I Qualifying Amount Investor, may result in the compulsory redemption of all such I Shares. The compulsory redemption of I Shares will neither be subject to the redemption charge nor will such Shares be counted for purposes of the Threshold described under 23 "Redemption".

E Shares and G Shares may be offered or distributed to semi-professional investors within the meaning of section 1 para. 19 no. 33 German Capital Investment Act (*Kapitalanlagegesetzbuch*) ("**Semi-Professional Investors**").

As Semi-Professional Investors qualify as retail clients pursuant to MiFID II, they will be provided with a KID in good time before they are bound by any contract or offer relating to the Sub-Fund in accordance with the PRIIPs Regulation. The KID will be provided free of charge in the Investor Area section of the following website: [www.alcentra.com](http://www.alcentra.com).

For the avoidance of doubt, the General Partner shall, subject to any constraints arising from applicable law and regulation, be entitled to waive any aspect of the Eligibility Requirement at its discretion.

## 17 US Investors

Shares in the Sub-Fund are offered and sold outside the United States to non-US Persons pursuant to the exemption from registration requirements of the Securities Act provided by Regulation S promulgated thereunder. Shares issued by the Sub-Fund may not be offered, sold, transferred or otherwise delivered directly or indirectly in the United States or to or for the account of any US Person unless such US Persons are high net worth investors, professional investors or financial institutions who are: (i) "accredited investors" as defined in Rule 501(a) of Regulation D under the Securities Act; and (ii) "qualified purchasers" as defined in section 2(a)(51) of the Investment Company Act, or "knowledgeable employees" with respect to the Sub-Fund, as defined under Rule 3c-5 under the Investment Company Act and who provide such supporting information or documentation relating to the foregoing as may be requested by or on behalf of the Fund in connection with the offer and sale of Shares of the Sub-Fund.

Subscribers who are US Persons will be required to agree in their Subscription Agreements to additional restrictions on transfers of Shares to ensure such Shares are not transferred to US Persons who do not meet the above eligibility requirements in breach of the Securities Act or any applicable

US state law and to otherwise ensure that the Sub-Fund is not required to register as an investment company under the Investment Company Act.

#### 18 Reporting

The Sub-Fund's fiscal year corresponds to the calendar year and accordingly shall end on 31 December of each year. The Fund shall provide the Sub-Fund's Investors (within 6 (six) months after the year end and in any event before the annual general meeting of the Fund) with an audited annual report and a review of the performance of the assets of the Sub-Fund over the year free of charge.

This report shall contain at least a balance sheet, a statement of income, a statement of changes in equity and a cash flow statement as well as explanatory notes and reviews of (i) the performance of the Sub-Fund, (ii) the allocation of assets against the investment restrictions of the Sub-Fund, and (iii) the current investment strategy.

In addition thereto, the General Partner shall provide the Sub-Fund's Investors with monthly reports which shall include the Net Asset Value, Net Asset Value per Share, the return of the portfolio for the month, summary characteristics of the portfolio and a brief commentary.

#### 19 Valuation Policy

The AIFM, in consultation with the Valuation Assistant and in conformity with the valuation policy or guidelines established by the General Partner, will adopt a policy of valuing the investments of the Sub-Fund at fair value. The following accounting principles will be applied consistently in dealing with items which are considered to be material in relation to the Sub-Fund's assets:

- (i) "fair value" means that valuations of the Sub-Fund's assets must be made with sufficient regularity to ensure that the carrying amount of each asset does not differ materially from its fair value at the relevant date of the Sub-Fund's assets; and
- (ii) the fair value of assets will be based on mid-market price for the asset on the relevant Valuation Day. In addition, the Auditors will examine the valuation methodology used by the industry to determine their appropriateness.

The "fair value" of each of the assets of the Sub-Fund will be reviewed monthly and weekly estimates will be provided to investors.

At the end of each reporting period the "fair value" of the Sub-Fund's assets is to be reviewed and adjusted, where necessary, to reflect:

- (i) an updated "fair value" of the assets of the Sub-Fund;
- (ii) capital movements during the reporting period; and
- (iii) movements in the foreign exchange rate, if any, at the end of the reporting period.

The calculation of the NAV will be performed twice a month as of each Valuation Day, being (i) the last Business Day of each calendar month and (ii) the fourteenth day of each calendar month or if such day is not a Business Day on the first preceding Business Day, by the Central Administrative Agent.

The NAV per Share in each Class will be calculated by dividing the NAV of the Class by the number of Shares of such Class in issue at the relevant date. The NAV per Share in each Series will be determined by taking the NAV of the relevant Class attributed to the relevant Series pro-rated by the Shares in issue in such Series of that Class and adjusting the result for applicable A Shares Incentive Fees, if any.

For information purpose only, the NAV is calculated on a daily basis. Such information is available in the Investor Area section on the following website: [www.alcentra.com](http://www.alcentra.com).

The "fair value" information will be received from recognised pricing service providers or market makers and relied upon by the AIFM and the Valuation Assistant without any duty of further inquiry (except for obvious errors) for the purpose of the NAV calculation for the purposes of the acquisition, periodic reporting and the disposition of the assets of the Fund and/or the Sub-Fund.

## 20 Accounting Methodology

The accounting information with respect to the Sub-Fund shall in principle be prepared in accordance with Luxembourg GAAP, provided that the General Partner may decide to use different accounting methods if and when appropriate. Combined accounts for all Sub-Funds of the Fund will be prepared in accordance with IFRS.

## 21 Currency of the Sub-Fund

EUR

## 22 Distributions

In addition to the distributions to be paid on the "Distributing" Classes (as identified under 13 "Share Classes" above), from time to time, the approval of the annual results and allocation of any further distributions on any Series of Class A, Class E, Class G and Class I Shares may be made by the annual general meeting following a proposal of the General Partner. With the exception of funds to be set aside for the satisfaction of any expenses, fees, interest, principal repayments, taxes, due by the Fund or re-investment, any and all freely distributable proceeds derived from or upon the realisation of investments, may be distributed to Shareholders as interim distributions shortly after these proceeds can be ascertained, paid-up to the Fund and distributed, provided however that no distribution may be made if as a result thereof, the net assets of the Fund would fall below the minimum capital provided for by the 2007 Law.

All distributions will be made in the currency of the class on which the distribution is declared.

The Fund may only distribute non-marketable securities in the event that the Fund is terminated or with the agreement of the Shareholders entitled to receive such distributions in kind.

23 Redemption

Class A, Class E, Class G and Class I Shares may be redeemed on each Redemption Date upon request of the holders of such Shares subject to the following conditions:

- (i) the redemption request must be received by the Central Administrative Agent no later than 30 (thirty) days before the relevant Redemption Date;
- (ii) A Shares, E Shares, G Shares and I Shares will be redeemed at a price equal to the last available NAV per Share as applicable as at the last applicable Valuation Day less a redemption charge, in the discretion of the General Partner and consistently applied in respect of all A, E, G and I Shares redeemed on the relevant Redemption Date, of up to 1% (one percent) to the benefit of the relevant Class (the **Redemption Price**);
- (iii) the Fund does not have to give effect to a redemption request in respect of Shares having an aggregate Redemption Price of less than EUR 50,000 (fifty thousand Euro) or its equivalent in GBP, USD, AUD, JPY or CHF (as the case may be), unless the redemption request relates to all of the A, E, G and I Shares held by the relevant Shareholder;
- (iv) if in relation to any Redemption Date, the total number of Shares to be redeemed pursuant to redemption requests submitted in accordance with paragraph (i) above relate to more than 10% (ten percent) of the issued and outstanding A, E, G and I Shares in the Sub-Fund (the **Threshold**), the General Partner may decide that such portion of requests for redemption in excess of the Threshold will be deferred proportionally to the next Redemption Date (the **Deferred Redemptions**), subject to any further deferral if the deferred requests, aggregated with any new redemption requests, would exceed the Threshold. In relation to each next Redemption Date, Deferred Redemptions will be met on a *pro rata* basis in priority to redemption requests made on such next Redemption Date, unless otherwise decided by the General Partner. Notwithstanding the foregoing provisions, a Shareholder that submits a redemption request that is deferred for 20 consecutive Redemption Dates shall be entitled to redeem the requested number of Shares in full on the subsequent Redemption Date, subject to the right of the General Partner to suspend redemption rights as set forth in these Sub-Fund Specifications.

For the avoidance of doubt, the date of original subscription of Shares which have been subject to a B Conversion, F Conversion and H Conversion and then reconverted pursuant to an A Conversion, E Conversion and G Conversion as set out under 24 “B-Conversions, A-Conversions, F-Conversions, E-Conversions, H-Conversions and G-Conversions” of these Sub-Fund Specifications shall be the date of original subscription of the A Shares (and not to date on which a new Series of A Shares and E Shares were issued pursuant to the E Conversion (as the case may be)).

Payment of redemption proceeds will generally be made on the receipt of funds from liquidation of the assets of the Sub-Fund.

In addition, the General Partner may in exceptional circumstances delay any redemption request for up to 12 (twelve) months, if the redemption of Shares is not in the best interest of the Sub-Fund. Exceptional circumstances are, *inter alia*, deemed to exist if the Sub-Fund would be required to sell a significant portion of its assets in order to be able to meet the redemption request which may severely impact the amount of the proceeds of such sale of its assets.

Class B, Class F and Class H Shares are not redeemable at the option of the Shareholder. The General Partner may compulsorily redeem any Shares held by any person whose holding or continued holding of those Shares may in the determination of the General Partner, cause, or be likely to cause, a legal, regulatory or tax disadvantage to the Sub-Fund or its Shareholders. In particular, but without limitation, the General Partner may compulsorily redeem any Shares held by US Persons who are not eligible to hold such Shares as described above under 17 "US Investors".

#### 24 Transfer of Shares

All Shares are only transferable between Well-Informed Investors and:

- A Shares and I Share are only transferable between Professional Investors;
- E Shares and G Shares are only transferable between (a) Professional Investors, or (b) semi-professional investors within the meaning of section 1 (19) no. 33 of the German Capital Investment Code;
- Class V-A, Class VI-A, Class VII-A, Class VIII-A, Class XI-A and Class XII-A Shares are only transferable between Alcentra Members;
- Class V (RAIF Feeder)-A, Class VI (RAIF Feeder)-A, Class VII (RAIF Feeder)-A, Class VIII (RAIF Feeder)-A, Class XI (RAIF Feeder)-A and Class XII (RAIF Feeder)-A Shares are only transferrable to the RAIF Feeder;
- Class G Shares are only transferable to a G Qualifying Investor and subject to the prior written consent of the General Partner; and
- Class XV (Cayman Feeder) – I and Class XVI (Cayman Feeder) – I Shares are only transferable to the Cayman Feeder subject to (i) the compliance with the I Qualifying Amount, and (ii) the prior written consent of the General Partner.

#### 25 B-Conversions, A-Conversions, E-Conversions, F-Conversions, G-Conversions and H-Conversions

Initially the Fund will issue to each subscriber Class I-A, Class II-A, Class III-A, Class IV-A, Class V-A, Class VI-A, Class VII-A, Class VIII-A, Class IX-A, Class X-A, Class XI-A, Class XII-A, Class XIII-A, Class XIV-A, Class I-E, Class II-E, Class III-E, Class IV-E, Class IX-E, Class X-E, Class XIII-E, Class XIV-E, Class XV-E, Class XVI-E, Class XVII-E, Class XVIII-E, Class I-G, Class II-G, Class III-G, Class IV-G, Class IX-G, Class X-G, Class XIII-G, Class XIV-G, Class XV-G, Class XVI-G, Class XVII-G, Class XVIII-G Shares, Class I (RAIF Feeder)-A, Class II (RAIF Feeder)-A, Class III (RAIF Feeder)-A, Class IV (RAIF Feeder)-A, Class V (RAIF Feeder)-A, Class VI (RAIF Feeder)-A, Class VII (RAIF Feeder)-A, Class VIII (RAIF Feeder)-A, Class IX (RAIF Feeder)-A, Class X (RAIF Feeder)-A, Class XI (RAIF Feeder)-A, Class XII (RAIF Feeder)-A, Class XIII (RAIF Feeder)-A, Class XIV (RAIF Feeder)-A, Class I (RAIF Feeder)-E, Class II (RAIF Feeder)-E, Class III (RAIF Feeder)-E, Class IV (RAIF Feeder)-E, Class IX (RAIF Feeder)-E, Class X (RAIF Feeder)-E, Class XIII (RAIF Feeder)-E, Class XIV (RAIF Feeder)-E, Class XV (RAIF Feeder)-E, Class XVI (RAIF Feeder)-E, Class XVII (RAIF Feeder)-E, Class XVIII (RAIF Feeder)-E, Class

I (RAIF Feeder)-G, Class II (RAIF Feeder)-G, Class III (RAIF Feeder)-G, Class IV (RAIF Feeder)-G, Class IX (RAIF Feeder)-G, Class X (RAIF Feeder)-G, Class XIII (RAIF Feeder)-G, Class XIV (RAIF Feeder)-G, Class XV (RAIF Feeder)-G, Class XVI (RAIF Feeder)-G, Class XVII (RAIF Feeder)-G and Class XVIII (RAIF Feeder)-G Shares in the Sub-Fund (the **A Shares**, the **E Shares** and the **G Shares**).

At the sole discretion of the General Partner, up to 15% (fifteen percent) of the A Shares, up to 15% (fifteen percent) of the E Shares and up to 15% (fifteen percent) of the G Shares may be compulsorily redeemed by the Fund in which case the redemption proceeds of such redemption shall be applied to purchase respectively:

- a new class of B Shares (the **B Shares**) (corresponding to Class I-A, Class II-A, Class III-A, Class IV-A, Class V-A, Class VI-A, Class VII-A, Class VIII-A, Class IX-A, Class X-A Shares, Class XI-A, Class XII-A, Class XIII-A, Class XIV-A, Class I (RAIF Feeder)-A, Class II (RAIF Feeder)-A, Class III (RAIF Feeder)-A, Class IV (RAIF Feeder)-A, Class V (RAIF Feeder)-A, Class VI (RAIF Feeder)-A, Class VII (RAIF Feeder)-A, Class VIII (RAIF Feeder)-A, Class IX (RAIF Feeder)-A, Class X (RAIF Feeder)-A Shares, Class XI (RAIF Feeder)-A, Class XII (RAIF Feeder)-A, Class XIII (RAIF Feeder)-A, and Class XIV (RAIF Feeder)-A as the case may be) of an equivalent value at a price of EUR 1,000 (one thousand Euro) per Class I-B, Class II-B, Class V-B, Class VI-B Share, Class I (RAIF Feeder)-B, Class II (RAIF Feeder)-B, Class V (RAIF Feeder)-B and Class VI (RAIF Feeder)-B Share GBP 1,000 (one thousand Pounds Sterling) per Class III-B, Class IV-B, Class VII-B, Class VIII-B, Class III (RAIF Feeder)-B, Class IV (RAIF Feeder)-B, Class VII (RAIF Feeder)-B and Class VIII (RAIF Feeder)-B Share, USD 1,000 (one thousand US Dollar) per Class IX-B, Class X-B, Class XI-B, Class XII-B, Class IX (RAIF Feeder)-B, Class X (RAIF Feeder)-B, Class XI (RAIF Feeder)-B and Class XII (RAIF Feeder)-B Share, AUD 1,000 (one thousand Australian Dollar) per Class XIII-B, Class XIV-B, Class XIII (RAIF Feeder)-B and Class XIV (RAIF Feeder)-B Share (each such conversion a **B-Conversion**); and
- a new class of F Shares (the **F Shares**) (corresponding to Class I-E, Class II-E, Class III-E, Class IV-E, Class IX-E and Class X-E, Class XIII-E, Class XIV-E, to Class I (RAIF Feeder)-E, Class II (RAIF Feeder)-E, Class III (RAIF Feeder)-E, Class IV (RAIF Feeder)-E, Class IX (RAIF Feeder)-E, Class X (RAIF Feeder)-E, Class XIII (RAIF Feeder)-E and Class XIV (RAIF Feeder)-E as the case may be) of an equivalent value at a price of EUR 1,000 (one thousand Euro) per Class I-F, Class II-F, Class I (RAIF Feeder)-F, Class II (RAIF Feeder)-F Shares, GBP 1,000 (one thousand Pounds Sterling) per Class III-F, Class IV-F, Class III (RAIF Feeder)-F and Class IV (RAIF Feeder)-F Shares, USD 1,000 (one thousand US Dollar) per Class IX-F, Class X-F, Class IX (RAIF Feeder)-F and Class X (RAIF Feeder)-F Shares, AUD 1,000 (one thousand Australian Dollar) per Class XIII-F, Class XIV-F, Class XIII (RAIF Feeder)-F and Class XIV (RAIF Feeder)-F Shares, JPY 1,000 (one thousand Japanese Yen) per Class XV-F, Class XVI-F, Class XV (RAIF Feeder)-F and Class XVI (RAIF Feeder)-F Shares, and CHF 1,000 (one thousand Swiss Francs) per Class XVII-F, Class XVIII-F, Class XVII (RAIF Feeder)-F and Class XVIII (RAIF Feeder)-F Shares (each such conversion an **F-Conversion**); and



- a new class of H Shares (the **H Shares**) (corresponding to Class I-G, Class II-G, Class III-G, Class IV-G, Class IX-G and Class X-G, Class XIII-G Class XIV-G, Class I (RAIF Feeder)-G, Class II (RAIF Feeder)-G, Class III (RAIF Feeder)-G, Class IV (RAIF Feeder)-G, Class IX (RAIF Feeder)-G, Class X (RAIF Feeder)-G, Class XIII (RAIF Feeder)-G and Class XIV (RAIF Feeder)-G as the case may be) of an equivalent value at a price of EUR 1,000 (one thousand Euro) per Class I-H, Class II-H, Class I (RAIF Feeder)-H and Class II (RAIF Feeder)-H Shares, GBP 1,000 (one thousand Pounds Sterling) per Class III-H, Class IV-H, Class III (RAIF Feeder)-H and Class IV (RAIF Feeder)-H Shares, USD 1,000 (one thousand US Dollar) per Class IX-H, Class X-H, Class IX (RAIF Feeder)-H and Class X (RAIF Feeder)-H Shares, AUD 1,000 (one thousand Australian Dollar) per Class XIII-H, Class XIV-H, Class XIII (RAIF Feeder)-H and Class XIV (RAIF Feeder)-H Shares, JPY 1,000 (one thousand Japanese Yen) per Class XV-H, Class XVI-H, Class XV (RAIF Feeder)-H and Class XVI (RAIF Feeder)-H Shares, and CHF 1,000 (one thousand Swiss Francs) per Class XVII-H, Class XVIII-H, Class XVII (RAIF Feeder)-H and Class XVIII (RAIF Feeder)-H Shares (each such conversion an **H-Conversion**).

It is envisaged that a B-Conversion, an F-Conversion and an H-Conversion will take place in the event that the Sub-Fund makes a special investment which falls within the Investment Policy of the Sub-Fund but which does not have liquidity terms generally corresponding to the liquidity terms of the majority of the other assets of the Sub-Fund or in the event an existing investment of the Sub-Fund is restructured or equitized or becomes illiquid in the sole discretion of the General Partner (each a **Special Investment**). Once a Special Investment is liquidated or otherwise realized or deemed realized, the process will be reversed, i.e. the relevant B Shares and/or F Shares and/or H Shares will be compulsorily redeemed by the Fund (at the carried value, i.e. the value used for the B Conversion or the F Conversion or the H Conversion, unless the General Partner determines that it is fair and equitable, in light of the circumstances, to perform a valuation, in which case the latter value will apply) and the redemption proceeds will be applied to purchase Class I-A, Class II-A, Class III-A, Class IV-A, Class V-A, Class VI-A, Class VII-A, Class VIII-A, Class IX-A, Class X-A, Class XI-A, Class XII-A, Class XIII-A, Class XIV-A, Class I-E, Class II-E, Class III-E, Class IV-E, Class IX-E, Class X-E, Class XIII-E, Class XIV-E, Class XV-E, Class XVI-E, Class XVII-E, Class XVIII-E, Class I-G, Class II-G, Class III-G, Class IV-G, Class IX-G, Class X-G, Class XIII-G, Class XIV-G, Class XV-G or Class XVI-G, Class XVII-G, Class XVIII-G, Class I (RAIF Feeder)-A, Class II (RAIF Feeder)-A, Class III (RAIF Feeder)-A, Class IV (RAIF Feeder)-A, Class V (RAIF Feeder)-A, Class VI (RAIF Feeder)-A, Class VII (RAIF Feeder)-A, Class VIII (RAIF Feeder)-A, Class IX (RAIF Feeder)-A, Class X (RAIF Feeder)-A, Class XI (RAIF Feeder)-A, Class XII (RAIF Feeder)-A, Class XIII (RAIF Feeder)-A, Class XIV (RAIF Feeder)-A, Class I (RAIF Feeder)-E, Class II (RAIF Feeder)-E, Class III (RAIF Feeder)-E, Class IV (RAIF Feeder)-E, Class IX (RAIF Feeder)-E, Class X (RAIF Feeder)-E, Class XIII (RAIF Feeder)-E, Class XIV (RAIF Feeder)-E, Class XV (RAIF Feeder)-E, Class XVI (RAIF Feeder)-E, Class XVII (RAIF Feeder)-E, Class XVIII (RAIF Feeder)-E, Class I (RAIF Feeder)-G, Class II (RAIF Feeder)-G, Class III (RAIF Feeder)-G, Class IV (RAIF Feeder)-G, Class IX (RAIF Feeder)-G, Class X (RAIF Feeder)-G, Class XIII (RAIF Feeder)-G, Class XIV (RAIF Feeder)-G, Class XV (RAIF Feeder)-G or Class XVI (RAIF Feeder)-G, Class XVII (RAIF Feeder)-G, Class XVIII (RAIF Feeder)-G Shares (as the case may be) at the then NAV per Share of the relevant Class, on behalf of the Shareholder (each such conversion an **A-Conversion** or an **E-Conversion** or a **G-Conversion**). The Portfolio Manager will manage any Special Investment with a view to returning the investment to the benefit of Shareholders holding A Shares by means of an A-Conversion, E Shares by means of an E-Conversion and G Shares by means of a G-Conversion.

Upon any Conversion as herein envisaged, the Fund will notify each Shareholder whose Shares have been so converted of the fact within 5 (five) Business Days of the date of the conversion.

All assets allocated to B Shares, F Shares and H Shares shall be carried at the value at which the B Conversion, F Conversion and H Conversion took place and no Management Fee or Incentive Fee will accrue or will be paid on B Shares and no Management Fee will accrue or will be paid on F Shares and on H Shares.

#### 26 Management Fee

The General Partner is entitled to a Management Fee calculated on the gross value of the assets of the Sub-Fund and charged against the relevant Classes of Shares as indicated under 13 “Classes of Shares” of these Sub-Fund Specifications.

The Management Fees will be calculated and accrued monthly in arrears and based on the relevant month end NAV.

No Management Fee will be charged to Class V-A, Class VI-A, Class VII-A, Class VIII-A Class XI-A and Class XII-A, Class V (RAIF Feeder)-A, Class VI (RAIF Feeder)-A, Class VII (RAIF Feeder)-A, Class VIII (RAIF Feeder)-A Class XI (RAIF Feeder)-A and Class XII (RAIF Feeder)-A Shares.

The Management Fee will be paid to the General Partner within 30 (thirty) days of the end of the relevant calendar quarter.

#### 27 Expenses

Other than the expenses covered by the Management Fee, the Sub-Fund shall directly incur all other costs, expenses and liabilities in connection with its operations, including (but not limited to) its share of fees, costs and expenses related to the purchase, holding and sale of the investments (to the extent not reimbursed); taxes; fees and expenses of accountants and counsel; costs and expenses of any investment committee and the annual meeting of the Fund (its *pro rata* share in the cost thereof) as well as any general meeting of the Sub-Fund; any litigation expenses; and other extraordinary expenses. The Sub-Fund will also bear its share of third-party expenses incurred in connection with transactions which are not consummated. For a more complete description of the costs and expenses to be borne by the Sub-Fund, please see the “Costs and Expenses” section of the Private Placement Memorandum.

#### 28 CFTC Matters

While the Sub-Fund may trade commodity futures and/or other commodity options contracts and/or other commodity interests, the Portfolio Manager is exempt from registration with the CFTC as a commodity pool operator with respect to the Sub-Fund pursuant to CFTC Rule 4.13(a)(3) under the Commodity Exchange Act.

#### 29 Sub-Fund Specific Risk Factors

Each prospective Investor should consider the risks associated with an indirect investment in senior secured loans of non-investment grade issuers. While the prospective Investor should make its own

evaluation of the risks of investing in the Sub-Fund, it must consider, among other things, the following matters before making a decision to invest in the Sub-Fund:

- Investors should be aware that liquidity of their investment cannot be guaranteed. This may prevent the Fund from concluding an investment transaction on satisfactory terms and in certain circumstances, may defer redemption of and subscriptions for Shares.
- The Sub-Fund invests in European senior secured loans of non-investment grade issuers. There can be no certainty as to the future value of these investments. The value of the investments and the corresponding value of the Shares can go down as well as up.
- Investors are unable to participate in the day-to-day management of the underlying assets of the Sub-Fund. As such, they will not be able to approve individual management or investment decisions.
- The net returns to investors could be affected by a change in the tax treatment of the Fund.
- The financial operations of the Sub-Fund may be adversely affected by the impact of general economic conditions, by conditions within the financial markets or by the particular financial condition of parties doing business with the Fund.
- There can be no guarantee that the stated investment objectives of the Sub-Fund will be achieved.
- The foregoing risk factors are not exhaustive and do not purport to be a complete explanation of all the risks and considerations involved in investing in the Sub-Fund.

Potential investors should consider the following risk factors before investing in the Sub-Fund. Potential investors should also inform themselves of, and where appropriate consult their professional advisers, as to the tax consequences of application for buying, holding, exchanging, redeeming or otherwise disposing of Shares under the law of their country of residence or domicile. This information is not intended to be an exhaustive listing of all potential risks associated with an investment in this Sub-Fund.

#### 29.1 General

An investment in the Fund is speculative and involves a substantial degree of risk, including the risk that an investor could lose some or all of its investment in the Fund. An investment in the Fund should be made only after consulting with independent, qualified sources of accounting, investment, legal, tax, and other advice.

Prospective investors should carefully consider the following risk factors applicable to the Fund and relating particularly to the opportunistic investment strategy of the Fund prior to making any investment. Investment in the Fund should be considered only by sophisticated investors who are

willing and able to assume the risk of loss and degree of illiquidity involved by the type of investment made by the Fund.

## 29.2 Risks specific to investing in opportunistic funds

### 29.2.1 General business risk

An investment in the Fund involves certain risk factors and considerations relating to the Fund's structure and investment objective which prospective investors should evaluate before making a decision to subscribe for Shares. No assurance can be given that the Fund will succeed in meeting its investment objective or the investment objective of the Sub-Fund, that there will be any return on capital, or that an investor will not lose some or all of its investment in the Fund.

Before making any investment decision with respect to the Shares, any prospective investors should consult their professional advisors and carefully review and consider such an investment decision in light of the risk factors included below. The following is a brief description of certain factors, which should be considered along with other matters discussed elsewhere in these Sub-Fund Specifications and in the Private Placement Memorandum. The following does, however, not purport to be a comprehensive summary of all the risks associated with an investment in the Shares or the Fund generally. Rather, the following are only certain particular risks to which the Fund and this Sub-Fund are subject and that the Fund wishes to encourage prospective investors to discuss in detail with their professional advisors.

Due to the nature of the Fund's investment activities, the results of the Sub-Fund's operations may fluctuate from month to month and from period to period. Accordingly, investors should understand that the results of any particular period will not be necessarily indicative of results in future periods.

### 29.2.2 Reliance on the Portfolio Manager

The Portfolio Manager has been appointed by the AIFM notably to provide certain delegated discretionary portfolio management services in accordance with the Sub-Fund's investment objective, strategy, and guidelines. Thus, the Sub-Fund's success may depend largely on the services of the Portfolio Manager and its officers, employees, affiliates, and agents, and, in part, on the continuing ability of the Portfolio Manager to hire and retain knowledgeable personnel. There can be no assurance that the General Partner, the AIFM and the Portfolio Manager will be able to successfully implement the strategies that the Sub-Fund intends to pursue.

### 29.2.3 Currency risk

The base currency of the Fund is Euro. Certain of the underlying assets of the Sub-Fund may, however, be invested in assets which are denominated in other currencies. Specifically, it is anticipated that certain of the Sub-Fund's investments may be denominated in Pound Sterling. Accordingly, the value of such assets may be affected favourably or unfavourably by fluctuations in currency rates. The Sub-Fund may seek to hedge the foreign currency exposure. The Shares of the Sub-Fund are denominated in Euro, pound Sterling, USD, AUD, CHF or JPY respectively and will be issued and redeemed in Euro, pound Sterling, USD, AUD, CHF or JPY respectively. The Sub-Fund may seek to hedge the value attributable to the pound Sterling, USD, AUD, CHF and JPY classes

from Euro into the relevant currency. Such hedging strategies may not necessarily be available or effective. In addition, prospective investors whose assets and liabilities are denominated predominately in other currencies should take into account the potential risk of loss arising from fluctuations in value between the Euro and such other currencies.

#### 29.2.4 Valuation and reporting

The Central Administrative Agent, the General Partner, the Valuation Assistant and the AIFM will be entitled to rely on the information and valuation data provided by independent valuers, which data may not always be provided in a timely manner and which may contain valuation errors. In such case, the AIFM, in consultation with the Valuation Assistant and under the guidelines of the General Partner may use the immediately prior NAV calculated on a Valuation Day adjusted to take into account its reasonable estimate of accruals of assets (income and capital) and liabilities should the information from independent valuers be delivered late or be obviously incomplete or inaccurate. As a result, such indicative NAV may not be accurate and may be revised on a subsequent Valuation Day.

#### 29.2.5 Lack of liquidity

Due to the nature of the Sub-Fund's investment portfolio and strategies, certain investments may have to be held for a substantial period of time before they can be liquidated to the Sub-Fund's greatest advantage or, in some cases, at all. The Sub-Fund may generally hold investments that are illiquid and for which no ready market exists. Illiquid investments carry the risk that the Sub-Fund may not be able to liquidate the investment or that a buyer may not be found for such investments. Also, certain of the investments owned by the Sub-Fund may be subject to legal or contractual restrictions which may impede the Sub-Fund's ability to dispose of the investments when it might otherwise desire to do so.

#### 29.2.6 Tax

The categories of income derived by the Sub-Fund from certain sources may be subject to withholding tax in certain circumstances, which may reduce the Sub-Fund's total return. While the Sub-Fund does not expect to be subject to income taxes in any of the jurisdictions in which it invests, no assurance can be given in this regard. If the Sub-Fund were, contrary to its expectations, subject to income tax in any such jurisdiction, such tax could have a material adverse effect on investors' returns.

Alcentra European Loan Fund expects to invest substantially all or a significant portion of its assets in one or more Holding Companies. See "*Certain US Federal Income Tax Considerations*" above.

#### 29.2.7 Changes in applicable law

The Sub-Fund and the Fund must comply with various legal requirements, including requirements imposed by the securities laws and companies laws in various jurisdictions, including Luxembourg. Should any of those laws changes, the legal requirements to which the Fund and the Shareholders may be subject could differ materially from current requirements.

#### 29.2.8 Possible correlation with traditional investments

Although the Sub-Fund's portfolio will not typically be comprised of a material amount of equity securities, there can be no assurance that the performance of the Sub-Fund will not, in fact, be positively correlated to the performance of traditional stock and bond investments, especially if multiple markets move in tandem, thereby reducing the overall portfolio benefits of an investment in the Sub-Fund.

#### 29.2.9 Dependence on key individuals

The success of the Sub-Fund depends upon the skills of the principals of the Portfolio Manager to develop and implement investment strategies that achieve the Sub-Fund's investment objectives. If these individuals were to become unable to participate in the management of the Sub-Fund's investments, the consequence to the Sub-Fund could be material and adverse and could lead to the premature termination of the Sub-Fund.

#### 29.2.10 Availability of investment strategies

The success of the Sub-Fund's investment activities will depend on the Portfolio Manager and its ability to identify investment opportunities as well as to avoid investments that could be adversely affected due to excessive concentration by other funds. Identification and exploitation of the trading strategies to be pursued by the Sub-Fund involves a high degree of uncertainty.

No assurance can be given that the General Partner or the Portfolio Manager will be able to locate suitable trading opportunities in which to deploy all of the Sub-Fund's assets or to exploit discrepancies in the markets.

#### 29.2.11 Limited redemption rights

An investment in the Fund is suitable only for certain sophisticated investors who have no need for immediate liquidity in their investment. Shares may only be redeemed, on Redemption Dates with due notice. No partial redemptions will be permitted if, immediately thereafter, the value of a redeeming Shareholder's holding would be less than the minimum holding permitted, unless approved by the General Partner in its sole and absolute discretion. Shares may not be redeemed when the calculation of the NAV is suspended.

#### 29.2.12 General economic conditions

The success of any investment activity is affected by general economic conditions, and therefore economic slowdowns or downturns could lead to financial losses in the Sub-Fund's portfolio. The risk inherent in the investments made by the Sub-Fund include those associated with investments in debt, including the risk that the financial condition of the issuer may become impaired or that the general condition of the market may deteriorate (causing a decrease in the value of collateral assets underlying the Sub-Fund's loan investments).

#### 29.2.13 Non-investment grade issuers

The Sub-Fund generally invest in senior secured loans of non-investment grade issuers. An obligor's ability to repay its loan may be adversely affected by numerous factors, including, without limitation the failure to meet its business plan, a downturn in its industry or negative economic conditions. Deterioration in an obligor's financing condition and prospects may be accompanied by deterioration in the value of the underlying collateral and a reduction in the likelihood of the Sub-Fund capitalizing on any guarantees it may have obtained from the borrower's management or other parties. Although the Sub-Fund will seek to be the senior, secured lender to a borrower, some of the Sub-Fund's investments may be subordinated to a senior lender, and the Sub-Funds' interest in any collateral would, accordingly, likely be subordinated to a senior lender's security interest.

Loans may become non-performing and require workout negotiations and/or restructuring, which entail, among other things, a write down of the principal of the loan and/or reduction of the interest rate. In addition, in the event foreclosure of a loan is required, the foreclosure and asset liquidation process can be lengthy and expensive, sometimes taking several months or years. In addition, the foreclosure and liquidation process itself can disrupt the use of the assets, thereby reducing economic returns to the Sub-Fund.

#### 29.2.14 Incentive Fees

The General Partner may receive Incentive Fees from the Sub-Fund based upon the appreciation, if any, in the assets of the Sub-Fund. The Incentive Fee may create an incentive for the General Partner or Portfolio Manager to make investments that are riskier or more speculative than would be the case if such arrangements were not in effect. In addition, because the Incentive Fee is calculated on a basis which includes unrealized appreciation of the Sub-Fund's assets, the amount of the Incentive Fee may be greater than if such compensation were based solely on realized gains. In the event that the appreciation in the Sub-Fund's assets on which the Incentive Fee is based is not realized, the General Partner is not obligated to repay any amounts and no adjustments to the Incentive Fee will be made.

#### 29.2.15 Past Investment Performance

Past performance of the Sub-Fund is not necessarily indicative of future results. There also can be no assurance that projected or targeted returns for the Sub-Fund will be achieved.

#### 29.2.16 Net Asset Value considerations

The Net Asset Value per Share is expected to fluctuate over time with the performance of the Sub-Fund's investments. A Shareholder may not fully recover his initial investment when he chooses to redeem his A Shares or C shares or G shares or upon compulsory redemption if the Net Asset Value per Share of the relevant Class at the time of such redemption is less than the Issue Price paid by such Shareholder. In addition, where there is any conflict between Luxembourg GAAP and the valuation principles set out in the Articles, in the Private Placement Memorandum and in these Sub-Fund Specifications and in relation to the calculation of Net Asset Value, the latter principles shall take precedence.

#### 29.2.17 Litigation

Litigation can and does occur in the ordinary course of the management of an investment portfolio. The Fund may be engaged in litigation both as plaintiff and as a defendant. In certain cases, borrowers may bring claims and/or counterclaims against the Fund, the General Partner, the AIFM, the Portfolio Manager, and/or their respective principals and affiliates. The expense of defending against claims made against the Fund by third parties and paying any amounts pursuant to settlements or judgments would, to the extent that the Fund has not been able to protect itself indemnification or other rights against the portfolio companies, be borne by the Fund (and its Sub-Funds) pursuant to indemnification obligations and reduce net assets.

In recent years, certain judicial decisions have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories (collectively termed "lender liability"). Generally, lender liability is founded upon the premise that an institutional lender has violated a fiduciary duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in creating a fiduciary duty owed to the borrower or its other creditors or shareholders. Because of the nature of the Fund's investments, the Fund could be subject to allegations of lender liability.

#### 29.2.18 Adverse effects of regulatory, tax or other changes

Legal, tax and regulatory changes could occur during the term of the Fund that may adversely affect the Fund and/or the Sub-Fund. The effect of any future regulatory change on the Fund could be substantial and adverse.

#### 29.2.19 Risks Relating to Hedging Activity

The Sub-Fund may utilise hedging techniques and derivative instruments to manage currency and interest rate risks relating to the Sub-Fund's portfolio and its Share Classes. Utilising hedging strategies involves special risks including possible default by a counterparty, illiquidity and, to the extent the Portfolio Manager's view as to certain market movements is incorrect (see above), the risk that the use of a hedging strategy could result in losses greater than if it had not been used. Perfect hedges may not always be employed. The use of currency hedging transactions could result in the Sub-Fund incurring losses as a result of the imposition of exchange controls, suspension of settlements, or the inability to deliver or receive a specified currency and could cause Share Class performance to vary.

#### 29.2.20 Idle Funds

While the General Partner will typically endeavour to keep the assets of the Sub-Fund invested, there may be periods of time when the Sub-Fund has a portion of its assets in cash or cash equivalents. The investment return on such "idle funds" may not meet the overall return objective the General Partner seeks for the Sub-Fund.



### 29.2.21 SFDR and EU Taxonomy

The European Parliament has published SFDR, which came into force on 10 March 2021, and the EU Taxonomy, which supplements requirements of SFDR. SFDR, supplemented by the EU Taxonomy, requires the financial market participants (i.e., the AIFM, the Portfolio Manager) to provide, among other things, pre-contractual disclosures (for example, in fund marketing documentation) relating to Sustainable Investments, Sustainable Risk and any environmental or social characteristics the Sub-Fund promotes. In connection with SFDR and the EU Taxonomy, the SFDR RTS contains more prescriptive detail about the content and presentation of the information required under SFDR and the EU Taxonomy. Shareholders should be aware that, as a result of SFDR and the EU Taxonomy, the Sub-Fund may incur increased costs.

In addition, Shareholders should be aware that an environmental, social or governance event or condition could occur which results in an actual or potential material negative impact on the value of the Sub-Fund's investments where an adverse sustainability impact occurs in relation to such investments. Please refer to the section headed "ESG Disclosures" in these Sub-Fund Specifications for further information on how the Portfolio Manager integrates Sustainability Risks into investment decisions and the likely impacts of Sustainability Risks on the Sub-Fund's returns.

### 29.2.22 EU Action Plan on Financing Sustainable Growth

The European regulatory environment for alternative investment fund managers and financial services firms continues to evolve and increase in complexity, making compliance more costly and time-consuming. On 6 July, 2021, the European Commission published its "strategy for financing the transition to a sustainable economy", which built on previous initiatives and reports including the Commission's March 2018 Action Plan on Financing Sustainable Growth (collectively, the "Action Plan on Financing Sustainable Growth" or the "EU Action Plan"), to set out an updated EU strategy for sustainable finance. The EU Action Plan identified several legislative initiatives, including SFDR which began to apply from 10 March, 2021, and the EU Taxonomy which began to apply from 1 January, 2022. Both SFDR and the EU Taxonomy are intended to produce greater transparency for investors in assessing the environmental and social impacts of their investments. The AIFM and/or the Portfolio Manager (to the extent applicable) may also be impacted by a series of other ongoing legislative initiatives at the EU. On 21 April, 2021, the European Commission also published as part of the Action Plan a number of delegated regulations amending MiFID II Delegation Regulation 2017/565, the so-called "Level 2 MiFID II" and Commission Delegated Regulation (EU) 231/2013, the so-called "Level 2 AIFMD", on the integration of ESG considerations and Sustainability Risks into investment advice and portfolio management. The delegated regulations are applicable in the EEA member states and started at applying as of the beginning of August 2022.

The Sub-Fund will bear the costs and expenses of compliance with SFDR, the EU Taxonomy and any other applicable legislation or regulations related to the EU Action Plan, including costs and expenses of collecting and calculating data and the preparation of policies, disclosures and reports, in addition to other matters that relate solely to marketing and regulatory matters. It is difficult to predict the full extent of the impact of SFDR, the EU Taxonomy and the EU Action Plan on the Sub-Fund, the AIFM, and/or the Portfolio Manager. The AIFM and the Portfolio Manager reserve the right to adopt such arrangements as necessary or desirable to comply with any applicable requirements of SFDR, the EU Taxonomy and any other applicable legislation or regulations related to the EU Action Plan or other sustainable finance initiative inside or outside the EU.

### 29.2.23 Environmental, Social and Governance Considerations – Sustainable Finance

Sustainable finance is a fairly new area of the financial sector. The legal and regulatory framework for sustainable finance is still in the development phase. It cannot be excluded that the Sub-Fund might need to dispose of participations in target investments and there is a risk that the qualifications under Article 8 or 9 of SFDR cannot be upheld. Further, the EU Taxonomy which provides a single EU classification system for sustainable economic activities and defines harmonised criteria to determine, inter alia, whether an economic activity is sustainable as described above is also particularly relevant. It is expressly pointed out that the target investments (and thus also the Sub-Fund) do not have to meet the requirements of the EU Taxonomy. Consequently, it may be the case that none of the target investments will make an investment into an economic activity which qualifies as “environmentally sustainable” in the sense of Art. 3 of the EU Taxonomy.

Overall, it will take time for established market practice in sustainable finance to take shape. Accordingly, Shareholders should note that it is currently not possible to foresee how and to what extent these developments will affect the target investments and the expected targeted returns of the Sub-Fund.

### 29.2.24 Increasing Scrutiny and Changing Expectations of ESG Policies

Companies across all industries are facing increasing scrutiny relating to their ESG policies. Additional costs may be incurred with changing expectations from investors, lenders and other market participants with respect to the AIFM and Portfolio Manager ESG policies. Likewise, the AIFM, the Portfolio Manager and the Sub-Fund may be exposed to additional risks. Investor advocacy groups, certain lenders and other market participants are increasingly focused on ESG practices and in recent years have placed increasing importance on the implications and social cost of their investments. The increased focus and activism related to ESG and similar matters may hinder access to capital, as lenders may decide to reallocate capital or to not commit capital as a result of their assessment of ESG practices. The Sub-Fund's investments focus may mitigate such risks, however, these limitations in both the debt and equity capital markets may affect the Sub-Fund's ability to grow as its plans for growth may include accessing the equity and debt capital markets. If those markets are unavailable, or if the Sub-Fund is unable to access alternative means of financing on acceptable terms, or at all, the Sub-Fund may be unable to implement its business strategy, which would have a material adverse effect on its their financial conditions and returns and impair the Sub-Fund's ability to service its indebtedness. Further, the Sub-Fund may incur additional, material costs and require additional resources to monitor, report and comply with wide-ranging ESG requirements. The occurrence of any of the foregoing could have a material adverse effect on the Sub-Fund's businesses and overall returns.

### 29.2.25 Risks related to ESG due diligence on investments

Although ESG factors are taken into account in the investment analysis of transactions, there is no assurance that this due diligence will identify all possible ESG risks connected to an investment of the Sub-Fund, and there is no assurance that new ESG risks unbeknownst to the AIFM and the Portfolio Manager will not materialise after the due diligence is completed and an investment is made.

#### 29.2.26 Progress Toward ESG Goals

The Sub-Fund has established certain ESG goals. These goals are intended to maximize risk-adjusted returns. However, the pursuit of these goals will involve the dedication of time and resources that may otherwise be allocated to other investment management activities and there is a risk that the pursuit of these goals could in fact be detrimental to risk-adjusted returns. The ESG performance of any individual investment cannot be guaranteed.

#### 30 Disclosure of Information

These Sub-Fund Specifications shall be non-public and strictly confidential and shall only be disclosed to a number of selected investors meeting the Eligibility Requirement for their consideration in connection with the private offering of the Shares. By its acceptance, the recipient agrees that these Sub-Fund Specifications may not be photocopied, reproduced, or distributed to others at any time, without the prior written consent of the General Partner and that the recipient will keep permanently confidential all information contained in this document not already in the public domain and will use these Sub-Fund Specifications for the sole purpose of evaluating a possible investment in the Sub-Fund. Upon request, the recipient will promptly return all material received from the Fund (including these Sub-Fund Specifications) without retaining any copies.

**Annex 1 to the Supplement 1 to the Private Placement Memorandum  
of Alcentra Fund S.C.A. SICAV-SIF**

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**A Shares and B Shares**  
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1. Definitions

This Annex 1 forms part of the Sub-Fund Specifications of Alcentra European Loan Fund, which forms part of the Private Placement Memorandum.

Unless defined elsewhere in this Annex 1 or unless the context indicates otherwise, capitalised words and expressions in this Annex 1 have the meaning as described in the body of the Sub-Fund Specifications of Alcentra European Loan Fund, a Sub-Fund of Alcentra Fund S.C.A. SICAV-SIF.

<b>A Shares</b>	the Class I-A, the Class I (RAIF Feeder)-A, the Class II-A, the Class II (RAIF Feeder)-A, the Class III-A, the Class III (RAIF Feeder)-A, the Class IV-A, the Class IV (RAIF Feeder)-A, the Class V-A, the Class V (RAIF Feeder)-A, the Class VI-A, the Class VI (RAIF Feeder)-A, the Class VII-A, the Class VII (RAIF Feeder)-A, the Class VIII-A, the Class VIII (RAIF Feeder)-A, the Class IX-A, the Class IX (RAIF Feeder)-A, the Class X-A, the Class X (RAIF Feeder)-A, the Class XI-A, the Class XI (RAIF Feeder)-A, the Class XII-A, the Class XII (RAIF Feeder)-A, the Class XIII-A, the Class XIII (RAIF Feeder)-A, the Class XIV-A and the Class XIV (RAIF Feeder)-A;
<b>A Shares High Water Mark</b>	the greater of the NAV per Series at the time of issue of that Series or the value immediately after each Series Roll-Up Period (being the end of an A Shares Incentive Fee Calculation Period) (as the case may be) and the highest NAV per Share (of the relevant Series) in respect of which an A Shares Incentive Fee was charged;
<b>A Shares Hurdle</b>	a net return of 8% (eight percent) <i>per annum</i> calculated from the date of issue of the relevant Shares;
<b>A Shares Incentive Fee</b>	the fee paid to the General Partner as set out under 3 “A Shares Incentive Fees” of this Annex 1;
<b>A Shares Incentive Fee Calculation Period</b>	the period described under 3 “A Shares Incentive Fees” of this Annex 1;
<b>Annex 1</b>	this annex to the Sub-Fund Specifications for the Alcentra European Loan Fund;
<b>B Shares</b>	each Class of Class I-B (i.e. Class I-B-1, Class I-B-2, etc.), Class I (RAIF Feeder)-B, Class II-B, Class II (RAIF Feeder)-B, Class III-B, Class III (RAIF Feeder)-B, Class IV-B, Class IV (RAIF Feeder)-B, Class V-B, Class V (RAIF Feeder)-B, Class VI-B, Class VI (RAIF Feeder)-B, Class VII-B, Class VII (RAIF Feeder)-B, Class VIII-B, Class VIII (RAIF Feeder)-B, Class IX-B,

Class IX (RAIF Feeder)-B, Class X-B, Class X (RAIF Feeder)-B, Class XI-B, Class XI (RAIF Feeder)-B, Class XII-B, Class XII (RAIF Feeder)-B, the Class XIII-B, the Class XIII (RAIF Feeder)-B, Class XIV-B and Class XIV (RAIF Feeder)-B resulting from a B-Conversion;

<b>Prior Un-recouped Loss</b>	un-recouped losses pertaining to the relevant Series and Class of Shares incurred in prior periods, as set out under section “Series of A Shares” of this Annex 1;
<b>Roll-Up Series</b>	the initial Series of Shares of the relevant Class, as set out under section “Series of A Shares” of this Annex 1;
<b>Series</b>	each series of a relevant Class of A Shares denoted by a natural number corresponding to the number of the month and the year in which the Shares were issued (e.g. Class I-A-01/2009, Class I-A-02/2009, Class II-A-01/2009, Class II-A-02/2009, Class III-A-10/2010, Class III-A-11/2010, Class IV-A-10/2010, Class IV-A-11/2010, Class V-A-10/2010, Class V-A-11/2010, Class VI-A-10/2010, Class VI-A-11/2010, Class VII-A-10/2010, Class VII-A-11/2010, Class VIII-A-10/2010, Class VIII-A-11/2010, Class IX-A-08/2011, Class IX-A-09/2011, Class X-A-08/2011, Class X-A-09/2011, Class XI-A-08/2011, Class XI-A-09/2011, Class XII-A-08/2011, Class XII-A-09/2011, Class XII-A-11/2011, Class XII-A-12/2011, Class XIII-A-11/2011, Class XIV-A-11/2011 etc.);
<b>Series Roll-Up Period</b>	with respect to each Class of A Shares, each period ending on the last day of each calendar year and commencing on the first day of the next calendar year, other than for the first calendar year, when such period will commence on the Initial Subscription Date and end on the last day of such year;
<b>Trading Profit</b>	the profit earned by the Sub-Fund as described under section “A Shares Incentive Fees” of this Annex 1.

This Annex 1 must be read in conjunction with the Sub-Fund Specifications, as may be amended from time to time.

In case of a conflict between any of the contents of any of the sections of this Annex 1 and any of the sections of the Sub-Fund Specifications, the contents of this Annex 1 will prevail.

## 2. Series of A Shares

Shares within each Class of A Shares may be issued in several series (each a **Series**), each such Series corresponding to a specific period of issuance, as determined for each Class. Shares of each Series will have the same characteristics as the Shares of each other Series of the same Class. Shares of differing Series but of the same Class will differ only in respect of their Subscription Date and thus in respect of any right or obligation based on such Subscription Date, including but not limited to fees and allocations to be paid or transferred. Unless otherwise determined in the discretion of the General Partner, the Class I-A-07/2009, the Class II-A-07/2009, the Class III-A-07/2009, the Class IV-A-07/2009, the Class V-A-07/2009, the Class VI-A-07/2009, the Class VII-A-10/2010, the Class VIII-A-10/2010, the Class IX-A-08/2011, the Class X-A-08/2011, the Class XI-A-08/2011, the Class XII-A-08/2011, the Class XIII-A-11/2011 and the Class XIV-A-11/2011 Shares shall only be available for subscription on the Formation Date (to the extent that such Shares were available for subscription at the Formation Date)

and on the Initial Subscription Date. The Class I-A-08/2009, the Class II-A-08/2009, the Class III-A-08/2009, the Class IV-A-08/2009, the Class V-A-08/2009, the Class VI-A-08/2009, the Class VII-A-

11/2010, the Class VIII-A-11/2010, the Class IX-A-09/2011, the Class X-A-09/2011, the Class XI-A-09/2011, the Class XII-A-09/2011, the Class XIII-A-12/2011 and the Class XIV-A-12/2011 Shares are available for subscription by prospective and existing Shareholders on the first relevant Subscription Date following the Initial Subscription Date, the Class I-A-09/2009, the Class II-A-09/2009, the Class III-A-09/2009, the Class IV-A-09/2009, the Class V-A-09/2009, the Class VI-A-09/2009, the Class VII-A-12/2010, the Class VIII-A-12/2010, the Class IX-A-10/2011, the Class X-A-10/2011, the Class XI-A-10/2011, the Class XII-A-10/2011, the Class XIII-A-01/2012 and the Class XIV-A-01/2012 Shares are available for subscription on the second relevant Subscription Date following the Initial Subscription Date, and so on.

As of the end of each period (each a **Series Roll-Up Period**) ending on the last day of each calendar year and commencing on the first day of the next calendar year, save for purposes of the first calendar year, for which purposes the period will commence on the Initial Subscription Date, the issued and outstanding Shares of each Series of Shares (other than the initial Series of each Class of Shares) shall, with effect from the first Business Day following the end of the Series Roll-up Period, be redeemed by the Fund and the redemption proceeds shall be applied by the Fund towards the issue of initial Series Shares of the same Class (each a **Roll-Up Series**) at the NAV per Share of the initial Series of the relevant Class provided that:

- (i) no redemption and issue of Shares shall occur as envisioned in this section while a Prior Un-recouped Loss remains attributable to the Roll-Up Series; and
- (ii) no redemption and issue of Shares shall occur as envisioned in this section while a Prior Un-recouped Loss remains attributable to the Series of Shares to which such Share belongs.

For purposes of this Annex 1, a **Prior Un-recouped Loss** shall mean any balance on an account established with a 0 (zero) balance with respect to each Series of A Shares of each Class issued in respect of each Subscription Date and increased by the net decrease of the NAV per Share of such Series in each calendar month and decreased (but not below 0 (zero)) by the net increase of the NAV per Share of such Series in any calendar month.

#### A Shares Incentive Fees

The General Partner shall receive an incentive fee (the **A Shares Incentive Fee**), calculated and accrued on each Valuation Date and payable annually, within 30 (thirty) days of the end of the relevant calendar year (an **A Shares Incentive Fee Calculation Period**), in arrears, equal to 10% (ten percent) of any increase in the NAV of each relevant Series of Class I-A, Class I (RAIF Feeder)-A, Class II-A, Class II (RAIF Feeder)-A, Class III-A, Class III (RAIF Feeder)-A, Class IV-A, Class IV (RAIF Feeder)-A, Class IX-A, Class IX (RAIF Feeder)-A, Class X-A, Class X (RAIF Feeder)-A, Class XIII-A, Class XIII (RAIF Feeder)-A, Class XIV-A and Class XIV (RAIF Feeder)-A Shares due to the cumulative Trading Profit attributable to such Series, subject to the relevant A Shares High Water Mark (the greater of the NAV per Series at the time of issue of that Series and the highest NAV per Share (of the relevant Series) in respect of which an A Shares Incentive Fee was charged) and the A Shares Hurdle. For the avoidance of doubt, any A Shares Incentive Fee shall be calculated on and shall be payable in respect of the

portion of the Trading Profit which exceeds the relevant A Shares High Water Mark and the A Shares Hurdle.

No A Shares Incentive Fee will be charged to Class V-A, Class V (RAIF Feeder)-A, Class VI-A, Class VI (RAIF Feeder)-A, Class VII-A, Class VII (RAIF Feeder)-A, Class VIII-A, Class VIII (RAIF Feeder)-A, Class XI-A, Class XI (RAIF Feeder)-A, Class XII-A and Class XII (RAIF Feeder)-A.

For the purposes of this section, **Trading Profit** will include any profit earned by the Sub-Fund from its investments and other business activities. For purposes of determining the A Shares Incentive Fee, Prior Un-recouped Losses must be recouped before an increase in the cumulative Trading Profit can be generated. With respect to the first A Shares Incentive Fee, for the initial A Shares Incentive Fee Calculation Period, Trading Profit will equal net realized and unrealized gains and losses generated by the business activities of the Sub-Fund less commissions, transaction fees and other costs relating to the assets of the Sub-Fund during such period, less the accrued Management Fee for such period, plus any interest income earned on cash held by the Sub-Fund during the period. For each subsequent A Shares Incentive Fee Calculation Period, Trading Profit will equal net realized and unrealized gains and losses generated on the business activities of the Sub-Fund allocable to the relevant Series as of the end of such period from the end of the preceding A Shares Incentive Fee Calculation Period, less commissions, transaction fees and other costs relating to the assets of the Sub-Fund in respect of such period, less the accrued Management Fee for such period and Prior Un-recouped Losses, plus any interest income earned on cash held by the Sub-Fund during such period. Amounts accrued and/or paid as A Shares Incentive Fees pursuant to a previous A Shares Incentive Fee Calculation Period shall not reduce the cumulative Trading Profit in subsequent periods. If any redemption of Shares occurs as of any date which is not the end of an A Shares Incentive Fee Calculation Period, an A Shares Incentive Fee will be charged in respect of the redemption proceeds as if such redemption occurred as of the end of such a period and the A Shares Incentive Fee will be paid to the General Partner. Prior Un-recouped Losses will be adjusted for any redemptions of Shares.

If any redemption of Shares occurs as of any date which is not the end of an A Shares Incentive Fee Calculation Period, including as a result of a B-Conversion or A-Conversion, as the case may be, the relevant A Shares Incentive Fee will be determined in respect of the redemption proceeds (in respect of a B-Conversion) as if such redemption occurred as of the end of such a period and the allocation will be made to the relevant Shares. Prior Un-recouped Losses will be adjusted for any redemptions of Shares.

For accuracy purposes, the NAV, A Shares High Water Mark, and A Shares Incentive Fees provisions will be calculated up to 3 (three) decimal places per Series.

**Annex 2 to the Supplement 1 to the Private Placement Memorandum  
of Alcentra Fund S.C.A. SICAV-SIF**

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**Swiss Annex**  
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This Annex 2 forms part of the Sub-Fund Specifications of Alcentra European Loan Fund, which forms part of the Private Placement Memorandum.

Unless defined elsewhere in this Annex 2 or unless the context indicates otherwise, capitalised words and expressions in this Annex 2 have the meaning as described in the body of the Sub-Fund Specifications of Alcentra European Loan Fund, a Sub-Fund of Alcentra Fund S.C.A. SICAV-SIF.

1. Distribution to Qualified Investors.

The Fund/Sub-Fund has not been and shall not be approved by the Swiss Financial Market Supervisory Authority (the “**FINMA**”) as a foreign collective investment scheme pursuant to Article 120 of the Swiss Collective Investment Scheme Act of 23 June 2006 (“**CISA**”), as amended. The Sub-Fund is only intended for qualified investors in Switzerland as set out under Article 10 paragraphs 3 and 3ter of the CISA as revised, respectively professional clients as defined in Article 4 paragraphs 3 to 5 and Article 5 paragraphs 1 and 4 of the Swiss Financial Services Act of 15 June 2018 (“**FinSA**”), as amended (“**Swiss Qualified Investors**”). Recipients of the document in Switzerland should not pass it to anyone without first consulting their legal or other appropriate professional adviser, or the Representative (as defined below).

2. Representative in Switzerland

Until the 31<sup>st</sup> of December 2023, the representative in Switzerland is Carnegie Fund Services S.A., 11, rue du Général-Dufour, 1204 Geneva, Switzerland, (the “**Representative**”, as the context requires).

Starting from the 1st of January 2024, the representative in Switzerland is Reyl & Cie S.A., 4, rue du Rhône, 1204 Geneva, Switzerland, (the “**Representative**”, as the context requires).

3. Paying Agent in Switzerland

The paying agent in Switzerland is Banque Cantonale de Genève, 17, quai de l'Île, 1204 Geneva, Switzerland.



4. Place where the relevant documents may be obtained

The Private Placement Memorandum, the key information documents (the “KIDs”, if produced), the Articles as well as the annual or semi-annual reports of the Sub-Fund may be obtained free of charge from the Representative.

5. Payment of retrocessions and rebates

- Retrocessions

The General Partner and the Distributor may pay retrocessions. Retrocessions are deemed to be payments and other soft commissions paid by the General Partner and/or the Distributor to eligible third parties for distribution activities in respect of Shares of the Sub-Fund in Switzerland. With such payments the General Partner and/or the Distributor compensates the respective third parties for all activities whose object is, whether directly or indirectly, the purchase of Shares in the Sub-Fund by an investor like non-exhaustive examples include promotions and roadshows.

In the event that a recipient of retrocessions forwards such retrocessions to investors (entirely or partly), the retrocessions shall not qualify as rebates.

Information on the receipt of retrocessions is governed by the relevant provisions of the FinSA. Thus, the recipients of the retrocessions must ensure transparent disclosure and expressly inform investors in advance, namely before the provision of the financial service or the conclusion of the contract, unsolicited and free of charge, about the type and scope of the compensation they may receive for distribution, so that investors can relinquish such compensation. If the amount cannot be determined in advance, the recipients of the retrocessions shall inform investors of the calculation parameters and the ranges.

The law of the Grand Duchy of Luxembourg does not provide for stricter rules than the Swiss rules regarding retrocessions in Switzerland.

On request, the recipients of retrocessions must disclose the amount they effectively received.

- Rebates

Rebates are defined as payments by the General Partner and the Distributor directly to investors from a fee or cost charged to the Sub-Fund with the purpose of reducing the said fee or cost to an agreed amount.

Rebates are permitted provided that (i) the General Partner or the Distributor (as appropriate in each instance) pays them from the fees due to the General Partner or the Distributor, as the case may be, (so that they are not charged additionally to the Sub-Fund assets), (ii) they are granted on the basis of objective criteria, and (iii) all investors who qualify on the basis of these objective criteria and demand rebates are also granted these within the same timeframe and to the same extent.

The objective criteria applied by the General Partner and the Distributor with regard to granting rebates are:

- the level of investment in the Sub-Fund or in the Distributor's product range by the investors;
- the amount of fees generated by the investor;
- the expected investment period;
- the willingness of the investor to provide support in the launch phase of the Fund or the relevant Sub-Fund.

The law of the Grand Duchy of Luxembourg does not provide for stricter rules than the Swiss rules regarding rebates in Switzerland.

Upon request by the investors, the General Partner and the Distributor shall disclose the respective extent of the rebates free of charge.

6. Place of performance and jurisdiction

In respect of the Shares offered in Switzerland, the place of performance is at the registered office of the Representative in Switzerland. The place of jurisdiction is the registered office of the Representative or the registered office or place of residence of the investor.

**Annex 3 to the Supplement 1 to the Private Placement Memorandum  
of Alcentra Fund S.C.A. SICAV-SIF**

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Product name:** ALCENTRA FUND S.C.A. SICAV-SIF - ALCENTRA EUROPEAN LOAN FUND (the “Sub-Fund”)

**Legal entity identifier:** 5493002C1AA5QGBID277

**Environmental and/or social characteristics**

**Does this financial product have a sustainable investment objective?**

<input checked="" type="radio"/> <input checked="" type="radio"/> <input type="checkbox"/> <b>Yes</b>	<input checked="" type="radio"/> <input type="radio"/> <input checked="" type="checkbox"/> <b>No</b>
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective:</b> ___% <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul> <input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective:</b> ___%	<input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul> <input checked="" type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



**What environmental and/or social characteristics are promoted by this financial product?**

The Sub-Fund promotes (i) **climate change mitigation** by engaging with and increasing the awareness of greenhouse gas emissions and circular economy practices (the “**Environmental Characteristics**”) and (ii) **human rights, equality and non-discrimination at work** by assessing human rights, workplace equality, and workplace diversity (the “**Social Characteristics**”) and together with the Environmental Characteristics the “**E/S Characteristics**”).

The Portfolio Manager has adopted an exclusion policy that applies to the Sub-Fund’s investment activities. The Portfolio Manager excludes borrowers that derive any revenue from development, production or sale of controversial weapons; production or sale of

cannabis for recreational use; or payday lending activities. The Portfolio Manager also excludes borrowers that derive more than 10% of revenues from production or sale of tobacco or tobacco products; production, operation and/or distribution of adult entertainment; thermal coal mining; or oil sands. The exclusion policy can be found in the Responsible Investment section of the Portfolio Manager's website.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The Sub-Fund aims to promote the E/S Characteristics by the application of a proprietary ESG process that i) prohibits investments into companies with very high sustainability risk, ii) diligences and develops an ESG score for each investment; iii) prioritises engagement with companies with above average sustainability risks; and iv) commits to maintaining a higher overall ESG rating – all with the aim of promoting E/S Characteristics. Additional details are available below under the section: *'What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?'*

The Portfolio Manager diligences and develops an ESG score for each borrower using its proprietary ESG & Climate Checklist to collect information about and assess borrowers' ESG profiles, as part of this assessment borrower alignment with the Sub-Fund's E/S Characteristics are considered.

To calculate the ESG score of the investment, the Portfolio conducts a qualitative assessment based on the ESG & Climate Checklist it has developed.

The ESG & Climate Checklist assesses each potential investment on four pillars, composed of considerations for (i) environmental, (ii) social, (iii) and governance, (iv) with an additional 'climate' pillar assessment incorporating data from the Climate Risk tool. Each individual pillar is then scored from 1 (very low risk) to 5 (very high risk), and an overall ESG score is applied to each potential investor.

The sustainability indicators resulting from this assessment and used to measure the attainment of the E/S Characteristics promoted are:

Pilars	Indicators	Assessment
Environmental	Energy management	The Portfolio Manager will <i>inter alia</i> assess the sources used by the Company, whether the Company discloses its total energy consumption, has implemented an energy management system and/or has set energy-related targets
	Hazardous materials	The Portfolio Manager will <i>inter alia</i> assess whether the Company is involved in the production, handling or disposal of hazardous substances, has a policy related to hazardous waste management, has adopted a hazardous substances phase-out plan, discloses its total volume of hazardous waste generated and/or had risk incidents related to hazardous waste (e.g. spills, non compliance with regulations, etc.).

	Other waste management	The Portfolio will <i>inter alia</i> assess whether the Company's products are exposed to waste management related regulation (e.g. recycling rates, recycled content, etc), the Company discloses its total volume of waste generated and/or sets a target to reduce its volume of waste generated
	Water risk exposure and management practices	The Portfolio Manager will <i>inter alia</i> assess whether the Company has a water policy, reports its water consumption intensity (e.g.,m3 of water/\$ million sales), operates in areas of high-water stress and/or has set water consumption reduction targets.
	Exposure to other environmental risks	The Portfolio Manager will <i>inter alia</i> assess whether the Company has direct and indirect dependencies and impacts on biodiversity, has over 10% exposure to production of Arctic oil, has been subject to environmental-related controversies (e.g. fines, regulatory breaches, etc.), the Company's value chain is exposed to deforestation risks, and/or the Company's operations or use of their products/services result in significant emissions of other airborne pollutants (e.g. NOx, SOx, PMs, VOCs).
	Commitment to address material (non-climate) environmental impacts	The Portfolio Manager will <i>inter alia</i> assess whether the Company has set targets or established wider programmes to reduce other environmental impacts resulting from their operations or value chain
Social	Human capital	The Portfolio Manager will <i>inter alia</i> assess whether the Company is directly exposed to labour rights risks (e.g. due to the nature of their operations, strong reliance on subcontractors, operations in countries with high rate of labour unrest, etc), has a process for consulting with workers and/or trade unions, discloses information on its workforce composition, pay ratios and turnover rate, has a strategy for developing its employees' skills and capabilities (e.g. training programmes), has established programmes or set targets to achieve a more diverse and inclusive workforce (e.g. gender, nationality, race, etc) and /or has been involved in human capital controversies (e.g. lawsuits, significant layoffs, etc).
	Human rights and modern slavery	The Portfolio Manager will <i>inter alia</i> assess whether the Company has a human rights policy, has published a modern slavery statement, made a commitment to respecting human rights in its operations and supply chain, conducts human rights due diligence to identify, prevent, mitigate and account for adverse human rights impacts, reports its

		most salient human rights risks, and/or has published a code of conduct.
	Health and safety	The Portfolio Manager will <i>inter alia</i> assess whether the Company is exposed to occupational health and safety risks, and if so, has implemented an occupational health and safety management system, the Company conducts health and safety audits, reports health and safety indicators (E.g. total recordable injury cases, total recordable fatalities) and/or has experienced serious health and safety incidents
	Supply chain risks	The Portfolio Manager will <i>inter alia</i> assess whether the Company is exposed to social-related risks in its supply chain (e.g. child labour, human rights risks, local or Indigenous communities), has exposure to non-sustainable palm oil, conducts audits on key suppliers, has established a responsible sourcing policy or related targets and/or the Company's code of conduct covers its suppliers.
	Exploitative product, service and/ or product service and quality issues	The Portfolio Manager will <i>inter alia</i> assess whether the Company offers products or services that have been subject to quality or safety risks / performance (e.g. product recalls, health impacts, etc.) and/or the Company's products or services are used to target vulnerable people.
	Cyber security / data privacy risk	The Portfolio Manager will <i>inter alia</i> assess whether the Company's business is vulnerable to privacy and data security risks, the Company has adopted a privacy or data protection policy and/or provides training and monitoring to employees on data security and cyber risk management.
	Other social risks	The Portfolio Manager will <i>inter alia</i> assess whether the Company has been subject to human rights, labour rights or product safety related controversies (e.g. OECD Guidelines or UN Global Compact violations)
	Commitment to address material social risks	The Portfolio Manager will <i>inter alia</i> assess whether the Company is a UN Global Compact signatory and/or has set a plan or strategy to address social risks.
Governance	Board structure	The Portfolio Manager will <i>inter alia</i> assess whether the Board of the Company has an adequate size and structure, is majority independent, has at least a 30% female representation, has at least one independent

		director with industry experience and/or the roles of Chairperson and CEO separate.
	Executive compensation/ Remuneration committee	The Portfolio Manager will <i>inter alia</i> assess whether the Company discloses information regarding the remuneration of board members and key executives, has been subject to compensation-related controversies (e.g. say on pay shareholder revolt, misaligned incentives, etc.), links executive compensation to ESG metrics and/or the board has established a remuneration committee.
	Anti-bribery and corruption	The Portfolio Manager will <i>inter alia</i> assess whether the Company operates in a sector prone to corruption risks, in countries exposed to high-corruption risks, has an anti-corruption policy and training programmes and/or has been involved in bribery or corruption controversies.
	Availability, reputation of management/ sponsor	The Portfolio Manager will <i>inter alia</i> assess whether the management team has adequate industry experience, is responsive and its reputation.
	Financial disclosure and transparency	The Portfolio Manager will <i>inter alia</i> assess whether the Company provides transparent and timely financial reporting, is under investigation for financial / accounting / tax irregularities, had the same auditors for more than 5 years and/or the board has established an audit committee chaired by an independent director.
	Corporate behaviour	The Portfolio Manager will <i>inter alia</i> assess whether the Company has experienced failures of governance / risk oversight, unethical behaviour, or breaches of fiduciary responsibilities.
	Other governance issues	The Portfolio Manager will <i>inter alia</i> assess whether the board has oversight of sustainability or ESG issues within the organisation.
	Commitment to address material governance risks	The Portfolio Manager will <i>inter alia</i> assess whether the Company made commitments to improve its governance practices (e.g. diversity, increase transparency, strengthen anti-corruption policies, change board composition, etc)
Climate Tool	Exposure to and management of climate-related risks	The tool is used by the Portfolio Manager to gather relevant climate metrics of borrowers, including:  (i) GHG Emissions across Scope 1, Scope 2 and Scope 3,

		<p>(ii) the management of climate transition, for example, by considering companies' climate transition plans and targets.</p> <p>(iii) The calculation of a climate risk score, which forms one of the four pillars of the ESG score (as further described below).</p>
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As a result, the quantitative assessment of the above sustainability indicator for each of the potential investment will result in the following:

1. The percentage of investments (by number) with an internal proprietary ESG score<sup>1</sup> of "1-3";
2. The average ESG score of the overall portfolio;
3. The percentage of potential new investments (by number), which would have been invested in (based on non-ESG assessments), but which were ultimately excluded solely due to non-compliance with the firm's exclusion policy;
4. The percentage of potential new investments (by number), which would have been invested in (based on non-ESG assessments) and which were compliant with the firm's ESG exclusion policy, but which were ultimately declined due to unacceptably high sustainability or ESG risks as captured by an internal proprietary ESG score of "5" (very high risk) after having been assessed against our proprietary ESG process; and
5. The percentage of investments (by number) that were actively engaged with on sustainability or ESG risks after having been assessed against our proprietary ESG process.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable. The Sub-Fund does not intend to make Sustainable Investments within the meaning of SFDR.

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable. The Sub-Fund does not intend to make Sustainable Investments within the meaning of SFDR.

- — *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable. The Sub-Fund does not intend to make Sustainable Investments within the meaning of SFDR.

<sup>1</sup> ESG Score is further defined under the section: 'What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?'

#### Principal adverse impacts

are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



- — *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable. The Sub-Fund does not intend to make Sustainable Investments within the meaning of SFDR.



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes.



No. At present, the Portfolio Manager does not consider the adverse impacts of its investment decisions on Sustainability Factors. The Portfolio Manager does not currently do so because, among other reasons, the Portfolio Manager is not, in its view, currently in a position to obtain and/or measure all the data which it would be required by the SFDR to report, or to do so systematically, consistently and at a reasonable cost with respect to all its investment strategies to clients and investors. This is in part because underlying investments are not widely required to, and may not currently, report by reference to the same data.



***What investment strategy does this financial product follow?***

The investment objective of the Sub-Fund is to generate attractive, risk adjusted returns comprising both income and capital by investing in a diversified pool of predominately European senior secured loans and senior secured bonds of non-investment grade issuers. The Sub-Fund has an ESG integration strategy through its pre-investment (ESG Exclusions, Due diligence and ESG score and post investment phases (Active Stewardship). Please see section ***“What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product”*** below to better understand how the promotion of E/S Characteristics is reflected in the investment strategy of the Sub-Fund.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The binding elements of the investment strategy used to select the investments to attain each of the E/S Characteristics promoted by the Sub-Fund can be summarized as follows:

1. The commitment for a minimum 70% (by number) of the average holdings across the previous 12-month period from the reporting date that achieves an internal proprietary ESG score of “1-3”;
2. The commitment to engage with a minimum 5% (by number) of the average holdings across the previous 12-month period from the reporting date;
3. The commitment to not make investments in prospective borrowers that receive an internal proprietary ESG score of “5” (very high risk); and
4. The commitment to apply the firm’s ESG exclusion policy, as described in the investment strategy section of this annex.

The Portfolio Manager’s investment process emphasises the importance of assessing material ESG risks at both sector and borrower level.

#### Pre-investment: ESG exclusions

The Portfolio Manager has adopted an exclusion policy that applies to all of the Sub-Fund’s investment activities. The Portfolio Manager excludes borrowers that derive any revenue from development, production or sale of controversial weapons; production or sale of cannabis for recreational use; or payday lending activities. The Portfolio Manager also excludes borrowers that derive more than 10% of revenues from production or sale of tobacco or tobacco products; production, operation and/or distribution of adult entertainment; thermal coal mining; or oil sands. The exclusion policy can be found in the Responsible Investment section of the Portfolio Manager’s website.

#### Pre-investment: Due diligence and ESG score

Pre-investment due diligence of ESG considerations, including alignment to the Sub-Fund’s E/S Characteristics, is undertaken in respect of each borrower and comprises the Portfolio Manager’s proprietary:

- ESG sector materiality assessment;
- Climate Risk tool; and
- Overall ESG scoring.

#### *ESG Sector materiality assessment*

The Portfolio Manager’s sector materiality assessment identifies specific ESG matters relevant to the industry in which the borrower operates, based on the Portfolio Manager’s industry classifications. The assessment is used as part of a borrower’s ESG score.

#### *Climate Risk tool*

The Portfolio Manager’s proprietary Climate Risk tool has been developed to support the assessment of borrowers’ exposure to and management of transition and physical climate-related risks. The tool is used to gather relevant climate metrics of borrowers, including their GHG Emissions across Scope 1, Scope 2 and Scope 3, as well providing an assessment how well-prepared issuers are to manage the climate transition, for example, by considering companies’ climate transition plans and targets. The tool then calculates a

climate risk score, which forms one of the four pillars of the ESG score (as further described below).

Quantitative data about a borrower's GHGs collected through the Climate Risk tool form the baseline position which will be tracked over time. Where companies do not disclose this information, third-party estimated emissions data is used.

#### *ESG scoring*

The Portfolio Manager diligences and develops an ESG score for each borrower using its proprietary ESG & Climate Checklist to collect information about and assess borrowers' ESG profiles, as part of this assessment borrower alignment with the Sub-Fund's E/S Characteristics are considered. The ESG & Climate Checklist assesses borrowers on four pillars, composed of considerations for each of environmental, social, and governance, with an additional 'climate' pillar assessment incorporating data from the Climate Risk tool.

Each individual pillar is then scored from 1 (very low risk) to 5 (very high risk), and an overall ESG score is applied to each borrower. Where a prospective borrower receives a score of 5 for the overall ESG score, that borrower is excluded from investment. Where a borrower scores 4 or 5 at a pillar or aggregate level, it will be referred to the Investment Committee.

Both the proprietary ESG & Climate Checklist and the ESG score form part of final investment papers presented to the Investment Committee for each investment opportunity.

Data for the ESG & Climate Checklist is gathered from borrowers, through research undertaken by deal analysts, and may also be informed by third party data (e.g., MSCI, S&P Trucost or ISS). The ESG & Climate Checklist includes both quantitative and qualitative data.

#### Post investment: Active Stewardship

As dynamic credit partners, engagement with borrowers post-investment is important to the Portfolio Manager's investment process. The Portfolio Manager believes engagement helps to safeguard the value of the Sub-Fund's investments, actively promotes stronger ESG practices, and attainment of the Sub-Fund's promoted E/S Characteristics. The Portfolio Manager encourages borrowers to improve their disclosure of ESG matters, and to adopt more sustainable business practices through active stewardship.

Engagement with portfolio companies can help attain the Sub-Fund's promoted E/S Characteristics. The Portfolio Manager can undertake engagements with a borrower in respect of (i) potential ESG risks identified as relevant to a sector or the particular borrower and (ii) where ad hoc opportunities arise that align with the promotion of the Sub-Fund's E/S Characteristics. If engagements are unsuccessful, the Portfolio Manager may take additional escalation measures. For example, where appropriate, the Portfolio Manager may choose not to extend further capital to the borrower.

#### ESG Committee

The ESG Committee has oversight of all ESG aspects of the Sub-Fund's investment strategy. Where ESG concerns are considered material at any stage of an investment's life cycle, these are specifically raised to the Investment Committee for further discussion. The Investment Committee may then recommend further steps to be taken, depending on the

stage of the investment life cycle. The ESG Committee has oversight of all ESG decision made at Investment Committee.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed minimum rate to reduce the scope of the investments considered prior to the application of the investment strategy described above.

● ***What is the policy to assess good governance practices of the investee companies?***

The Portfolio Manager believes good corporate governance is fundamental to ensure the appropriate management of ESG risks and for progression towards attainment of the E/S Characteristics promoted by the Sub-Fund. As part of the Portfolio Manager’s due diligence, including as part of ESG scoring (as described above), it takes into consideration various governance factors and indicators (as detailed in section “*What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?*”) relating to a borrower, including but not limited to:

- management and board structure and composition;
- employee relations;
- remuneration practices;
- anti-corruption practices;
- tax compliance; and
- transparency and ethical conduct.

As a result, if a potential investment does not pursue any of the good governance policies listed above, the Portfolio Manager will ultimately exclude such investment.

**What is the asset allocation planned for this financial product?**

The investment objective is to generate attractive, risk adjusted returns comprising both income and capital by investing in a diversified pool of predominately European senior secured loans and senior secured bonds of non-investment grade issuers.

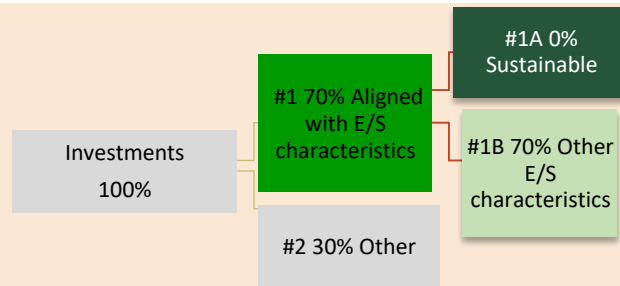
The diagram below shows the asset allocation planned for the Sub-Fund. Investments will be made directly and/or indirectly through a pooling vehicle. At least 70% of the investments in the Sub-Fund will be used to meet the Sub-Fund’s E/S Characteristics. Out of the 70% of investments aligned with E/S Characteristics, 100% is aligned to “other E/S characteristics”.

For the avoidance of doubt, while the Sub-Fund does not aim to make Sustainable Investments as an objective, this does not mean it will never invest in them or in those activities aligned with the EU Taxonomy as part of its normal investment objective.

**Good governance**  
practices include sound management structures, employee relations, remuneration of staff and tax compliance.



**Asset allocation**  
describes the share of investments in specific assets.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments. The category #1 Aligned with E/S characteristics covers:

- The sub-category #1A Sustainable covers sustainable investments with environmental or social objectives.
- The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

● ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

Not applicable. Derivatives will not be used to attain the E/S Characteristics promoted by the Sub-Fund. Derivatives will be used for hedging purposes only.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

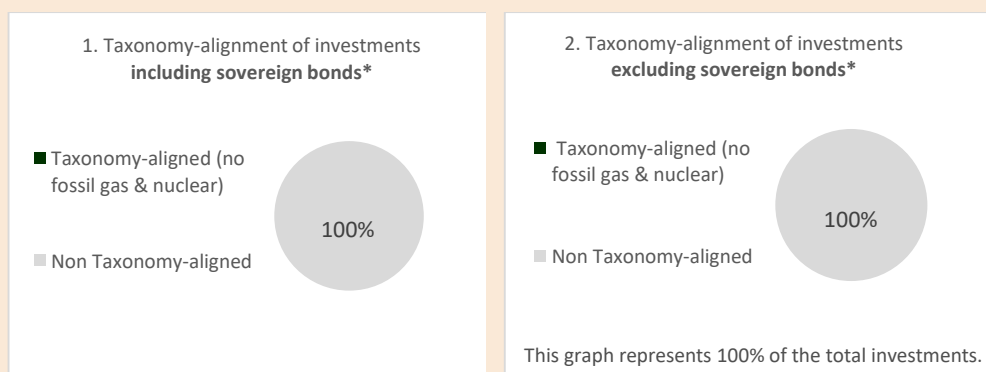
The Sub-Fund promotes E/S Characteristics but does not intend to make Sustainable Investments with an environmental objective aligned with the EU Taxonomy. Hence, the minimum proportion of Sustainable Investments with an environmental objective aligned with the EU Taxonomy is 0%.

Certain investments underlying the Sub-Fund contribute to the environmental objectives of; however, none of the investments are in economic activities that qualify as environmentally sustainable under Article 3 of the EU Taxonomy. Therefore, the Sub-Fund will invest 100% in “other investments”, being those that are not environmentally sustainable economic activities. The reason for doing so is that the Portfolio Manager cannot guarantee that investments of the Sub-Fund will meet all the criteria for environmentally sustainable economic activities as outlined in the EU Taxonomy (including the technical screening criteria). The Portfolio Manager will measure the degree to which the Sub-Fund’s investments are in environmentally sustainable economic activities by turnover.

**Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>2</sup>?**

- Yes:
  - In fossil gas
  - In nuclear energy
- No

**The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.**



**\* For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures.**

<sup>2</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure (OpEx)** reflecting green operational activities of investee companies.

- **What is the minimum share of investments in transitional and enabling activities?**  
Not applicable. The Sub-Fund does not intend to make investment in transitional and enabling activities.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

Not applicable. The Sub-Fund does not intend to make Sustainable Investments within the meaning of SFDR.



**What is the minimum share of socially sustainable investments?**

Not applicable. The Sub-Fund does not intend to make socially Sustainable Investments. Hence the minimum proportion of socially Sustainable Investments is 0%.



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The investments included under “#2 Other” represent:

- Investments that are assessed as not aligned with the Sub-Fund’s E/S Characteristics; and
- The portion of the Sub-Fund that will be held in derivatives for hedging purposes

All investments, excluding derivative use, will be subject to the following environmental and social safeguards:

- ESG exclusions;
- the active stewardship process; and
- the minimum standards of good governance.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable. The Sub-Fund does not use a reference benchmark for the purpose of measuring its promotion of E/S Characteristics.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

N/a

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

N/a

- **How does the designated index differ from a relevant broad market index?**

N/a

- **Where can the methodology used for the calculation of the designated index be found?**

N/a

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.



**Where can I find more product specific information online?**

**More product-specific information can be found on the website:**  
<https://www.alcentra.com/login/>

Other information, including the Portfolio Manager's Responsible Investment: Environmental, Social and Governance Statement, can be found on the Portfolio Manager's website.