

# RisCura Invest (Proprietary) Limited

## Part 2A of Form ADV

### The Brochure

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This brochure provides information about the qualifications and business practices of RisCura Invest (Pty) Ltd. If you have any questions about the contents of this brochure, please contact us at +27 (21) 673 6999 . The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about RisCura Invest (Pty) Ltd. is also available on the SEC's website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2.     Material Changes**

As this is the initial Brochure filed by RisCura Invest (Pty) Ltd., there are no material changes to report. In the future, this item will include any material changes from the prior annual update of the Brochure.

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## **Item 4. Advisory Business**

RisCura Invest (Proprietary) Limited (“RisCura Invest” or the “Adviser”) provides investment advisory services with specialized capabilities in frontier and emerging markets to institutional investors in the U.S. and other countries. The Adviser provides portfolio management, investment analysis and reporting for asset owners, including private pension funds, public pension funds, endowments, foundations, wealth managers and financial advisors. These services may be provided through commingled investment vehicles or directly to the asset owner. RisCura Invest is part of a global group of companies operating under the RisCura brand. These affiliates additionally provide valuation services, investment research, risk analysis and reporting and investment advice to a range of clients. The Adviser is a wholly-owned subsidiary of RisCura Holdings South Africa (Proprietary) Limited, a group company based in South Africa. whose largest single shareholder is the group’s founder Jarred Glansbeek. Mr Glansbeek currently serves as the group’s Chief Investment Officer.

In addition to acting as investment manager to several commingled investment funds currently domiciled in South Africa and Ireland (the “Funds”), RisCura Invest offers customized discretionary and non-discretionary investment advisory services to institutional clients, predominantly pension schemes and similar collective retirement funds (referred to herein as “Clients”) through separately managed accounts (“SMAs”). RisCura Invest typically provides “manager-of-manager” services by selecting the investment managers for the pooled funds or SMAs (such programs are also sometimes called “fund-of-funds” in the financial industry).

Where RisCura Invest operates an SMA on behalf of a Client, it agrees terms with the Client which captures the Client’s investment objective(s) and any restrictions or unique instructions on the investment style, ownership or risk profile of underlying managers selected for inclusion in the relevant SMA. For example, a client may direct a portion of its account to be allocated to start-up managers or managers owned/controlled by specified minorities. The advisory service is typically rendered in accordance with the terms set forth in each Client’s portfolio management agreement (“Portfolio Management Agreement”).

Where RisCura Invest serves as investment manager to a Fund, it tailors its advisory services to the needs of that particular Fund but not to the needs of any one individual investor in the Fund. RisCura Invest manages each Fund in accordance with the investment objectives and limitations set forth in that Fund’s offering memoranda, governing documents, subscription agreements, side letters, and any investment management agreements (together, “Fund Offering Documents”). RisCura Invest utilizes a similar philosophy and approach across all of the Funds; however, Funds will differ in their investment objective, risk profile, geographical target, investment types and/or investment limitations, as specified in each Fund Offering Documents.

Subject to any regulatory or legal restrictions, RisCura Invest may, in the future, enter into agreements, commonly known as “side letters,” with certain investors under which the Adviser may waive or modify the application of certain investment terms applicable to such investors, without obtaining the consent of any other investor in the Fund (other than an investor whose rights would be materially and adversely affected by the waiver or modification).

As of September 30, 2023, RisCura manages \$9,622,029,533 of regulatory assets under management on a discretionary basis on behalf of the Funds.

## **Item 5. Fees and Compensation**

RisCura Invest will receive payments for its services as provided under a Portfolio Management Agreements or the relevant Fund Offering Documents.

The type and level of fees charged to a Client by RisCura Invest in respect of an SMA or a Fund may depend on both the size of a Client's invested amount as well as the complexity of the investment program being implemented on behalf of the Fund or SMA. Fees may be subject to negotiation with an individual Client and may include fixed as well as variable components. Because of the wide range of investment programs that RisCura Invest advises on, it is not practical to present a fee and compensation schedule that captures all programs. Instead, certain illustrative concepts are shown here.

### **Management Fees**

Most of the Funds or SMAs advised by RisCura Invest will levy a management fee on the invested assets. The management fee compensates RisCura Invest for the time and effort of designing, implementing, monitoring and amending a portfolio over time. An illustrative management fee structure charged to a Client for an investment program focused on public equities could be:

<u>Invested assets</u>	<u>Fee</u>
Less than \$5m	75 basis points (bps) per annum
Less than \$50m	37 bps per annum
More than \$50m	25 bps per annum

For more complex investment programs, for example including significant amounts of private assets, the management fee is typically higher, perhaps 100bp per annum for investments above \$50m.

Management fees are typically charged monthly and are normally payable regardless of the performance of a specific Fund or SMA.

Please note that figures quoted in this section are illustrative. The precise management fee payable for any given Fund or SMA will be defined in the Fund Offering Documents or the Portfolio Management Agreement as the case may be. For private capital programs, the management fee may be payable based on committed rather than drawn-down capital. In some situations, including for most SMAs, management fees may be agreed with Clients on a case-by-case basis.

### **Incentive Compensation**

For some Funds or SMA, RisCura Invest may be entitled to receive a defined portion of the return generated. Such incentive compensation may include performance fees or carried interest (collectively, “Incentive Compensation”). Usually the incentive compensation is payable if the Fund or SMA return exceeds certain predefined thresholds and may be subject to deferrals or clawbacks. Not all Funds and SMAs will charge incentive compensation. The specific details of any Incentive Compensation will be captured in the relevant Fund Offering Documents or the Portfolio Management Agreement as appropriate.

See Item 6 titled *Performance Based Fees and Side-by-Side Management* for more details on the Adviser’s incentive compensation.

### **Other Fees and Expenses**

#### **Establishment Expenses**

Clients may be expected to bear some or all of the expenses of setting up a Fund or an SMA, including drafting and negotiating the various Fund Offering Documents or Portfolio Management Agreements, and expenses related to the organization and creation of the operational structure of a Fund or SMA including travel, legal, accounting, regulatory compliance, printing, postage and other costs of establishment, other than placement fees (“Establishment Expenses”), whether incurred by the Fund, the Adviser or any of their respective affiliates or any third party. In some cases the Fund Offering Documents may establish a maximum level of Establishment Expenses that Clients are expected to bear with the excess typically borne by the Advisor. Establishment Expenses may be charged as a lump sum or amortized over a longer period of time.

The precise composition and timing of Establishment Expenses will be defined in the respective Fund Offering Documents or Portfolio Management Agreement.

#### **Ongoing Expenses**

Clients may be expected to bear some or all of the ongoing expenses of managing a Fund or an SMA including fees and expenses relating to the structuring, organizing, negotiating, bidding on, consummating, acquiring, financing, hedging, managing, monitoring, owning, operating, holding, valuing, restructuring, trading, selling or otherwise realizing actual or potential Fund or SMA assets and the Fund or SMA’s actual capital commitments and potential capital commitments therein, whether or not any contemplated transaction consummated and whether or not such activities are successful. Clients may also be expected to bear a share of any indebtedness or guarantees made by a Fund or SMA and a share of any costs related to winding up a Fund or SMA (including extraordinary expenses, such as litigation or the cost of enforcing rights, if any)

The precise composition and timing of Ongoing Expenses will be defined in the respective Fund Offering Documents or Portfolio Management Agreement.

#### **Adviser Expenses**

The Adviser will generally be responsible for its expenses, costs and disbursements relating to its day-to-day operation (to the extent not a responsibility of the Fund or SMA as described above),

including overhead expenses, remuneration and expenses paid to its officers, directors and/or employees, rent expenses, equipment and administrative expenses and utilities expenses.

#### Other Expenses

Each Fund or SMA Client will be responsible for its own expenses (including legal and tax counsel expenses) incurred in connection with its admission to a Fund or establishment of an SMA and the maintenance, transfer or withdrawal of its investment or commitment.

Where expenses are incurred on behalf of multiple Funds, in the absence of specific instructions contained within Fund Offering Documents, the Adviser will allocate such expenses among those entities concerned as determined by the Adviser in good faith to be fair and equitable.

### **Item 6. Performance Based Fees and Side-by-Side Management**

As noted in Item 5 titled *Fees and Compensation*, for certain of its Funds or SMAs the Adviser may be entitled to receive Incentive Compensation. Such Incentive Compensation is typically related to the performance attained by the Fund or SMA and could take the form of a distribution of the investment proceeds (also known as a “carried interest”) or other forms of performance-based incentive compensation when certain performance hurdles are met. The payment of Incentive Compensation may be subject to certain conditions being satisfied, which will be identified and described in the relevant Funds’ Offering Documents or a Client’s Portfolio Management Agreement.

RisCura Invest may manage some Funds or SMAs which are charged Incentive Compensation while at the same time managing other Funds or SMAs (perhaps with similar objectives) that are not charged Incentive Compensation ("side-by-side management"). The existence of Incentive Compensation for some but not all investment programs advised by the Advisor may create an asymmetric impetus for the Adviser to cause certain programs which are subject to Incentive Compensation to make different investments (perhaps riskier or more speculative) than would be the case in the absence of the Incentive Compensation. The existence of Incentive Compensation may also cause the Advisor to asymmetrically allocate certain opportunities (particularly where these have limited capacity) to those programs where Incentive Compensation is payable, at the expense of those where no Incentive Compensation is payable. In order to address these potential conflicts of interest, Funds and SMAs are periodically reviewed to ensure that investments are suitable and the portfolios are being managed according to the Client's and/or Funds’ investment objectives and risk tolerance.

Incentive Compensation may also create an impetus for the Adviser to seek to overvalue investments which lack a market quotation. In order to address such conflict, the Advisor has adopted policies and procedures that require it to "fairly value" any investments which do not have a readily ascertainable value.

As noted in Item 4, RisCura Invest also provides investment advisory services to Clients through SMAs. In managing each Client's account, RisCura Invest establishes investment objectives and portfolio management guidelines specific to each Client. Potential conflicts of interest may arise between Clients. For example, RisCura Invest may have an impetus to allocate more resources to its largest clients, or to Clients who pay the largest fees for similar advisory services compared to

other Clients. Some of this is avoided naturally because RisCura Invest's investment products and services are primarily manager-of-manager programs and the allocation of subscriptions and redemptions is handled by the administrator of an underlying fund on a forward pricing basis rather than by market execution. However, conflicts can still arise, for example if investment capacity with an underlying manager is limited. This is mitigated by policies and procedures which are designed to treat the execution of all Client trades equitably and wherever possible in an identical fashion.

RisCura Invest may have an incentive to favor certain accounts over others that may be less lucrative where: (i) the actions taken on behalf of one account may impact other accounts (e.g., because such accounts have the same or similar investment styles or otherwise compete for investment opportunities, have potentially conflicting investments or investment styles;—(ii) RisCura Invest and its personnel have differential interests in such accounts. To mitigate these conflicts, RisCura Invest's policies and procedures require that investment recommendations and decisions are made in accordance with the fiduciary duties owed to its advisory client accounts and without consideration of RisCura Invest's (or its personnel's or affiliates') pecuniary, investment or other financial interests. RisCura Invest seeks to address this potential conflict by following its policies regarding the equitable allocation of investment opportunities and transaction executions among similar-strategy clients, as applicable.

In addition, RisCura Invest may enter into separate agreements, commonly referred to as “side letters”, with certain investors, to waive certain terms, or allow such investors to invest on different terms than those specifically described in a Fund's Offering Documents. These agreements create preferences or priorities for such investors with respect to other investors.

## **Item 7. Types of Clients**

RisCura Invest provides discretionary investment advice to several Funds, which are currently all non-US domiciled commingled investment vehicles that are not registered under the Investment Company Act. RisCura Invest also provides discretionary/non-discretionary investment advice to Clients via SMAs whose ultimate beneficial owners may include high-net-worth individuals as well as institutional investors.

RisCura Invest's Funds are marketed primarily to institutional investors globally in accordance with relevant regulation and legislation and such institutional investors may include private and public pension funds, insurance companies, endowments and foundations, private banks, family offices or wealth managers. Investors in some Funds may be required to meet prescribed suitability criteria or meet qualification requirements under applicable local securities laws. RisCura Invest does not actively target retail investors in any jurisdiction.

In general, RisCura Invest requires a minimum level of invested assets to open and maintain an SMA. At RisCura Invest's discretion, an account may be closed if it becomes too small to effectively manage.

An investment by a Client in one or more Funds or appointing RisCura Invest to oversee an SMA should be based on such Client's careful analysis of its overall portfolio and its own objectives and needs in the areas of diversification, liquidity, return on investment and risk management.



Prospective Clients may be required to make certain representations when investing in a Fund or appointing RisCura Invest to oversee an SMA, including but not limited to that (i) they are acquiring an interest for their own account, (ii) they have received or have access to all information they deem relevant to evaluate the merits and risks of a prospective investment and that (iii) they have the ability to bear the economic risk of an investment in the Fund or operating the relevant SMA. Where relevant, each investor will be furnished with a copy of the Fund Offering Documents or can request same from the Fund's administrator.

## **Item 8. Methods of Analysis, Investment Strategies and Risk of Loss**

### **Methods of Analysis**

As noted in the introduction to Item 4 above, RisCura Invest primarily executes its investment strategies through making allocations to products offered by third-party investment managers (including SMAs offered by such investment managers). Arrangements with managers most often take the form of investments by the Funds in underlying commingled funds or limited partnerships managed and operated by those managers.

RisCura Invest will select its managers for both the Funds and the SMA portfolios based on research regarding investment style, expected value addition, historical and anticipated performance and the investment skill of the managers' principals by reviewing offering memoranda, limited partnership agreements, subscription documents, performance statistics, composition, experience and skill of employees and other materials as part of its due diligence.

The Fund Offering Documents include detailed additional information of the investment strategy, operations and potential risks of that a Fund pursues or may be exposed to and should be carefully reviewed by each Client or prospective Client. The Portfolio Management Agreement includes information regarding the investment strategy, operations and potential risks associated with a particular SMA, and should be reviewed carefully by the relevant Client or prospective Client.

For a summary description of the principal risks relating to the investment strategies employed by RisCura Invest, please see *Principal Risks of Investing* below. These risks are also described in a given Fund's Offering Documents and a Client's Portfolio Management Agreements.

### **Investment Strategies**

RisCura Invest focuses on three main types of investment strategies: (i) emerging markets public equity (ii) emerging markets private capital and (iii) emerging markets venture capital. RisCura Invest may also manage the equivalent developed market strategies or other asset classes however these currently represent a minority of mandates.

As outlined previously, RisCura Invest principally provides "manager-of-manager" services by selecting investment managers for Funds or SMAs. After RisCura Invest causes a Fund or an SMA to allocate or make a commitment to an underlying investment fund, the third-party managers of that

investment fund are responsible for the day-to-day investment decisions taken on behalf of the underlying investment fund.

### **Principal Risks of Investing**

Below is a summary of the material risks of the investment strategies employed by RisCura Invest. Where relevant the Fund Offering Documents or Portfolio Management Agreement include(s) detailed additional information about risk factors specific to a Fund or an SMA and should be reviewed by each Client or prospective Client.

Investing in securities (including commingled funds) involves risk of loss that all investors should be prepared to bear. The possibility of total or partial loss of capital exists, and a Client or prospective Client should not subscribe or remain invested unless they can readily bear the consequences of loss.

The risks involved for any particular Fund or SMA will depend on the investment strategy and the type of investments held in the Fund or SMA. The following are descriptions of various principal risk factors related to the main investment strategies and methods of analysis employed by RisCura Invest as described above.

**It is important to note that not all risks are described below. Clients and prospective Clients should carefully read any section entitled “Risk Factors” or similar in the respective Fund Offering Documents or Portfolio Management Agreement.**

The following discussion of risk factors generally will not distinguish between RisCura Invest or third-party investment managers selected or appointed by RisCura Invest; they will collectively be referred to as “investment managers”. Similarly, it will not distinguish between Funds managed by RisCura Invest or underlying funds managed by those third-party managers; they will be collectively referred to as “funds” within this section of the Brochure. Where the context requires us to address a risk that is more specific to a particular type of investment manager or fund, RisCura Invest will identify the type of manager or fund in question.

### **General Risks**

Investments in funds pursuing the types of investment strategies employed by RisCura Invest generally involve a high degree of risk, which may include the potential loss of the entire amount invested by an investor. Numerous factors affecting the performance of investment strategies, such as inflation, interest rates, market prices for securities, governmental actions and long-term economic trends are outside the control of investment managers and can adversely influence the value of investments.

The success of an investment will be affected by general economic and market conditions in the United States or other countries in which investment managers invest. General economic and market conditions include interest rates, the availability of credit, inflation rates, economic uncertainty, changes in laws (including tax laws, securities laws, bankruptcy laws or accounting standards), trade barriers, currency exchange controls, pandemics, epidemics, natural disasters, impacts of climate change, terrorism, wars, other armed-conflicts, global sanctions regimes and

national and international political circumstances. Any of the foregoing conditions could have a material adverse effect on investment strategies. In addition, predictions about general economic and market conditions are uncertain and the impact of such factors will be larger or smaller depending on the types of securities a fund owns and the markets in which they trade.

RisCura Invest performs due diligence on potential investments by the Funds or on behalf of SMAs but cannot provide assurance that any such investment will be successful. Further, the scope of due diligence performed may be limited by restrictions imposed by the underlying investment manager or the operating company itself as a result of truncated timing (*e.g.*, with respect to certain secondary and co- investment opportunities). Despite the rigorous diligence process employed by investment advisers and the ongoing monitoring of investment managers, the risk exists that the assumptions made in connection with a particular investment decision might be incorrect or a particular investment strategy will not be followed by such investment managers.

Where an underlying portfolio includes private companies with no publicly traded securities, there is no assurance that the investment managers of such portfolio will be able to find buyers for these private companies or that there will be another exit path, such as an initial public offering (“IPO”).

An investment manager’s identification of investment opportunities involves a high degree of uncertainty and is based on a subjective decision-making process. Thus, there can be no assurance that investment managers will be able to identify suitable investment opportunities and, even when an opportunity is identified, there is a risk that the opportunity will not be properly valued, particularly with respect to secondary market transactions, and/or will not achieve targeted rates of return. The possibility of partial or total loss of capital exists with respect to any fund, and prospective investors should not subscribe for interests in any such fund unless they can readily bear the consequences of such loss.

An investment in a fund is not necessarily a diversified investment. Although RisCura Invest typically allocates assets to multiple underlying funds, there can be no assurance that this will be successful for all Funds and SMAs or that diversification will be achieved. A fund can invest a large percentage of its assets in securities issued by or representing a particular issuer, industry or type of security, investment strategy or type of risk exposure, without any limitation imposed by investment managers. Any such concentrations would magnify the effect of the realization of risks associated with such investments as compared to a more diversified account. Similarly, if a fund invests in a small number of issuers, a change in value of any single investment held by a fund would affect the value of a fund more than it would if the fund held a greater number of investments.

A fund that is recently formed might not have any operating history based on which the fund’s performance can be evaluated. Further, investment managers might not have a previous track record or operating history. Similarly, the past performance of a fund is not indicative of future results, and no assurances can be made that profits will be realized or that losses will not occur.

An investment in a fund can have limited liquidity, may not be freely transferable or be subject to substantial restrictions on buying or selling. Further, a fund might not be able to dispose of investments in underlying portfolio funds at the time that it makes the decision to do so or when it is most advantageous for the fund because of restrictions or prohibitions on withdrawal which

may be particularly acute where underlying funds are private capital investment funds. Such restrictions might result in significant loss of capital.

Clients and prospective Clients should recognize that it is difficult to value illiquid investments and valuation involves subjective judgment and consideration of complex factors.

The funds in which assets are invested are likely not registered as investment companies under the Investment Company Act. In such cases investors will not be provided the protections associated with the Act, which, among other things, could include limitations on leverage or limitations on transactions between an investment company and its affiliates. Further, certain investment managers might not be registered under the Investment Advisers Act.

RisCura Invest, on behalf of certain Funds or SMAs, can engage in bank borrowing to leverage the Fund's or SMA's investments. While RisCura Invest may seek to use leverage in a manner it believes is prudent, the use of leverage involves a high degree of financial risk. Borrowings by a fund have the potential to enhance overall returns that exceed the fund's cost of borrowed funds; however, borrowings will further diminish returns (or increase losses on capital) to the extent overall returns are less than the fund's spot cost of borrowed funds. A fund would typically be required to pledge assets when borrowing, which, in the event of an uncured default, could affect the fund's operations, including preventing the fund from conducting a repurchase of its interests. In addition, the terms of any borrowing could impose certain investment restrictions on the fund. The more leverage is employed, the more likely a substantial change will occur, either up or down, in the value of the instrument.

Certain investments involve the use of debt financing. If the underlying portfolio companies are unable to generate sufficient cash flow to service such debt, they could become subject to contractual or other remedies available to the lending institutions, which could include bankruptcy and significant or total loss of equity capital in such investments. Additionally, the availability of sufficient sources of debt capital upon attractive terms is likely to be an important factor in maximizing the equity growth of many underlying portfolio companies. This availability, will, in turn, be dependent on general economic conditions, the condition of the relevant industry, the condition of the financial services industry, and a variety of other factors beyond the control of the funds and investment managers.

The Fund Offering Documents or Portfolio Management Agreements may contain confidentiality provisions intended to protect proprietary and other information relating to the Funds/SMAs and their investments. To the extent that such information is publicly disclosed, competitors of the Funds/SMAs, target investments and/or competitors of the underlying operating companies, and others, can benefit from such information, thereby adversely affecting the Funds/SMAs, the general partners of such Funds, the target investments, the underlying operating companies, and the economic interests of the investors or limited partners. In addition, any such impermissible disclosures could adversely affect the Funds'/SMAs' interests in the related target investments and, in turn, the performance of the Funds/SMAs. Further breaches of confidentiality could affect the Funds'/SMAs' ability to have access to target investments.

From time to time, RisCura Invest or its affiliates could come into possession of inside information concerning specific companies. Under applicable securities laws, the RisCura Invest might be unable to use such information for investment purposes, and this could constrain a Fund's or SMA's investment flexibility.

Countries and regions in which RisCura Invest or investment managers invest, where investment managers have their offices or where they otherwise do business may be susceptible to natural disasters (*e.g.*, fire, flood, earthquake, storm and hurricane), the impact of climate change, epidemics, pandemics or other outbreaks of serious contagious diseases. The occurrence of a natural disaster or an epidemic could adversely affect and severely disrupt the business operations, economies and financial markets of many countries (even beyond the site of the natural disaster, epidemic, pandemic or outbreak) and could adversely affect RisCura Invest's or an investment managers' ability to do business. An increase in the frequency or severity of natural disasters due to climate change or other related factors could further adversely affect specific areas, regions, investment sectors or individual investments in which RisCura Invest may have invested client assets. In addition, terrorist attacks or civil unrest, or the fear of or the precautions taken in anticipation of such attacks or unrest, could, directly or indirectly, materially and adversely affect specific businesses and certain industries in which funds invest (either directly or indirectly via investment managers) or could affect the countries and regions in which clients are invested, where RisCura Invest and investment managers have their offices or where they do business. Other acts of war (*e.g.*, war, invasion, acts of foreign enemies, hostilities and insurrection, regardless of whether war is declared) and related geopolitical events, including global sanctions regimes, could also have a material adverse impact on the financial condition of businesses, industries or countries in which clients are invested, or the currency in which investments or assets are denominated. Furthermore, natural disasters, epidemics, pandemics, outbreaks of serious contagious disease and terrorist attacks can have the effect of compounding or exaggerating the impact of any of the specific investment risks noted below on individual investments.

### **Risks Relating to the Fund-of-Funds Structure**

The following are certain risks related to RisCura Invest's use of a "fund-of-funds" or "manager of managers" investment strategy, whereby assets are principally invested in funds managed or operated by third-party investment managers selected by RisCura Invest.

The task of identifying investment opportunities, monitoring such investments, and realizing a significant return for investors is difficult. Many organizations operated by persons of competence and integrity have been unable to make, manage, and realize on such investments successfully. There is no assurance that RisCura Invest will be able to return invested/contributed capital or generate returns for investors. RisCura Invest will be responsible for selecting the third-party investment managers; however there can be no assurance that such third party managers are able to return capital or generate returns for investors. Further, underlying investments will be selected by the third-party investment managers, and neither RisCura Invest nor investors in a Fund or SMA will have no the opportunity prior to investing to review or evaluate the specific investments selected by the such third-party investment managers. Fund investors or SMA investors will therefore be relying on the skill and experience of the skill and experience of the third-party investment professionals in selecting investment opportunities. Each third-party investment

manager will apply its own methods, tools and analysis . In addition, the Fund will have no control over the selection of investments in portfolio companies, which will be made by the managers. The managers will attempt to evaluate each an underlying investment opportunity based on an analysis of investment.

Most Some investment managers in the types of investment strategies pursuedselected by RisCura Invest are will be compensated through incentive arrangements. Under some of these arrangements, the investment manager typically benefits from appreciation, which may include ing unrealized appreciation, in the value of the account, but may not be similarly penalized for realized losses or decreases in the value of the account. Such fee arrangements may create an incentive for the investment manager to make purchases investments that are unduly risky or speculative. Further, a Fund or SMA d might be required to pay an incentive fee to a particular investment manager (based on gains in the assets committed allocated to that investment manager) even though the Fund or SMA as a whole might have suffered a loss. Some Where investment managers invest in publicly listed securities, these . The investment managers will likely not be able to exert the same degree of control over such investments as they can with similar private investments, as the issuers of such publicly listed securities are may be subject to influence by other significant shareholders or significant internal parties, such as a founder, a chief executive or a board of directors. Additionally, some investment managers may use special investment techniques that subject the Fund's or SMA's investments to certain novel risks and increase the adverse impact to which the Fund or SMA is subject. Certain, but not all, of tThese special techniques may include short selling, leverage, uncovered option and futures transactions, currency transactions, derivatives, warrants, reverse repurchase agreements, swap agreements, lending of portfolio securities, distressed securities and "junk" debt securities. The prices of derivative instruments can be affected by such market volatility as well as by any market disruption and unanticipated changes in interest rates, securities prices, or currency exchange rates, all of which could expose the portfolio company to the risk of material financial loss or reduce the Fund's or SMA's ability to hedge currency and other risks. In addition, the Fund or SMA will be at risk for the performance of the counterparty on the derivative transaction. In the event that the counterparty defaults, the cost of replacing the transaction or the counterparty could be significant.

Competition for the most attractive investments is substantial and will tend to limit the number and quality of attractive opportunities. Some of the Fund's or SMA's competitors will have more relevant experience, greater financial resources, a broader network and more personnel than RisCura Invest or an underlying third-party investment manager as the case may be. This competition can also affect pricing and valuation of transactions, which could adversely affect returns.

Each investment manager will make its investment decisions independently. Thus, investment managers can on occasion be competing with each other for similar opportunities at the same time and or take opposite positions from those taken by the other investment managers in the same or in a related investment. The impact of such competition or such competing or overlapping positions can be to reduce the overall diversification of the Fund's or SMA's investment portfolio or to adversely impact returns.

The Funds utilize a so-Where a called "fund-of-funds" or "multi-manager" investment strategy is adopted, , pursuant to which assets are generally invested with third-party investment managers.

Investment management fees are may be charged to the Fund or SMA by both RisCura Invest and by the third-party investment manager. As a resultIn this situation, clients will bear multiple investment management fees, each of which can include performance fees or incentive fees, which in the aggregate will exceed the fees which would typically be incurred by making an investment with a single investment manager. Further, such compensation arrangements can create an incentive to make investments that are riskier or more speculative than would be the case if such arrangements were not in effect.

### **Material Risks Applicable to Private Equity**

Private equity investments in portfolio companies can be materially affected by the legal, fiscal, taxation and regulatory regimes in the jurisdictions and sectors in which the investments are made or the portfolio companies operate. Changes in economic conditions can occur that have an adverse effect on private equity investments, such as rising interest rates, downturns in the economy or deteriorations in the condition of an industry sector under which an underlying operating company operates. Due to the illiquidity of private equity investments, a private equity investment strategy will have limited ability to adapt to any such changes in economic environment, legal, fiscal, taxation and regulatory regimes, or mitigate any corresponding losses.

Some private equity investments involve a high degree of financial leverage. Even when prudently applied, increased leverage can increase the default risk or risk of insolvency for the private company.

Most private equity investments involve a high degree of illiquidity. Because relatively few potential purchasers for illiquid securities exist, especially under adverse market or economic conditions or in the event of adverse changes in the financial condition of the issuer, an investor could find it more difficult to sell such securities when it is advisable to do so or can sell such securities only at prices lower than those that could be obtained if such securities were more widely held. Disposing of illiquid securities can involve time-consuming negotiation and legal expenses, and it could be difficult or impossible for an investor to sell them promptly at an acceptable price. In addition, private equity investments are often sold a number of years after the initial investment is made, and there can be no assurance that an investment will be disposed of at an optimal time or at a favorable price. In addition, the general partner of a private equity fund may restrict the parties to whom an interest in such fund could be transferred, possibly reducing the pool of potential purchasers. Furthermore, to the extent the general partner of a fund agrees to permit a transfer, such general partner (or its designee) may have a right of first refusal to purchase all or a portion of the transferred interest. Where the underlying positions in a Fund managed by RisCura Invest are principally private equity positions, holdings in such Fund may not be freely transferrable. Underlying private equity funds may not permit redemptions, or where they do they may permit such redemptions only according to a restricted set of conditions and/or impose a redemption charge. In addition, the underlying investments themselves usually will not be registered under the Securities Act of 1933, as amended, or any applicable securities laws, and the returns from such underlying investments will depend on an investment manager's ability to dispose of such underlying investment either through subsequent registration or some other liquidity event.

Some portfolio companies may require significant additional funding after an initial investment by a fund. Inability to make a follow-on investment could dilute a fund's investment interest in a portfolio company and thereby impair the fund's ability to maximize returns on its investment. Inability to make a follow-on investment could also incur penalties or charges including a compulsory return of capital invested to date, less adjustments for fees, market movements, security revaluations or other factors all of which would adversely impact the return achieved. Alternatively, the investment manager could seek to fund such "follow on" investments from an affiliated investment fund, which could present a potential conflict of interest.

Private equity investments can be made in the form of minority equity investments. In these situations, there is a risk that the private equity manager will not be able to exercise sufficient control over the management of a portfolio company to ensure the successful implementation of the manager's strategy for its investment in the company.

The funds can invest in companies that are seeking to develop and bring to market new, unproven technology. This endeavor is subject to a number of risks, including failure to develop or perfect the technology as planned; obsolescence; patent infringement and similar claims that prevent the technology from being used or licensed; lack of market acceptance of the technology; and loss of key personnel. In addition, the success of a fund investing in unproven technology depends on the ability of the underlying portfolio companies to protect their intellectual property.

RisCura Invest specializes in emerging market and developing market countries. Investments in countries located outside the U.S. involve certain risk factors not typically associated with investing in the U.S. or other developed countries, including risks relating to foreign exchange rates, differences in corporate and securities regulations, potential elevated price volatility, relative illiquidity, less developed accounting standards, less government regulation, and fewer investor protection, auditing and financial reporting standards.

A fund's investments in portfolio companies located in countries outside the U.S. can be denominated in local currencies. Changes in foreign currency exchange rates can affect the value of a fund's portfolio, and as a result the fund can incur costs in connection with conversions between various currencies. Investment returns could be adversely affected by fluctuations in exchange rates between the U.S. dollar and foreign currencies.

Investments in countries outside the United States are sometimes subject to substantial restrictions under corporate, securities, exchange control, foreign investment and other similar laws and regulations. Such countries could also impose various taxes on the fund.

A fund can face significant registration, settlement and custody risks in purchasing and selling securities in the certain countries outside the United States that are not normally associated with investments within the United States. In certain countries, there are significant uncertainties in the clearing and settlement process that can pose material risks to the fund.

Investments in countries outside the United States might require financing and structuring alternatives that differ significantly from those customarily employed in the United States. In addition, investments in countries outside the United States will be exposed to economic and



political risks, including the potential imposition of exchange controls and restrictions on repatriation of capital and income, the risks of political, economic or social instability and the possibility of expropriation or confiscatory taxation.

The capital markets and securities exchanges in countries outside the United States, particularly in emerging markets, can be less developed or less liquid than those of the United States, or be subject to greater volatility than U.S. markets, thereby potentially affecting the ability of managers to efficiently exit from portfolio investments. In addition, securities traded in certain emerging markets can be subject to risks due to the inexperience of financial intermediaries and the lack of modern technology. Additionally, delays and inefficiencies of the local postal, transport and banking systems could result in missed rights and entitlements and the loss of funds (including dividends).

If there are changes in leadership or policies (*i.e.*, nationalization, expropriation or confiscatory taxation, currency blockage, political changes, government regulation, social instability or diplomatic developments) of a country, such changes could adversely affect a country's economy and the Fund's investments. In addition, any change in the leadership or policies of a country can halt the expansion, or reverse the liberalization, of foreign investment policies now occurring and can adversely affect existing and potential investment opportunities for such Fund.

Laws and regulations of countries in which a fund invests could change quickly and unpredictably and impose restrictions or approvals that do not exist in countries with more developed market economies. These restrictions could include capital controls, which can limit an investment manager's ability to return capital to its investors.

Some of the countries in which a fund invests could experience very high and variable rates of inflation. If rapid changes in inflation were to occur, it could have an adverse effect on the performance of the fund.

Rules in countries outside the U.S, particularly the emerging markets, with respect to regulating ownership, control and corporate governance of domestic companies are sometimes inadequate and sometimes confer little protection on a fund. Anti-fraud and anti-insider trading legislation in these countries can also be rudimentary. There might be no prohibitions or restrictions on the ability of management to terminate existing business operations, sell or otherwise dispose of a portfolio company's assets, or otherwise materially affect the value of the portfolio company without the consent of the portfolio company's shareholders.

In countries outside the United States, the concept of fiduciary duty on the part of the management or directors of companies to shareholders is sometimes limited. Such countries might have no system of derivative or class action litigation and, accordingly, redress for violations of shareholder rights could be unavailable in certain instances. Anti-dilution protection could also be very limited.

Countries outside the United States, particularly the emerging markets, can have less developed accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation, as well as less developed legal and court systems. Accounting, auditing and financial reporting standards in certain countries might not fully conform to international accounting standards. The financial statements of a portfolio company in some

emerging markets might not reflect its financial position or results of operations as they would be reflected if the financial statements had been prepared in accordance with generally accepted accounting principles in developed countries. In addition, for a portfolio company that keeps accounting records in its local currency, inflation accounting rules can require, for both tax and accounting purposes, that certain assets and liabilities be restated on the company's balance sheet in order to express items in terms of currency of constant purchasing power. Inflation accounting could indirectly generate losses or profits. Consequently, financial data can be materially affected by restatements for inflation and not accurately reflect the actual financial condition of those companies. Substantially less information can be publicly available about companies in these countries than is generally available about companies in the United States or certain other countries.

Many of the laws that govern private and foreign investments, securities transactions, creditors' rights and other contractual relationships in emerging markets are new, largely untested and not fully developed. As a result, a fund could be subject to a number of unusual risks, including contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets, and lack of enforcement of existing regulations. There can be no assurance that difficulties in protecting and enforcing rights will not have a material adverse effect on the fund and its operations.

### **Material Risks Relating to Venture Capital**

Venture capital investments involve many of the material risks discussed above, including the risks relating to investments outside the United States that are discussed in the preceding section. In addition to such risks, the material risks discussed in this section are particularly relevant to venture capital strategies and should also be noted.

As with other types of investment strategies, an investment manager utilizing a venture capital investment approach may have very little control over the change in value of a venture investment. Early-stage investments can create value inherent in particular companies through substantial effort and expense. Often the success of the investment depends not only on the investment manager but also upon actions of other key individuals, or external factors including political and economic developments over which investment manager has very little control.

Significant returns earned in a small number of venture capital investments have been as a result of the completion of IPOs or acquisitions that have permitted venture investors to sell their equity interest at multiples of original costs. There can be no assurance that at the time a given venture investment matures, the public securities markets will support an IPO or permit such returns or that the venture-backed company's fundamentals will warrant such returns.

Venture capital investments are often made in firms that are seeking to develop and bring to market new, unproven technology. This endeavor is subject to a number of risks, including failure to develop or perfect the technology as planned; obsolescence; patent infringement and similar claims that prevent the technology from being used or licensed; lack of market acceptance of the technology; and loss of key personnel.

Many venture stage companies face significant competition from other companies, both established and start-up. Growth and development of venture capital companies depends on the regular injection of capital and financing beyond that which a particular investment manager is prepared to invest and such financing might not be available. Often, venture financing agreements contain provisions that penalize an investor for not participating in a follow-on investment.

The success of some venture stage companies may be dependent upon obtaining certain government approvals. For example companies in the biotechnology or healthcare industries typically require agency approval before their product can be made available to the public. If the venture company is delayed or unsuccessful in procuring such approvals, it could experience material adverse consequences, which could negatively affect its value and hence the performance of a fund which has invested into such company. Moreover, the current regulatory framework could change or additional regulations could arise at any stage during the product development phase of a venture stage company, which can affect the company's ability to obtain approval of its products.

### **Material Risks Relating to Emerging Markets**

Emerging market investments involve many of the material risks discussed above, including the risks relating to global private equity and venture capital investments that are discussed in the preceding sections. In addition to such risks, the material risks discussed in this section are particularly relevant to emerging market strategies and should also be noted.

There is no certainty that, to the extent economic and political reforms are necessary in countries (in particular emerging market countries) in which a fund invests, progress made with economic and political reforms in such countries will be ultimately successful or that the changes made will remain in place. The ultimate extent and timing of reforms will likely proceed at a different pace in each such country and are susceptible to potential weakening from economic hardship, popular dissatisfaction, and social or ethnic instability.

Organized crime and corruption, including extortion and fraud, remain common in many of the emerging markets. Threats or incidents of crime could cause or force a fund to cease or alter certain activities or liquidate certain investments which could cause losses or otherwise have a material adverse effect on the fund.

There is a risk that the assets of a fund or the portfolio companies will be fraudulently misappropriated, and such misappropriation could have a material adverse effect on a fund. The risk of misappropriation could be greater in emerging markets than in developed markets. Such misappropriations can be difficult to identify in a timely manner and, once identified, adequate legal remedies might not be available or could be ineffective if the assets or proceeds in question are not recoverable.

Many of the laws that govern private and foreign investments, securities transactions, creditors' rights and other contractual relationships in emerging markets are new, largely untested and not fully developed. As a result, a fund could be subject to a number of unusual risks, including contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for

legal redress, lack of standard practices and confidentiality customs characteristic of developed markets, and lack of enforcement of existing regulations. There can be no assurance that difficulties in protecting and enforcing rights will not have a material adverse effect on a fund, a separate account and/or its or their operations.

Currency risk remains an important risk for emerging markets. Some emerging market countries such as China still maintain some an element of currency control. Consequently, the value of investments made in the local currency can fluctuate based on the actions of the emerging market government.

### **Material Risks Relating to Distressed Strategies**

Where managers selected by RisCura Invest hold positions in distressed companies this involves many of the material risks discussed above. In addition to such risks, the material risks discussed in this section that are particularly relevant to a distressed investment strategy should also be considered by prospective investors.

Distressed investing means allocating capital to companies that are experiencing some form of financial or operational distress which includes a weak financial condition, poor financial or operating results or being involved in bankruptcy or reorganization proceedings. This distress can come from many sources, including an over-leveraged balance sheet, a bloated cost structure or the loss of a key client or market segment. Investing in distressed securities can mean taking an active operational role in the company and working to find a solution to the company's problems or seeking to recover value by disposing of the company's assets.

Investing in the securities of distressed companies is highly risky. The market price of such securities may be subject to extreme volatility and investing in such securities may be more reliant on market timing than other investment strategies. Investing in some distressed companies may not show any returns for a lengthy time period or ever. Investments in these types of companies can involve substantial financial risks, including total loss.

A fund employing a distressed strategy can invest in below investment grade fixed-income securities such as commercial paper and high yielding debt securities. These securities face ongoing uncertainty and exposure to adverse business, financial or economic conditions which could lead to an issuer's inability to timely meet interest and principal payments. In addition, below investment grade fixed-income securities reflect individual corporate events to a greater extent than do higher rated securities. Companies issuing these securities are also generally highly leveraged, and any general economic downturn could adversely impact the ability of the issuer of such securities to repay principal and pay interest and thereby increase the risk of default for such securities.

The securities held by a fund employing a distressed strategy can be issued by companies that have already filed for bankruptcy, or that file for bankruptcy after the securities are acquired. Bankruptcy proceedings and associated legal actions may be adversarial and there are many unanticipated events that can occur. There is no guarantee that a bankruptcy court or similar authority in non-U.S. jurisdictions will approve actions which are favorable to a specific investor.

Further, there is a possibility that the investor's claims could be subordinated to the claims of other claimants.

U.S. bankruptcy law permits the classification of "substantially similar" claims in determining the classification of claims in reorganization for purposes of voting on a plan of reorganization. Because the standard for classification is vague, there exists a significant risk that the fund's influence with respect to a class of securities can be lost by the increase in the number and amounts of the claims of the class.

In many instances, the duration of a bankruptcy case can only be roughly estimated and bankruptcy cases often last for long periods of time. This can have an adverse impact on a company's business and if a company is forced to dispose of assets, the value realized on the disposition of assets might be less than if the assets were disposed of outside of the bankruptcy context.

A fund employing a distressed strategy can purchase creditor's claims after the commencement of bankruptcy proceedings. Therefore, it is possible that a bankruptcy court could refuse to allow such acquired claims to be voted in connection with a plan of reorganization where it determines that such claims have been acquired for an improper purpose.

In addition, distressed investments in non-U.S. markets are associated with additional risks which include, among other things, trade balances and imbalances and related economic policies, unfavorable currency exchange rate fluctuations which could have substantial impact on non-U.S. dollar denominated debt securities. At times, there is less publicly available information about certain non-U.S. companies than would be the case for comparable companies in the U.S., and certain foreign companies are potentially subject to accounting, auditing and financial reporting standards and requirements that are not used in the United States. Lower quality information and reduced transparency can make it more difficult to select and manage investments in non-U.S. markets and many securities traded on these markets are less liquid and their prices more volatile than securities of comparable United States companies.

Investments in distressed companies outside the U.S. can involve additional risks; the bankruptcy laws of such countries are likely to differ, and the process of liquidation as well as the relative rights of different classes of claimants can be uncertain or under- developed. Overall, it might be more difficult to enforce creditors' rights in a foreign jurisdiction as compared to the United States. Although most western European and many Asian legal systems recognize basic commercial relationships and rights, other countries lack the extensive body of law and practice normally encountered in developed market environments. Similarly, laws and regulations in emerging markets can change quickly and unpredictably and attempts at judicial enforcement of judgments, laws or regulations can encounter significant delays. In some cases, foreign courts can give preferential treatment to domestic claimants over foreign claimants, including U.S. claimants.

Investments in securities and private claims of troubled companies made in connection with an attempt to influence a restructuring proposal or plan of reorganization in a bankruptcy case could involve substantial litigation. The risk of litigation becomes greater where investment managers exercise control over a company's direction. The expense of defending against claims by third-parties would thus be borne at least partially by the fund.

## **Material Risks Related to Co-Investment Strategy**

Co-investments involve many of the material risks discussed above. In addition to such risks, the material risks particularly associated with co-investments are summarized in this section.

Co-investments involve a high degree of risk. A co-investment strategy typically seeks to make privately negotiated investments into companies that have meaningful business activity at the time of investment and that are either profitable or generally expected to become profitable before exiting the investment. RisCura Invest anticipates that most of its co-investments will be made either directly into a portfolio company or indirectly into the company through a co-investment vehicle established by an investment sponsor. Typically, the sponsor is a private equity manager with whom RisCura Invest has previously committed capital.

No assurance can be given that a fund will be able to identify co-investments that satisfy the fund's investment objective, or if the fund is successful in identifying such co-investments, that the fund will be permitted to invest, or invest in the amounts desired, in such co-investments. A fund can participate in follow-on operating company financings at implicit valuations lower than the valuations implicit in preceding rounds of financing. Legal disputes, involving the fund, RisCura Invest or its affiliates, or investments and their general partners and affiliates, can arise from such financings and could have a significant adverse effect on the fund. Due in part to time pressures inherent in the co-investment process, the investment analyses and decisions may be undertaken on an expedited basis in order for a fund to take advantage of available co-investment opportunities. In such cases, the information available at the time of a co-investment decision could be limited, and the fund might not have access to the detailed information necessary for a thorough evaluation of the co-investment opportunity.

While RisCura Invest believes that many of its co-investments will be completed on a no-fee, no-carry basis with regard to fees charged to the fund by the underlying primary fund managers, no assurances can be provided in this regard. In order to gain access to co-investment opportunities, a fund might be required to pay a fee and/or a carried interest, the application of which would reduce the returns to investors. Even where a fund co-invests into a portfolio company on a no-fee and no-carry basis, it is common for a portfolio company to pay a range of fees to the lead equity sponsor of a transaction, including success, monitoring, consulting, investment banking and other types of fees. A fund therefore will indirectly bear a portion of these fees, even when it is co-investing into a portfolio company on a no-fee and no-carry basis.

If a proposed co-investment fails to close, there is a risk that a fund will be nevertheless required to bear a portion of the expenses incurred by the lead equity sponsor or other relevant parties of the transaction. Such expenses might include legal fees, break-up fees or a portion of the out-of-pocket expenses incurred by the lead equity sponsor. Conversely, when a transaction does close, it is not typically expected that a fund will share in any success fees paid by the portfolio company, all of which are likely to be paid to the lead equity sponsor.

Some co-investments could require significant additional funding after an initial investment by a fund. Inability to make a follow-on investment can dilute the fund's interest in an investment and thereby impair a fund's ability to maximize returns on its investment. Inability to make a follow-

on investment could also incur penalties or charges including a compulsory return of capital co-invested to date, less adjustments for fees, market movements, security revaluations or other factors all of which would adversely impact the return achieved.

The sponsor of an investment may actively participate in the management of an investment, which could lead to legal claims or litigation against such person(s). Typically, the investment will indemnify such persons against such claims, which could reduce returns and potentially require a recall of previous distributions. Such claims or litigation also could be made against a fund, or the officers and employees of RisCura Invest.

A fund will likely hold non-controlling interests in portfolio companies and will not be able to control or effectively influence the business or affairs of such entities. Such portfolio companies could have economic or business interests or goals that are inconsistent with those of a fund, and a fund might not be in a position to influence those interests or goals or otherwise protect the value of the fund's investments in such entities. A fund's influence over a portfolio company's business or affairs likely will be further diminished when a fund invests in such portfolio company indirectly through a co-investment vehicle that is established and/or controlled by the lead equity sponsor of a transaction.

A co-investment might concentrate a private equity portfolio in a particular industry or with a particular manager. RisCura Invest reviews this potential concentration when reviewing potential co-investments to ensure undue concentration does not exist.

When a fund is not the lead equity sponsor of a co-investment transaction, it is unlikely that RisCura Invest will have the opportunity to meaningfully influence negotiations with the underlying portfolio company or its management. In these instances, RisCura Invest will be relying upon skills and judgment of the lead equity sponsor to negotiate favorable investment terms and RisCura Invest anticipates that its efforts in such transactions will be focused principally on seeking to increase the alignment of a fund's interests with those of the lead equity sponsor, and to reduce the risks that follow from holding a minority equity interest in a company. No assurance can be given, however, that RisCura Invest's efforts in this regard will be successful, or that RisCura Invest will have any meaningful opportunity to change the terms of the documents that are presented to it by the lead equity sponsor.

When conducting due diligence, RisCura Invest will be required to rely on resources available, including information provided by the unrelated managers with which a fund will invest and the portfolio companies. There can be no assurance that the due diligence investigations undertaken by RisCura Invest will reveal or highlight all relevant facts that might be necessary or helpful in evaluating a particular investment opportunity, and there can be no assurance that such due diligence will result in an investment being successful. To obtain access to due diligence prepared by third parties, RisCura Invest likely will be required to enter into agreements that limit the rights of RisCura Invest and a fund to bring legal actions against such third party that relates to RisCura Invest's reliance on such due diligence. Therefore, if the due diligence relied upon by RisCura Invest contains errors or omissions, or is otherwise inadequate, neither RisCura Invest nor a fund may have any recourse against the provider of such due diligence.

## **Other Material Risks**

### *Tax-Related Considerations*

There are a number of tax considerations with respect to investments of or relating to a client. Tax laws are subject to change, and tax liabilities could be incurred as a result of changes thereto. Investors can be subject to U.S. federal, state, local and non-U.S. filing requirements as a result of an investment, and a client itself can be subject to U.S. federal, state, local or non-U.S. taxes. Clients and prospective Clients should consult their own tax advisers to determine the tax effects on themselves in light of their particular situation. Further, the offering documents for investments typically include detailed additional information about tax considerations in respect of an investment and should be carefully reviewed by each Client and prospective Client.

### *Cybersecurity Risks*

RisCura Invest, service providers to RisCura Invest or a Client and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Client, despite the efforts of RisCura Invest and such service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to a client. For example, unauthorized third parties might attempt to improperly access, modify, disrupt the operations of, or prevent access to the systems of RisCura Invest and such service providers, counterparties or data within these systems. Third parties might also attempt to fraudulently induce employees, customers, third-party service providers or other users of RisCura Invest's systems to disclose sensitive information in order to gain access to RisCura Invest's data or that of a Client. A successful penetration or circumvention of the security of RisCura Invest's systems could result in the loss or theft of a Client's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause RisCura Invest or such service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss. Similar types of operational and technology risks are also present for the underlying investment managers with which, and the underlying portfolio companies in which, a Client directly or indirectly invests, which could have material adverse consequences for such Client and might cause the client's investments to lose value.

## **Item 9. Disciplinary Information**

RisCura Invest and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to an investor's evaluation of the Adviser or its personnel.

## **Item 10. Other Financial Industry Activities and Affiliations**

RisCura Invest is wholly owned by RisCura Holdings (South Africa) (Pty) Ltd, an intermediate holding company, whose majority shareholder is Jarred Glansbeek. Please see Item 4, *Advisory*



*Business*, earlier in this Brochure for a general description of RisCura Invest's ownership structure.

RisCura Invest and its related persons are, directly or indirectly, the investment manager, investment advisor, general partner, limited partner or managing member of the general partner of the Funds or the SMAs. Certain principals and related persons of RisCura Invest spend substantially all of their business time on one or more of the Funds and SMAs and also spend a portion of their time with certain affiliated entities of RisCura Invest.

## **Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

As noted in Item 10 titled *Other Financial Industry Activities and Affiliations*, in order to avoid any potential conflicts of interest involving personal trades, RisCura Invest has adopted a shared Code of Ethics pursuant to Rule 204A-1 of the Advisers Act (again, the "Code"), which requires, among other things, that employees:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets;
- Place the integrity of the investment profession, the interests of clients, and the interests of the Adviser above one's own personal interests;
- Adhere to the fundamental standard that you should not take inappropriate advantage of your position;
- Avoid or disclose any actual or potential conflict of interest;
- Conduct all personal securities transactions in a manner consistent with this policy;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on yourself and the profession;
- Promote the integrity of, and uphold the rules governing, capital markets;
- Maintain and improve your professional competence and strive to maintain and improve the competence of other investment professionals.
- Comply with applicable provisions of the federal securities laws.

The Code also requires employees to: 1) pre-clear certain personal securities transactions, 2) report personal securities transactions on at least a quarterly basis, and 3) provide the Adviser with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such employees have a direct or indirect beneficial interest.

A copy of the Code can be provided to any Client or prospective Client upon request.

### **Allocation of Investment Opportunities and Other Accounts**

Investment opportunities may arise that are appropriate for an investment by more than one Fund or SMA or for which one or more Funds or SMAs should have priority based on the respective Fund Offering Documents and/or Portfolio Management Agreements. The Funds' Offering

Documents, the Portfolio Management Agreements and RisCura Invest's policies and procedures generally and collectively set forth the allocation guidelines to apply if and to the extent an opportunity is appropriate for more than one Fund or SMA at a particular point in time. Such documents generally provide RisCura Invest with the discretion to allocate among Funds or SMAs on a fair and equitable basis.

### **Co-Investment Opportunities**

As noted in Item 8 titled *Methods of Analysis, Investment Strategies and Risk of Loss*, RisCura Invest may, but is not required to, offer (or permit the offering of) investment opportunities, including co-investment opportunities, in certain Fund or SMA investments to existing investors or third parties. If a co-investment vehicle is formed, such entity generally will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the other Funds. To the extent RisCura Invest or the general partners receive any compensation or fees as a result of such co-investment arrangement, such fees are neither payable to the Funds or SMAs nor credited against future fees.

### **Principal Transactions**

It is RisCura Invest's policy not to execute any principal or agency cross transactions for the Funds or SMAs unless it deems the transaction to be in the best interest of a particular Fund or SMA, the relevant Funds/SMAs give prior consent in accordance with the Funds' Offering Documents or Portfolio Management Agreement (as appropriate), and the transaction complies with the "notice and consent" requirements of Section 206(3) of the Advisers Act. RisCura Invest also generally refrains from cross trading between the Funds and/or SMAs unless the consent of both Funds/SMA owners is obtained, which may be through a limited partner advisory committee or otherwise in accordance with the Funds' Offering Documents and/or Portfolio Management Agreements.

### **Participation or Interest in Client Transactions**

To the extent that one or more Funds or SMAs invest in the same securities of the same issuer, the Adviser will generally seek to ensure that all participants in such investments participate on comparable terms. This may not be practicable or appropriate in all circumstances, however, and one or more Funds or SMAs may participate in such investments on different and potentially less favorable terms than other participants if RisCura Invest deems such participation as being otherwise in the best interests of the participating Funds or SMAs, subject to the terms of the applicable Fund's Offering Documents and/or Portfolio Management Agreements (as appropriate). This may have an adverse impact on one or more of the participating Funds / SMAs.

### **Fee Structure**

As described more fully in Item 6 titled *Performance Based Fees and Side-by-Side Management*, the Adviser may earn performance-based fees from or receive incentive fees in the Funds or SMAs (Incentive Compensation). The existence of Incentive Compensation for some but not all investment programs advised by the Advisor may create an asymmetric

impetus for the Adviser to cause certain programs which are subject to Incentive Compensation to make different investments (perhaps riskier or more speculative) than would be the case in the absence of the Incentive Compensation. The existence of Incentive Compensation may also cause the Advisor to asymmetrically allocate certain opportunities (particularly where these have limited capacity) to those programs where Incentive Compensation is payable, at the expense of those where no Incentive Compensation is payable.

### **Other Potential Conflicts of Interest**

Neither the Adviser nor any of its personnel are required to devote their entire time and attention to the affairs of any one of the Funds or SMAs but are expected to commit an appropriate portion of their time and attention to each of the Funds and SMAs.

## **Item 12. Brokerage Practices**

Subject to the investment objectives, policies and restrictions of each RisCura Invest Fund or SMA as set forth in such Fund's Offering Documents and Portfolio Management Agreement, RisCura Invest has discretionary authority to determine the type, amount, and price of securities and investments to be bought and sold on behalf of each Fund or SMA, including the selection of, and commissions paid to, any brokers.

With regard to Funds and SMAs, although RisCura Invest typically does not utilize broker-dealers to effect portfolio investments, shares of certain companies may be received by a Fund or SMA as part of a general distribution. RisCura Invest may sell the securities received in share distributions such that the proceeds can be distributed to the Fund or the Fund's investors or limited partners, or the SMA (as appropriate).

RisCura Invest's business generally consists of recommending third-party investment managers who handle their own trading and select their own brokers for execution. In selecting third-party investment managers, RisCura Invest considers the trading policies of these managers and collects information regarding trade allocation across their client accounts, the allocation of brokerage, rebates and "soft dollar" commissions (if any). In certain limited circumstances, however, RisCura Invest may directly trade on behalf of its Clients and Funds. In selecting broker-dealers to effect securities transactions, RisCura Invest seeks to obtain best execution by considering factors including, but not limited to, execution quality, price, the level of service offered, reliability, experience in liquidating distributions from private equity funds and such other factors as RisCura Invest considers relevant and beneficial to the relevant Fund or SMA.

## **Item 13. Review of Accounts**

RisCura Invest periodically monitors portfolio investments made on behalf of each Fund and SMA. Investments are reviewed in the context of several factors, which may include each Fund's or SMA's (i) adherence to any investment objectives and guidelines as set forth in the Fund Offering Documents or Portfolio Management Agreement; (ii) the Fund's or SMA's investment performance; (iii) investment opportunities available in the marketplace; (iv) liquidity forecasts particularly in the context of private capital drawdowns but also to facilitate potential investor redemptions; (iv) performance of a particular Fund or SMA relative to other accounts with similar

mandates objectives and/or restrictions. RisCura Invest will also conduct periodic reviews of the investment objectives of the Fund/SMA to ensure they remain relevant and, in its opinion, achievable, and make recommendations as to desirable changes where it concludes that the objectives are no longer appropriate.

A Fund or SMA may distribute quarterly and annually written reports to its investors, owners or limited partners (as the case may be). As appropriate, annual reports may contain an individual capital account statement as of the end of such fiscal year, a listing of investments held by the Fund or SMA and the audited financial statements of the Fund. Quarterly reports generally contain unaudited financial statements of the Fund or SMA for the fiscal or calendar quarter.

Clients and prospective Clients should refer to Fund Offering Documents of each Fund for further information on the reports provided by a particular Fund to its investors.

## **Item 14. Client Referrals and Other Compensation**

RisCura Invest does not receive economic benefits from non-clients for providing investment advice and other advisory services. Neither the Adviser nor any of its related person, directly or indirectly, compensates any person who is not a supervised person for client referrals.

## **Item 15. Custody**

The Adviser generally does not maintain physical custody of its Clients' assets. Client assets are typically held by a qualified custodian pursuant to a separate custody agreement. However, pursuant to Rule 206(4)-2 under the Advisers Act, in certain circumstances the Adviser may be deemed to have custody of client assets.

The Adviser may have certain SMAs where the Adviser is deemed to have custody of the Client's assets because it or a related person directly or indirectly holds client funds or securities or has authority to obtain possession of them. Clients will receive account statements at least quarterly directly from their broker-dealer, bank or other qualified custodian. Clients may also receive a statement from the Adviser. Clients are encouraged to compare the account statements that they receive from their qualified custodian with those that they receive from the Adviser. If clients do not receive statements at least quarterly from their qualified custodian in a timely manner, then they should contact the Adviser immediately.

With regard to the Funds, RisCura Invest is deemed to have custody of the assets of the Funds as a result of its authority over the Funds. It is RisCura Invest's policy to cause each Fund with assets over which RisCura Invest is deemed to have "custody" to be audited annually and distribute audited financial statements, prepared in accordance with International Financial Reporting Standards ("IFRS"), and/or U.S. generally accepted accounting principles ("GAAP") (as required), to investors no later than 180 days after the end of each fiscal year. In addition, upon the final liquidation of any Fund, RisCura will obtain a final audit and distribute audited financial statements prepared in accordance with IFRS and/or GAAP (as required) with respect to such Fund to all investors promptly after completion of the audit.

## **Item 16. Investment Discretion**

### *For Funds*

Subject to the investment objectives, policies and restrictions of each Fund as set forth in the Fund Offering Documents, RisCura Invest typically has full investment discretion with respect to Fund investments. Investors in the Funds must execute Fund Offering Documents which make various representations, including representations regarding their suitability to invest in a high-risk investment pool. Furthermore, the Adviser may enter into agreements, or “side letters,” with certain Fund investors whereby such investors will have certain rights, including the right to opt-out of particular investments.

### *For SMAs*

The level of discretion afforded to RisCura Invest will be defined by the Portfolio Management Agreement. In some cases the Portfolio Management Agreement will specify restrictions, parameters and objectives but will permit RisCura Invest full discretion to implement on behalf of the Client. In other situations, the Portfolio Management Agreement will define the role that the Client (or other defined external parties, advisors or specialists) will have in the implementation of investment decisions alongside RisCura Invest. Each Portfolio Management Agreement is likely to be unique in this regard.

## **Item 17. Voting Client Securities**

RisCura Invest’s investment strategies do not generally involve the acquisition of public securities with voting authority, making it unlikely that a Client will be placed in a position of proxy voting authority. However, if a Client does come into possession of securities with voting rights, the Adviser will implement the appropriate policies and procedures and seek to vote proxies in the best interests of their clients.

## **Item 18. Financial Information**

RisCura Invest does not require or solicit prepayment of fees six months or more in advance. Accordingly, RisCura Invest is not required to provide a balance sheet in response to this Item 18.

RisCura Invest has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.