

# Generation Investment Management

## Part 2A of Form ADV – The Brochure

March 2023

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*This brochure provides information about the qualifications and business practices of Generation Investment Management US LLP (“**Generation US**”, the “**Firm**” or the “**Company**”). If you have any questions about the contents of this brochure, please contact us at 415-619-3242. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“**SEC**”) or by any state securities authority.*

*By using the adviser search functionality on the SEC’s website you can access additional information about Generation US: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)*

## ITEM 2. MATERIAL CHANGES

There have been no material changes to the business or structure of Generation US since the last annual update filed on March 31, 2022.

Other changes have been made to this Brochure, some of which enhance existing disclosures, although we do not consider such changes to be material.

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## ITEM 4. ADVISORY BUSINESS

Generation Investment Management US LLP (“**Generation US**”) was established in August 2004 and is majority owned and controlled by Generation Investment Management LLP (“**Generation UK**”). Generation UK is an independent, broadly owned and managed private investment management firm formed in the United Kingdom. Each partner owns less than 25% of Generation UK. Generation US and Generation UK are collectively known as Generation.

Generation UK is a UK registered limited liability partnership authorized and regulated by the United Kingdom’s Financial Conduct Authority (“**FCA**”) as an Alternative Investment Fund Manager (“**AIFM**”). Generation UK is also registered as an Exempt Reporting Adviser with the SEC. Generation UK, prior to Brexit, was permitted to operate in the EU. In addition, it maintains certain authorisations in Australia and Canada (Alberta, British Columbia, Ontario and Québec) under various passport rights, exemptions and filings available in those jurisdictions, details of which are available on request from Generation US.

Generation UK is also the owner of two affiliated entities, Just Climate LLP (majority owner) and Generation Europe GmbH (sole owner). Launched in 2021, Just Climate is a business sponsored by Generation UK. Its mission is to work in partnership to limit global temperature rise to 1.5 degrees Celsius (1.5C), by directing and scaling capital towards the most impactful climate solutions and supporting capital markets to incorporate climate and just transition considerations into capital allocation decisions. Just Climate is an FCA Appointed Representative of Generation UK, Generation UK owns and controls 99.99% of this newly established business. Launched in 2022, Generation Europe GmbH supports Generation’s marketing endeavors in Europe post Brexit and, for regulatory purposes, acts as a tied agent of a third-party financial services provider, AHP Capital Management GmbH which is registered with the German financial services regulator, BaFIN. AHP Capital Management GmbH is not an affiliate of Generation.

The Management Committee of Generation consists of the following partners: the Hon. Al Gore, David Blood, Mark Ferguson, Esther Gilmore, Lisa Anderson, Miguel Nogales, Lila Preston, and Alexander Marshall. Mr Marshall serves as Generation’s General Counsel and Compliance Oversight Officer (also referred to as the Global Chief Compliance Officer). We would also highlight that as of December 31, 2022, the below individuals were invited to join the Management Committee in 2023 pending FCA approval of the appropriate Senior Management Certification Regime filings:

- Tom Hodges, Co-Head of Long-term Equity.
- Clara Barby, Senior Partner of Just Climate
- Nick Kukrika, Partner in Global Equity

As at the date of this Brochure, that approval has not yet been granted. However, the relevant regulatory timeframe for consideration of the appointments by the FCA has not yet expired and Generation has no reason to believe that the approvals will not be forthcoming in due course.

Generation US is registered as an investment adviser with the SEC, and primarily provides investment management services to clients based in the United States. It also provides certain sub-advisory services to Generation UK as more particularly described below. Registration with the SEC does not imply a certain level of skill or training. Pursuant to sub-advisory services agreements, Generation US utilizes the services and assistance of Generation UK, the parent of Generation US, in providing investment management services to its advisory clients.

Generation US is also permitted to provide certain services in the Canadian provinces of Alberta, British Columbia, Ontario and Québec under the International Adviser exemption provided by the securities regulators of those provinces.

Generation US offers investment advisory services to pension and profit-sharing plans, trusts, charitable foundations, endowments and other organizations, state and municipal government entities, corporations and business entities, private partnerships and high net worth individuals as separately managed accounts (collectively “**Separate Accounts**”).

Generation US also serves as an investment manager to Generation IM Global Equity Fund LLC (the “**Global Equity Fund**”) and Generation IM Asia Fund LP (the “**Asia Fund**”), respectively. The day-to-day management of these funds is delegated to Generation UK. Generation US acts as a sub-advisor to several other private funds, details of which are set out at Item 7.B.(2) of Part 1A of Form ADV.

With effect from January 1, 2017, Generation US has been contracted by its affiliate, Generation UK, to provide sub-advisory services in respect of the Generation IM Climate Solutions Fund I L.P., Generation IM Climate Solutions Fund II L.P., Generation IM Sustainable Solutions Fund III L.P.,<sup>1</sup> and Generation IM Sustainable Solutions Fund IV LP (the “**Growth Equity Funds**”). The Growth Equity Funds, the Global Equity Fund and the Asia Fund are collectively referred to as “**Funds**”. Separate Accounts and Funds are collectively referred to as “**Clients**” or “**accounts**” or “**Client accounts**” as the context may require.

As the investment manager of the Global Equity Fund and Asia Fund, Generation US has overall responsibility to manage and control their business affairs, including the exclusive authority to oversee and establish policies regarding the management, conduct and operation of their business. To the extent applicable to the relevant Fund, Generation manages the Funds in accordance with the terms of the governing documents applicable to each Fund.

In respect of the Growth Equity Funds, responsibility for their management lies with Generation UK. The Growth Equity Funds can provide for investors to receive co-investment opportunities which are described more fully below under Methods of Analysis, Investment Strategies and Risk of Loss which can result in other accounts or persons receiving allocations to, or rights to invest in, co-investment opportunities that are not available to all Client accounts generally. This matter is discussed in more detail below.

For Separate Accounts, including sub-advised private funds, Generation manages the assets in accordance with the terms of the advisory agreement and any valid investment restrictions placed on the account as agreed upon between Generation US and the Client.

Client investments are subject to minimum investment amounts (see *Item 7: Types of Clients* below) although Generation US reserves the right to waive any such minimums in its sole discretion. Without prejudice to the generality, this will often occur, in the case of the Global Equity Fund and Asia Fund, for members of Generation Personnel, where permitted by applicable law and regulation, pursuant to Generation’s policy of seeking to encourage its members and employees to invest alongside its Clients. Account opening for any Client is in the discretion of Generation and will be subject to client identification procedures. Separate Accounts will require an individually negotiated discretionary investment management agreement which will

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<sup>1</sup> Please note this is the third fund established to invest in private equity launched by Generation and is therefore referred to as Generation IM Sustainable Solutions Fund “III”. For the avoidance of doubt, there were no prior funds of the name “Generation IM Sustainable Solutions”, the prior funds are known as Generation IM Climate Solutions Fund I and Generation IM Climate Solutions Fund II. The change of name reflects the broadening investment remit of the Fund compared to its predecessors as more particularly described in this document. The use of the Roman numeral “III” is intended to underscore that the Fund is, notwithstanding the name change, the third in a series of private equity funds. This has carried forward to the most recently launched fourth fund within the strategy.

require delegation of certain discretionary management functions to Generation UK. Generation US retains primary responsibility for the oversight and compliance of any matters so delegated. Fund investments require the completion of a subscription document. In all cases, extensive representations and undertakings will be required from Clients and underlying Fund investors relating to their investment and status. Funds are not available to the general public and Generation US does not make, or propose to make, a public offering of securities in funds managed by it. As a result, among those representations will be undertakings from investors that they are qualified to purchase interests in the Funds pursuant to an exemption from the registration requirements set out in the Investment Company Act of 1940, as amended, and the rules thereunder (the “**Investment Company Act**”).

As of December 31, 2022, Generation US advised approximately \$12.1 billion of Client assets on a discretionary basis, and together with Generation UK, both advisers managed approximately \$30.3 billion. Generation US does not manage any assets on a non-discretionary basis. Generation UK has an additional \$10.3 billion assets under supervision.

## ITEM 5. FEES AND COMPENSATION

### GLOBAL EQUITY FUND, ASIA EQUITY FUND AND SEPARATE ACCOUNTS

As of December 31, 2022, as a general matter, Generation US charges Clients in the Global Equity Fund a management fee (“**Management Fee**”) per annum at an annual rate of 1.00% of assets under management. However, Generation has the discretion to reduce the Management Fee to 0.75% per annum for those Clients that have been invested continuously in the Global Equity Fund or as a Separate Account for five years or more and by a further 0.1% to 0.65% for those who have been invested continuously for 10 years or more. For the Asia Fund, Generation has offered a reduced Management Fee of 0.75% per annum from April 1, 2015 (the prior Management Fee being 1.00%) and plans to continue to offer this reduced Management Fee until Generation US determines, in its absolute discretion, that the proportion of the assets of the Asia Fund chargeable at 0.75% has reached capacity. Once the reduced Management Fee capacity is reached, the Management Fee for the Asia Fund will be an annual rate of 1.00% of assets under management. Upon reaching that annual rate for new investments, Generation will then offer the same fee arrangement as the Global Equity Fund, namely a reduced Management Fee to 0.75% per annum for those Clients that have been invested continuously in a Fund or Separate Account for five years or more.

In addition, Generation US can charge an incentive fee (“**Incentive Fee**”) of 20% of the amount by which capital appreciation on the Client’s account outperforms a benchmark over a stated period of time. Incentive Fees (absent express agreement with Clients otherwise) can be subject to a deferral mechanism whereby, in broad terms, payment of part of any Incentive Fees earned is deferred for up to three years and is subject to continued outperformance.

A Fund has the ability to form classes of “Manager Class Interests” designed to achieve long term alignment of its own interests with its partners, members, directors, consultants, officers and employees (as well as their family members) or its or their affiliates including employee and partner benefit plans, pension and retirement vehicles, insurance contracts, foundations, charities and trusts for their benefit (“**Generation Personnel**”). Such classes are designed to incentivize Generation Personnel (subject to relevant regulatory considerations) to invest in a Fund so as to ensure a degree of alignment of their personal financial interests and those of the relevant Fund. Such classes carry reduced or zero management fees and incentive allocations and can, in addition, involve a retention requirement. Generation US notes that the cost of establishing such classes will be borne by it and there is no anticipated financial detriment to other investors. All other fees payable by investors will equally be payable by Generation Personnel.

Fees and minimum account sizes can be negotiated as well as the technical provisions around timing of payment and basis of calculation. Clients could pay more or less than the fees set out above or than similar Clients depending on the particular circumstances of the Client, the size and scope of the overall Client relationship, additional or differing levels of servicing, tenure as a Client or as otherwise agreed with specific Clients.

Generation and/or the Funds have the authority to enter into side letters with investors which clarify the scope and extent of existing rights and/or obligations. Any such side letters will be granted pursuant to a general policy which seeks to ensure, in broad terms, that (a) similarly situated investors should be treated similarly and fairly; and (b) the best interests of investors as a whole must be considered in the granting of any side letter. Treating investors fairly does not connote identical treatment. For example, Generation can in its discretion agree from time to time to enter into agreements with certain underlying investors in the Funds or in respect of its Separate Accounts that provide additional servicing terms that are more favorable than the terms set out herein. Such terms can include, among other things, the provision of supplementary information, reports or analysis; provisions regarding indemnification and/or the jurisdiction and choice of law for disputes; provisions regarding the investor's and/or Generation's confidentiality obligations and use of name for marketing purposes. Not all investors will find such terms relevant to their needs or circumstances. Furthermore, Generation can also enter into arrangements for the waiver, reduction, or rebate of Management and Incentive Fees and a "most-favored-nation" provision in respect thereof whereby Generation can agree to reduce its fee if it offers similar services, in respect of similar assets and strategy, over a similar timeframe to another Client. No such agreement necessarily entitles any other Fund investor to the same terms of investment as offered in such agreement and Generation is not obliged to proactively offer such terms to any investor.

Fees charged by Generation US to Separate Accounts are generally paid quarterly in arrears, or as otherwise provided in their client agreement, based on the value of the assets at the close of the applicable billing period. Fees can include a combination of Management and Incentive Fees. Generation US invoices Separate Accounts for services rendered. Fees are typically payable within 30 days of receipt. All Separate Accounts are issued invoices in respect of their management and performance fees. Separate Accounts generally may arrange to have such fees debited directly from their account for credit to Generation, subject to applicable law and regulation. However, Separate Accounts could also choose to settle these costs from outside of the portfolio. Generation US's services can be terminated by either party upon written notification in accordance with the applicable contractual notice of termination per that Client's investment management agreement. Separate Accounts are responsible for paying for services provided until the termination of the agreement. In addition to Management and Incentive Fees, Separate Accounts bear trading costs, including brokerage fees (please refer to *Item 12: Brokerage Practices*). Generation US can charge a further annual fee of up to \$45,000 per annum to defray the administrative costs to maintain a separate account but may waive this fee in its discretion and absorb such costs itself. To the extent that Separate Accounts are invested in mutual funds, including money market funds, these funds pay a separate layer of management, trading, and administrative expenses.

Management Fees charged to investors in the Global Equity Fund and Asia Fund ("investors") are charged at the end of each quarter and are based on the value of the investor's capital account assets at the beginning of each month subject to adjustments for contributions to or withdrawals from the relevant Fund. In addition, the capital accounts of investors can be subject to an Incentive Fee depending upon the investment performance of the relevant Fund. In certain cases, investors can receive fee reductions of a portion of the Management Fee (and/or Incentive Fee or allocation) attributable to an investor's interest in the Fund. In addition to the fees charged by Generation US and the costs of trading, investors will bear indirectly other fees and expenses incurred by these Funds in the on-going business of the Fund including, but not limited to, the following: legal fees; anti-money laundering verification fees; accounting fees; tax-advisory fees, custodian fees; costs of insurance; organizational and registration expenses; certain offering costs; transaction fees;

directors' fees and expenses of meetings of the investors. Typically, these Funds do not appoint directors, officers or observers to portfolio companies, but in the event that a Fund does so, it can meet the costs of such persons including insurance costs. The Funds can meet a portion of the insurance costs incurred by Generation in respect of the Funds and such costs will either be invoiced on a Fund by Fund basis, in alignment with the invoice for the relevant Fund if the costs are incurred on a Fund by Fund basis or, on the basis of an allocation determined by Generation US to be fair and reasonable, in the event that insurance coverage has been obtained on a block or group basis. Legal, tax, accounting and specialist advisory expenses can include, but are not limited to, costs of engaging with current and potential portfolio companies and other investors in respect of matters (including corporate actions and proxy voting) related to their environmental, social and/or governance policy. Investors should review all fees charged by Generation US and the expenses charged to the Global Equity Fund and/or Asia Fund to understand fully the total amount of fees to be paid by a Fund and, indirectly, its investors.

Although possible within their investment program, the Global Equity Fund and Asia Fund have not typically invested in private equity transactions. Such investments have historically not been a material part of the Fund's investment strategy. At no point have they exceeded more than 5% of the value of the portfolio and it is not expected that they will do so, having regard to the value at the time of investment. That said, the Global Equity Fund and Asia Fund are empowered to invest in initial public offerings or late-stage private investment rounds, including with respect to companies that have previously been and/or remain investments for other strategies operated by Generation. In such circumstances, Generation could elect to adopt a position of locking up the shares for a period to ensure appropriate compliance with applicable securities laws. For example, there may be a post-IPO lock up applicable to transacting in the securities. Further, to the extent that such investments did occur then the Global Equity Fund and Asia Fund can bear costs and expenses similar in nature to those charged to the Growth Equity Funds in respect of private transactions, which are discussed below. Such expenses, should they arise, would be treated in alignment with the expense allocation policy applied by Generation UK to the allocation of expenses to the Growth Equity Funds. Broadly, these include all fees, costs, expenses and liabilities (together with any applicable tax) incurred in good faith in connection with the operation, management, administration, termination, liquidation and winding up of the Funds and their investments.

Where expenses do not relate solely to the Global Equity Fund and Asia Fund but have been incurred in respect of a matter applicable to a number of the Company's Clients, it will seek to allocate those costs fairly across its Clients, typically on a pro-rata basis. Examples of when the allocation may not be pro-rata, would include - but are not limited to - where factors relating to the Global Equity Fund's and Asia Fund's regulatory structure or tax position had weighed disproportionately on the cost of the legal, tax or accounting advice obtained relative to other Clients of the Company's or where those costs were not proportionate to assets under management and were rather "per entity", for example, registration costs payable on an entity basis. The Company reserves the right to meet the pro-rata allocation of the expenses of some or all Clients on its own account, including the Funds, in its absolute discretion and as determined in good faith to be demonstrably fair.

Investors' ability to redeem from the Global Equity Fund and Asia Fund is subject to formal notice requirements and can be subject to a withdrawal fee and other restrictions. The Company can, but is not obliged to, waive those requirements in its absolute discretion. It should be noted that the Funds are not registered investment companies under the Investment Company Act and offer liquidity that is materially more limited than such companies. Investment in these Funds which are open ended, is typically subject to a lock-up period of one year and, thereafter, liquidity is on a quarterly basis subject to certain qualifications. Detailed information regarding the fees charged to these Funds and the ability of investors to make complete or partial redemptions is provided in the relevant Fund's private offering memorandum and other governing documents.



The Global Equity Fund and Asia Fund carry withdrawal fees in the discretion of Generation US. These are 1% of the amount of the relevant withdrawal up to the third anniversary of initial investment. Such withdrawal fees, which are for the benefit of these Funds, might be waived in circumstances where, in general terms, the withdrawal is considered not to be materially prejudicial to other investors, for example, because there are corresponding subscriptions. This matter is entirely within the discretion of the Generation US. Withdrawal from these Funds can trigger early payment of an Incentive Fee.

## GROWTH EQUITY FUNDS

The Growth Equity Funds (which are closed-end funds) also carry fees. In the most recent Growth Equity Fund (Generation IM Sustainable Solutions Fund IV, LLP), these are as follows: 1.75% (for investors investing less than \$75m) and 1.50% (for investors investing more than \$75m) per annum of total commitments from the initial closing date until the end of the Fund's investment period. Thereafter, 1.50% and 1.75% per annum of the acquisition cost of all investments that form part of the Fund's investment portfolio, less the acquisition cost of investments that have been realized in full or in part (to the extent so realized) or written off, until the twelfth anniversary of the Fund's final closing date (unless extended by up to three additional 12-month periods). There is also a carried interest arrangement where, above an 8% preferred return, the carried interest partner (an entity formed by certain partners of Generation UK) receives an incentive share of 20%. Generation US will receive a proportion of the annual management fee to be agreed between it and Generation UK from time to time but will not receive the incentive fee. In addition to the fees charged by Generation, investors will bear indirectly other fees and expenses incurred by or on behalf of the Growth Equity Funds including, but not limited to, the following: registration and/or licensing fees, other fees, costs and expenses related to the operation of these Funds and/or directly related to the purchase (including any costs and expenses related to due diligence and/or investment-specific research (excluding, for the avoidance of doubt, general non-deal specific research costs), supervision, restructuring, transfer and sale of securities (whether or not consummated), expenses of the depositary, the administrator, lawyers, tax advisers, risk consultants and accountants, any insurance (including directors' indemnity insurance) as it relates to the Fund, indemnity or litigation expenses, and any taxes, fees or other governmental charges levied against these Funds all as more particularly detailed in the relevant Fund documentation. The Funds can charge so-called "broken-deal" expenses to the investors where in the Company's discretion this is appropriate. Such costs arise when the Fund incurs legal, accountancy and similar costs and expenses, including the cost of research and consultants and that research gives rise to a position where Generation US elects not to proceed or is unable to proceed despite a desire to do so due to competitive considerations.

In the case of the Growth Equity Funds there is no right to withdraw during the life of the Funds, although the General Partner can consider redemptions and transfers in its absolute discretion. In certain cases, the General Partner may agree that it will not unreasonably withhold consent to certain classes of transferee, for example, affiliates of existing Fund participants.

## ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Generation has developed an Incentive Fee structure for the Global Equity Fund and Asia Fund that is intended to align its interests with those of its investors and Clients and which reflects Generation's long-term investment approach. In brief, Generation's standard Incentive Fee is based on its goal of outperforming the relevant index for the Client account (the "**Benchmark Index**") over a rolling three-year basis, subject to a "High Water Mark". In line with this long-term view, in terms of the standard Incentive Fee methodology (noting that some Clients may request and receive non-standard methodology), no Incentive Fees (other than in the event of an early withdrawal) are paid by the Client until the third anniversary of the initial contribution and, thereafter, fees will be calculated annually on a three-year rolling basis, subject to the High Water Mark. The specific fee language is complex, reflecting the nature of the calculation but can be summarized as follows: a High Water Mark means the value that a Client's assets, subject to adjustments for Management Fees and other fees, would have been if the value of those assets had matched the return of

the Benchmark Index from the date of initial contribution. Furthermore, on any date when an Incentive Fee is due, a portion of the total fee accrued can be deferred to subsequent payment dates. Clients can vary the terms of payment with the agreement of Generation.

As the Incentive Fee is calculated on the basis of the Client account's relative outperformance compared to a benchmark index, Generation can receive an Incentive Fee in respect of a particular rolling three-year period even if the Client incurs a net loss during such period. In addition, because the allocation is calculated on a basis that includes unrealized appreciation of the Client's assets, the Incentive Fee can be greater than if it were based solely on realized gains. Whilst most Clients are charged an Incentive Fee, certain Clients may not be.

The Growth Equity Funds also have a carried interest arrangement where, above an 8% preferred return, the carried interest partner (an entity formed by certain partners of Generation UK) receives an incentive share of 20%.

Generation adopts policies and procedures designed to prevent Portfolio Managers from taking into account performance-based fees when making investment allocation decisions amongst Clients. Generation's compliance personnel are responsible for implementing policies and procedures designed to ensure that all investment allocation decisions are made fairly and equitably among Clients over time.

## ITEM 7. TYPES OF CLIENTS

See "*Item 4: Advisory Business*" and "*Item 5: Fees and Compensation*" for information about the Clients for whom Generation provides services and requirements for opening or maintaining an account.

The Global Equity Fund operates as a pooled investment vehicle and, generally, the minimum initial investment in the Fund is \$3,000,000. The minimum additional investment is \$1,000,000. The Asia Fund also operates as a pooled investment vehicle and, generally, the minimum initial investment in the Fund is \$1,000,000. The minimum additional investment is \$500,000. Fund minimums can be reduced or waived by Generation US from time to time in its sole discretion for certain investors, including, but not limited to, partners, officers and employees of Generation.

Note, as discussed above, the Funds can and do issue classes of interests available only to Generation Personnel. Investment in the Funds by Generation Personnel forms part of Generation's remuneration strategy and its commitment to align the interests of the Funds and their investors with those of Generation and its personnel. As part of this framework, Generation Personnel are encouraged to invest for the long-term alongside investors and can be restricted from withdrawing or transferring a portion of their interests, for so long as the holder of such interests remains a member of the class of persons comprising Generation Personnel. Generation can in its absolute discretion permit withdrawal prior to a person ceasing to be Generation Personnel. Generation may permit Generation Personnel to retain these benefits after having ceased to work with Generation.

In the case of Separate Accounts and private investment funds, U.S. investors must generally be "accredited investors" as defined in Rule 501(a) of Regulation D under the U.S. Securities Act of 1933, as amended (the "**1933 Act**"), "qualified purchasers" as defined in Section 2(a)(51)(A) of the Investment Company Act and "qualified eligible persons" under Rule 4.7 of the U.S. Commodity Exchange Act, as amended. The minimum amount investors must invest in Funds and accounts is set forth in each such Fund's prospectus or other relevant offering document and varies from Fund to Fund.

Separate Accounts typically must have an initial asset value of at least \$100 million for the Global Equity Fund and \$75 million for the Asia Fund. Generation US has discretion to accept a Separate Account with a value of assets of less than those amounts.

Generation US acts as a sub-advisor to the Growth Equity Funds as noted above.

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

The following discussion covers the strategies that are presently directly available to Clients in the United States, namely Generation's Global Equity Fund and Asia Fund. A discussion of the closed Growth Equity Funds follows so as to provide a general background to Generation's sub-advisory services in respect of Growth Equity.

### GLOBAL EQUITY AND ASIA EQUITY

The Funds' investment strategy integrates sustainability research within a rigorous fundamental equity analysis framework. Generation believes long-term equity research requires a broad, systemic view of future business risks and opportunities by recognizing ESG challenges facing companies. Central to Generation's investment philosophy is its belief that ESG factors directly affect long-term business profitability.

ESG dynamics are considered as an intrinsic part of the implementation of each Fund's investment strategy. Generation generally does not adopt "screens" or "filters" as part of its investment process. Rather, it believes that its portfolio process embeds an ESG analysis into each investment decision and, as a result, that process naturally indicates away from those stocks that are typically filtered out by a list-based approach. Such a list-based approach would generally involve the use of a benchmark and exclusions from it whereas the Fund is not managed to any benchmark<sup>2</sup>.

Because Generation considers ESG factors to be closely linked to long-term value, separating such analysis from its financial models is considered counteractive to its investment philosophy and instead integrating ESG research with fundamental equity analysis is inherent to that philosophy and underpins its investment process.

As an alternative to the widespread investment strategy of extrinsic screening of investments, ESG dynamics are considered throughout the investment process. It follows from this that there are no tactical or strategic allocations to specific countries/regions, industries/sectors or currencies and that any positions taken are a result of a "bottom-up" stock selection process. Generation's process, as more particularly set out in the offering documents, seeks to illustrate the manner in which Generation assesses the environmental and social characteristics promoted by the Fund and how the good governance practices of companies are assessed. It also seeks to demonstrate how the identification of sustainability risks are integrated into the investment decision-making process of Generation.

Generation notes that while it will seek, amongst other elements, to identify ESG factors relevant to the inclusion of companies within the Focus List (see below for an explanation of this), there remains a lack of relevant, comparable, reliable and publicly available data on companies in a number of areas and this represents an impediment to a comprehensive and accurate assessment of such factors. The assessment of ESG factors is therefore dynamic and will change over time as the data sources develop. Even where data is available its impact and/or interpretation may be disputed.

Generation believes and is encouraged that recent regulatory efforts to standardize the approach to data collation, will lead to improvements in the availability, scope and accuracy of ESG data. Nonetheless, these

<sup>2</sup> For the avoidance of doubt, the Benchmark Index referenced above is used solely for Incentive Allocation calculation purposes, as a benchmark which a Fund's performance must exceed before an Incentive Fee is payable.

factors will remain a potential constraint on the methodology. Furthermore, such data relies on the efforts of third parties and interruptions or inaccuracies in that data supply will be beyond the control of Generation.

As noted above, Generation generally does not adopt “screens” or “filters” as part of its investment process. However, Generation does not invest in companies which have not been admitted onto the Focus List. For the avoidance of doubt, efficient portfolio management including cash management and hedging strategies, where permitted, are not subject to the Focus List process and are in the discretion of Generation.

Certain Clients are subject to a legal prohibition on making investments if they do not have a specific confirmation that investment in certain asset classes (e.g., tobacco or armaments) will not occur. Generation believes it would be unfortunate to exclude such investors due to a lack of formal exclusion of assets that Generation is highly unlikely to invest in. In consequence, in limited circumstances, as an exception to the broadly applicable principle that Generation does not operate an exclusion list, it may determine, from time to time, to avoid investment in certain sectors where it considers companies operating in those sectors are unlikely to be aligned with Generation’s strategy.

As of the date of this Brochure, Generation has determined that it will not knowingly invest in companies in the tobacco and munitions sectors as follows:

- i. that derive a material part (broadly defined as in excess of 15%) of their revenues from the manufacture, sale and distribution of tobacco products where the end usage of such products is one which is known to cause medical harm; or
- ii. that are engaged in the manufacture or sale of cluster munitions and anti-personnel mines.

Generation may amend the general sectors that it wishes to avoid, and consequently this list of restricted investments from time to time. Generation will use its own Focus List process to determine compliance with these investment restrictions and an external list or filter will not be determinative as to compliance. In the event that such investments come to form part of the portfolio (for example due to the changing business model of the company concerned or as a result of incomplete or unclear information at the time of purchase) Generation will sell the position in its discretion but shall not otherwise be liable for acquisition or retention of a restricted security on the basis that this will have resulted from a reappraisal of information Generation reasonably believed to be reliable and acted upon in good faith.

Generation has adopted a concentrated approach since it allows maximum leverage of an intense research effort as investments will be entered into only when high levels of conviction exist. The table below summarizes the expected range of portfolio and Focus List holdings for the Global Equity and the Asia strategies:

	Global Equity	Asia Equity
<b>Number of Portfolio Stocks</b>	30 – 60	15-45
<b>Number Focus List Stocks</b>	Up to 140	Up to 60

The majority of anticipated value-add is expected to come from a bottom-up stock selection process.

The Focus List is the list of stocks upon which Generation undertakes intensive, ongoing research. Generation uses neither value nor growth filters to create the Focus List. Instead, the Focus List is primarily based on industry roadmaps that are developed by the analysts, which provide guidance to help identify potential Focus List companies. – Admission to the Focus List is guided by the criteria set for Business Quality (“BQ”) and Management Quality (“MQ”), which are metrics applied by Generation to guide it. When a company is admitted to the Focus List, it is then capable of being selected by Generation’s portfolio managers for inclusion in the portfolio. Generation seeks to invest only in companies which have been admitted to the Focus List.

The decision to buy or sell a security is determined by Generation UK's Portfolio Management Team. The Portfolio Management Team works to achieve a consensus but, ultimately, Generation UK's Co-Chief Investment Officers have final responsibility for the portfolio construction and investment performance.

In addition to equities and warrants (a derivative security that gives the holder the right to purchase securities (usually equity) from the issuer at a specific price within a certain time frame), Generation can trade in other types of securities. For example, Generation can trade futures for an account with a view to minimizing the risk from anticipated changes in the market. A futures contract is an agreement to take delivery (long) or make delivery (short) of a physical commodity, or a financial instrument such as an underlying security or index, during a specific period under terms and conditions established by the United States of America or foreign government designated contract markets upon which trading is conducted, at prices established on such market. Generation can also enter into forward foreign currency contracts for a Client portfolio or Fund primarily intended to hedge against foreign currency exchange rate risks on its non-U.S. dollar denominated portfolio risks (or such other currency as is the base currency of the Client's portfolio) or in respect of risks relative to the Benchmark. Generation typically does not seek to hedge all currency exposures. Rather, it can, in its discretion, seek to address those currency risks, in whole or in part, that it considers to represent the 'major' currencies in a Separate Account or Fund, by trading currency forward contracts.

Note that in considering its currency hedging strategy, Generation could decide to take into account its understanding of the foreign currency revenues that a portfolio company receives. When entering into a forward foreign currency contract, the Fund or Separate Account agrees to receive or deliver a fixed quantity of foreign currency for an agreed-upon price on an agreed future date. Periodically, the Portfolio Management Team could believe a foreign currency to be vulnerable but could at the same time not consider the U.S. dollar (or such other currency as is the base currency of the Client's portfolio) to be particularly attractive. In such case, Generation can sell the foreign currency and purchase a different foreign currency where fundamentals are considered more attractive.

Certain currency transactions will generally require the use of a portion of the Fund or Separate Account's assets for margin or settlement payments or other purposes. For example, the Fund or Separate Account can from time to time be required to make margin, settlement or other payments, in connection with the use of certain hedging instruments described above.

The description provided above is a brief overview of the investment strategies and is not intended to be complete. All investing involves a risk of loss and the investment strategies offered by Generation could lose money over short or even long periods. Performance could be impacted by a number of different market risks.

## GROWTH EQUITY

### Aspects of Generation's Growth Equity Platform.

Generation believes that we are in the early stages of a systemic, secular, multi-decade transition to a sustainable economy. This transition is being driven by a combination of factors. Global population growth, increased pollution, resource constraints, the climate crisis, rising inequality in the developed world and poverty in developing economies are driving the need for change, and technological innovation and consumer demand are accelerating this transition. In Generation's view, the events related to COVID-19 and the first and second order effects of the pandemic on the global economy have been extreme, including with respect to health inequality and broader issues of social and racial justice. At the same time, Generation has also seen acceleration in adoption of digital and often more efficient solutions during the pandemic, such as rises in remote working and mobile health delivery.

In Generation's view, the secular shift to a more resource efficient and sustainable economic system is progressing faster than ever. In Generation's assessment, cost down-curves are now facilitating the

development of lower-cost alternatives in many large markets like energy, mobility, food, agriculture, enterprise, healthcare and financial services. Due to shifting consumer demand, Generation believes that more sustainable products and services are often now out-performing incumbent offerings and continue to become more affordable. Generation further believes that entrepreneurs in the market focused on sustainable solutions are also becoming more seasoned and can attract top talent to their teams as they scale. Generation considers that the opportunity set is robust and high quality, due to these factors as well as opportunities from superior data processing, software platforms, and digital tools driving a new wave of business model innovation.

It is clear, in Generation's opinion, that a fair and just transition to a net zero economy requires a tremendous amount of innovation and with that innovation comes disruption and a need to rewire massive industries like energy, healthcare, agriculture, finance, and beyond. In the growth equity markets, Generation thinks that there is a strong pipeline of mission driven management teams who are helping to accelerate society towards a more sustainable economy.

Generation believes that the Sustainability Revolution, combined with the maturation of the investment ecosystem, is creating one of the most interesting investment opportunities of the modern age.

## **Research, Sourcing and Access.**

Generation believes that its research is one of the key drivers of its deal sourcing. Generation's research efforts have identified an opportunity to invest in sustainable solutions businesses that it conceives to be attractive. Businesses identified by that process typically have material commercial traction, are growing quickly, are building compelling business models and typically are run by experienced, mission-aligned entrepreneurs. They are disrupting old, inefficient industries, redefining how business is done, how industry is organised, and are enabling consumers to make sustainable and healthy life choices. Generation expects its extensive research foundation and network of relationships to generate potential investment opportunities for the Growth Equity Platform. Management teams and entrepreneurs appreciate Generation's sustainable investment knowledge and mission alignment, which often leads to differentiated access to investment opportunities. In addition, the team believes that it has a strong network of industry experts and advisers it can draw upon to help portfolio companies succeed.

## **Sustainability Integration and Systems Level Views.**

Generation uses sustainability research as the lens through which it identifies great business models and management teams. By taking a systems view, Generation also understands the first and second order implications of sustainability trends. Across the team, all of Generation's investment professionals fuse fundamental analysis and sustainability analysis into an integrated approach to help identify, source and ultimately invest in what they consider to be attractive companies. The team is focused on what a business does, as well as how the business operates. By focusing on what a business does, Generation assesses specific environmental, social, health and financial inclusion metrics at the point of investment, which it trusts will drive performance. By thoroughly understanding how a business operates, Generation assesses the level of integration of sustainability considerations into business practices, operations, monitoring, reporting and performance management. This is how Generation's Growth Equity Platform has been investing for the past 15 years, and how it has built an investment process to leverage this insight.

The Growth Equity strategy allows for the potential for co-investment opportunities depending on the individual Growth Equity Fund and the particulars of their investment program, among other factors. Co-investment involves investment in portfolio companies alongside financial, strategic or other third-party co-investors (including investors). Investments alongside other co-investors will involve additional risks which may not be present in investments where a co-investor is not involved, including the possibility that the other co-investors may have interests or objectives that are inconsistent with those of the Growth Equity Funds or may be in a



position to take actions contrary to the Growth Equity Fund's investment objectives or may become bankrupt or otherwise default on their obligations. In particular, these conflicts may arise as a result of Generation or its associates receiving carried interest, general partner's share or fee, or similar in relation to any co-investment partnership or vehicle that exists or that they may establish. Abort costs related to potential investments that are not consummated will not typically be allocated to prospective co-investors who are also investors. However, third-party co-investors will typically be allocated their pro-rata share of such abort costs. Co-investment opportunities, along with investments by affiliated funds can create material conflicts of interest and these are further discussed below.

## GENERAL

Since Generation will invest primarily in equity securities, the risk of an investment in such securities is substantial. The value of portfolio investments should be expected to fluctuate, possibly significantly and unpredictably. The value of the portfolio investments and any income derived from them generally will be affected to a large degree by company-specific events and, to a lesser degree, by broad market movements.

Investors in a Fund should carefully consider the investment objectives and risks of that Fund. The information provided herein is a summary of certain material risks. Investors should review the offering document for each Fund for a more detailed explanation of the investment strategy and risks involved. Separate Accounts should contact Generation US for additional information on other risks that can be present when considering opening an account.

## EQUITY SECURITIES

Generation's equity investments will include, but are not limited to, long positions in common stocks and warrants of U.S. and foreign issuers. Generation also can invest in depositary receipts relating to foreign securities. See "Foreign Securities" below. Equity securities fluctuate in value, often based on factors unrelated to the value of the issuer of the securities, and such fluctuations can be pronounced and sudden.

## FOREIGN SECURITIES

Investments in foreign securities entail the risk that news and events unique to a country or region will affect those markets and their issuers, including adverse economic, political or social developments. These same events will not necessarily have an effect on the U.S. economy or similar issuers located in the United States. In addition, investments in foreign securities generally will be denominated in foreign currencies. As a result, changes in the value of a country's currency compared to the U.S. dollar can affect the value of the investments. These changes can occur separately from and in response to events that do not otherwise affect the value of the security in the issuer's home country. Generation is not subject to any requirement that it hedges all or any portion of its exposure to non-U.S. or other base currency risks, and there can be no assurance that hedging techniques will be successful if used.

## EMERGING MARKETS

Generation can invest in the securities of companies in emerging markets. Investment in such markets involves risk factors and special considerations, including the following, which may not be typically associated with investing in more developed markets. Such risks include, among other things, trade balances and imbalances and related economic policies, unfavorable currency exchange rate fluctuations, restrictions on foreign investment, imposition of exchange control regulation by governments, withholding taxes, limitations on the removal of funds or other assets, policies of governments with respect to possible nationalization of their industries, political difficulties, including expropriation of assets, confiscatory taxation and social, economic or political instability in foreign nations. These factors can affect the level and volatility of securities prices and the liquidity of the investments of the underlying funds. Unexpected volatility or illiquidity could impair profitability and or result in losses. Political or economic change and instability could be more likely to occur and have a greater effect on the economies and markets of emerging countries.

Adverse government policies, taxation, restrictions on foreign investment and on currency convertibility and repatriation, currency fluctuations and other developments in the laws and regulations of emerging countries in which investments can be made, including expropriation, nationalization or other confiscation could result in loss. By comparison with more developed securities markets, most emerging countries' securities markets are comparatively small, less liquid and more volatile. In addition, settlement, clearing and registration procedures can be under-developed enhancing the risks of error, fraud or default. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in emerging markets may not provide the same degree of investor information or protection as would generally apply to major markets.

## IMPLICATIONS OF BREXIT

The United Kingdom government, pursuant to a referendum held on June 23, 2016, withdrew from its membership of the European Union effective from 11:00 pm on January 31, 2020. Brexit could lead to weakening in consumer, corporate and financial confidence. The longer-term process to implement the political, social, economic and legal framework between the United Kingdom and the European Union is likely to lead to continuing uncertainty and periods of volatility in both the United Kingdom and wider European markets.

Generation UK, while based in the United Kingdom, has a diverse pool of staff from all over the world including other countries in the European Union. Generation UK considers such cultural and cognitive diversity to be in the best interests of Clients and plans to continue with this approach. Due to Brexit, the United Kingdom government has indicated that it expects there to be a tightening of United Kingdom immigration rules which could, dependent upon the form of those rules, render it harder for Generation UK to procure non-United Kingdom citizens to work for it in the United Kingdom. This could impact the pool of qualified staff available to Generation UK.

## DIRECT AND INDIRECT INVESTMENTS IN CHINA A SHARES

Generation can invest, directly or indirectly, in shares issued by companies incorporated in the People's Republic of China ("**PRC**") that are traded on Chinese regulated exchanges ("**China A Shares**") or securities linked to China A Shares. The securities markets of the PRC are emerging markets that are undergoing rapid growth and change. PRC laws and regulations governing such securities and companies can be subject to unpredictable change and development. The effect of such changes can be retrospective and can have an adverse impact on securities owned by Clients. In particular, Generation can trade China A Shares either directly or indirectly via the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect or other similar arrangements (the "**Stock Connect**"). Stock Connect is a securities trading and clearing program. Trading through the Stock Connect is subject to a number of restrictions and has certain risks. In addition, the Stock Connect could be disrupted or terminated. Generation can also seek exposure to China A Shares using market access products – these are discussed further at "Special Investment Techniques—Market Access Products" below.

## FOREIGN CURRENCY TRANSACTIONS

Generation can engage in foreign currency transactions for a variety of purposes, including locking in a price in U.S. dollars, between trade and settlement date, for a security Generation has agreed to buy or sell, or to hedge the U.S. dollar value of securities Generation already owns.

Foreign currency transactions can involve, for example, the purchase of foreign currencies for U.S. dollars or the maintenance of long or short positions in foreign currencies, including, in the discretion of Generation, the purchasing or selling of foreign currencies to bring the currency exposure closer to the currency exposure of the Benchmark Index (noting Generation is under no obligation to manage to any index). This process falls within Generation's investment management discretion and, as a result, not all currency exposures will be neutralized to the benchmark weighting. In certain cases, where Generation believes adequate data is available, in seeking



to hedge currency exposures, Generation can draw on more comprehensive data purporting to identify the sources from which benchmark constituents draw their revenues. Generation can, in consequence, also seek to hedge the perceived currency risks based on that data rather than those relative to the Benchmark.

Counterparties to any foreign exchange hedging could demand payments on short notice, including intra-day. As a result, a Fund or Separate Account could liquidate assets sooner than it otherwise would have and/or maintain a greater portion of its assets in cash and other liquid securities than it otherwise would have, which portion could be substantial, in order to have available cash to meet current or future margin calls, settlement or other payments, or for other purposes. A Fund or Separate Account generally expects to earn interest on any such amounts maintained in cash; however, such amounts will not be invested in accordance with the investment program of a Fund or Separate Account, which could materially adversely affect the performance of a Fund or Separate Account.

Moreover, due to volatility in the currency markets and changing market circumstances, Generation might not be able to accurately predict future margin requirements, which could result in a Fund or Separate Account holding excess or insufficient cash and liquid securities for such purposes. Where a Fund or Separate Account does not have cash or assets available for such purposes, a Fund or Separate Account could be unable to comply with its contractual obligations, including without limitation, failing to meet margin calls or settlement or other payment obligations. If a Fund or Separate Account defaults on any of its contractual obligations, a Fund or Separate Account could be materially adversely affected.

Generation may or may not attempt to hedge all or any portion of the Client's currency exposure. However, even if Generation does attempt to hedge the Client's currency exposure, it is not possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in any particular currency because the value of those securities is likely to fluctuate as a result of independent factors not related to currency fluctuations. To the extent unhedged, the value of a Client's assets will fluctuate with currency exchange rates as well as the price changes of its investments in the various local markets and currencies.

## SPECIAL INVESTMENT TECHNIQUES

Generation invests primarily in global listed equity securities, with a long-only focus. It can also invest to a lesser extent in warrants in respect of such securities. In addition, Generation can invest, to a limited extent, in derivatives of global equity stock indices in order to gain market exposure quickly following the receipt of subscriptions, to maintain liquidity in the event of withdrawals and to keep trading costs low. Generation can also use a variety of other special investment techniques in certain circumstances to pursue the investment objective. The techniques that could be employed might change over time as new instruments and techniques are introduced or as a result of regulatory developments. Certain of the special investment techniques that could be used are speculative and involve a high degree of risk.

***Currency Hedging*** – As noted above, it is anticipated that currency hedging will be undertaken primarily through the use of FX forwards. However, Generation reserves the right to utilize other derivative instruments, to the extent permitted by Client guidelines, to enter into derivative transactions, including, but not limited to spot transactions, currency forwards, collars, cross currency swaps, options and futures on currencies with the intention of hedging foreign exchange risk.

***Market Access Products*** – Generation can use “market access products”, which is a generic term that covers a range of derivative types that are used to access a particular market when direct investment is not possible, practicable or desirable. Such products include warrants, participating or “P”-notes, and other forms of structured product. A typical feature of such products is that they do not, unless expressly agreed otherwise, materially vary the investment or credit risk of the underlying security. Therefore, if the underlying issuer becomes insolvent or the underlying security otherwise declines in value, so too will the value of the market access product. However, as the Client will not typically have an entitlement to delivery of the

underlying asset of the market access product, additional risks can arise. Specifically, in the case of market access products issued by financial institutions, if the financial institution becomes insolvent, notwithstanding that the underlying issuer may remain viable, the Client will typically suffer the credit risk of the relevant intermediating financial institution.

**General** – Losses in Client accounts from investments in derivative instruments can result from a lack of correlation between changes in the value of derivative instruments and the portfolio assets (if any) being hedged, the potential illiquidity of the markets for derivative instruments, the failure of the counterparty to perform its contractual obligations (including the risk of complete loss due to default) or the risks arising from margin requirements and related factors associated with such transactions.

## CONCENTRATED STATUS

Generation will invest in a relatively concentrated portfolio of equity securities and expects to hold, for Global Equity, between 30 and 60 stocks and for Asia Equity, between 15 and 45 stocks at any one time. Accordingly, the value of portfolio securities could be more sensitive to changes in the market value of a single issuer and/or to events affecting a particular industry, market segment or geographic location.

## MARKET CONDITIONS

The prices of, and the income generated by, the securities owned could decline due to market conditions and other factors, including those directly involving the issuers of securities.

## COUNTERPARTY RISK

Clients could be exposed to the credit risk of counterparties with which, or the brokers, dealers, custodians and exchanges through which, they deal in connection with the investment of its assets, whether engaged in exchange-traded or off- exchange transactions.

## LIQUIDITY RISKS AND PRIVATE INVESTMENT CONSIDERATIONS

A Client account could make investments that might be illiquid or that are not publicly traded and/or for which no market is currently available or that might become less liquid in response to market developments or adverse investor perceptions. Lack of liquidity could prevent a Client account from liquidating unfavorable positions promptly and could subject Clients to substantial losses.

In addition, Generation can, to the extent permitted by each Client's guidelines, make private investments. Typically, this is permitted when the securities are expected by Generation to be listed on an exchange within the short to medium term in an initial public offering ("IPO") although certain Clients may not impose this limitation. In certain circumstances, securities that are listed may become unlisted. Where Generation determines that a re-listing is likely within the short to medium term, Generation may continue to hold such securities. Whether or not, and when, such securities are expected to be so listed (or re-listed, as applicable) will be a determination within the absolute discretion of Generation. It is in the nature of such determination that it will be based on a number of factors, including without limitation information from the issuer, information from other market participants and Generation's assessment of the underlying investment. The issuer will not necessarily have issued a definitive statement of its intention to list or re-list its securities on an exchange. Generation will use reasonable care when making this determination but there is no warranty that such securities will be listed within the relevant period. In addition, even in circumstances where Generation concludes that such re-listing is not likely to occur within the short to medium term, such relisting is likely to have a material adverse impact on the liquidity of such shares and their disposal, if possible at all, may be at a material discount to their prior market value. Whether such investments are expected to be the subject of an IPO will be a determination within the absolute discretion of Generation. It is in the nature of such determination that it will be based on a number of factors, including without limitation information from the issuer, information from other market participants and Generation's assessment of the underlying investment. The issuer will not

necessarily have issued a definitive statement of its intention to conduct an IPO, and there is no warranty that an IPO will occur in the relevant period. In addition, such investments, not being regularly traded on a recognized market, involve more complex valuation considerations. Generation has regard to applicable accounting standards, valuation frameworks and industry guidelines. Nonetheless, valuation of private investments involves the application of material subjectivity. This can give rise to particular considerations for Clients in connection with the valuation of Client accounts, subscriptions to and redemptions from the Funds, and the calculation of any applicable Management and Incentive Fees. Generation can agree in its discretion to act as an “anchor investor” in IPOs. This can mean that, in return of a larger allocation, Generation would have to accept temporary restrictions on disposal of the investment. Generation will consider each case individually having regard to what it perceives to be the best interests of its Clients. Subscription for shares in IPOs can involve placing the proposed payment in escrow pending allocation.

## PURCHASING DIRECT LISTING SECURITIES

The Fund can purchase securities of companies in a direct listing. A direct listing is a process whereby shares of an existing privately held company are listed on a public exchange. However, unlike an IPO (in which new shares are created, underwritten and sold to the public), a direct listing involves the listing of existing shares, which are sold without the involvement of any underwriters and often without lock-up restrictions in place. A direct listing involves many of the same risks as an IPO, described above.

However, the absence of any underwriters or any lock-up restrictions means that there is no support or guarantee for the share sale, no promotions, no safe long-term investors and no mechanisms to ensure liquidity or to protect against share price volatility. As such, investment via a direct listing poses an additional, specific risk for the Fund.

## LEVERAGE

While generally not a core part of its investment strategy, Generation can make use of leverage as permitted by its Clients. Leverage generally magnifies both the opportunity for gain and the risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which state is difficult to accurately forecast. During times when credit markets are unfavorable, it could be difficult to obtain or maintain the desired degree of leverage. Client accounts, including the Funds, could be required to provide security to leverage providers, which could result in a higher risk exposure than originally intended. Leverage providers also often impose restrictive financial and operating covenants on the borrower and this, in addition to the burden of debt service, could impair Clients’ or the Funds’ ability to finance future operations and capital needs. Portfolio companies can also incur leverage that could have important adverse consequences. For example, portfolio companies can be subject to restrictive financial and operating covenants, and leverage could impair their ability to respond to changing business and economic conditions and to business opportunities.

## CYBERCRIME

Cybercrime is an increasing feature of the investment landscape due to the widespread reliance on information technology which is often broadly interconnected. Generation and its service providers are susceptible to operational and information security and related risks of cybercrime. In general, cyber incidents can result from deliberate attacks or unintentional events. Cybercrime includes, but is 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. Cybercrime can also 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). Cybercrime affecting Generation, a Fund, a Separate Account, Administrator 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 the ability to value securities; impediments to trading; the inability of Clients to transact business with Generation; 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 cybercrime incidents affecting issuers of securities in which a Fund or Separate Account invests, counterparties with which a Fund or Separate Account 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 cybercrime, there are inherent limitations in any cybercrime risk management systems or business continuity plans, including the possibility that certain risks have not been identified.

## ILLIQUIDITY

An investment in the Growth Equity strategy is an illiquid investment and involves a high degree of risk. There is no public market for the interests in the Growth Equity Funds, and it is not expected that a public market will develop. This is also true of the Global Equity Fund and Asia Fund advised by Generation, although they do as a general matter and subject to certain limitations, offer quarterly liquidity. There are substantial restrictions on the ability of investors to transfer their Interests. Interests are not transferable except with consent, which generally can be withheld. There are also considerable restrictions on the ability of investors to liquidate their investments prior to the end of a Growth Equity Fund's term. Investors should also not expect distributions from the Fund for a number of years.

## CONTROLLING STAKES

Generation has determined that the Growth Equity strategy can hold controlling stakes in investments. Generation's experience acquiring, managing and realising minority positions in private investments and interests in publicly limited securities might not be entirely relevant should it acquire a controlling stake in an investment. In addition, the exercise of control over a company imposes additional risks of potential liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liabilities in respect of which the limited liability generally characteristic of business operations could be ignored.

## EMPLOYEE AND/OR THIRD-PARTY MISCONDUCT

Misconduct by employees, members, partners or by third-party service providers could cause significant losses to Generation, a Fund or a Separate Account. Employee misconduct could include binding Generation, a Fund or a Separate Account to transactions that exceed authorised limits or present unacceptable risks and unauthorized trading activities or concealing unsuccessful trading activities. Losses could also result from actions by third-party service providers, including, without limitation, failing to recognise trades and misappropriating assets. In addition, employees and third-party service providers could improperly use or disclose confidential information, which could result in litigation or serious financial harm, including limiting Generation or a Fund's business prospects for future marketing activities. In addition, the liability of third-party service providers could be limited by contract, and within this, the level of recovery will be limited by the level of resources and insurance coverage available to such third-party service provider.

## UNCERTAIN ECONOMIC, SOCIAL, AND POLITICAL ENVIRONMENT

The success of Generation's investment activities is affected by general economic, social and political environments that could adversely affect market conditions such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, trade barriers, and currency exchange controls. Consumer, corporate and financial confidence could be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest including global pandemics such as COVID-19. Such erosion of confidence could lead to or extend a localized or global economic downturn. A climate of uncertainty could reduce the availability of potential investment opportunities, and increases the difficulty of modelling market conditions, potentially reducing the accuracy of financial projections. Clients could incur major losses in the

event of market disruptions and other extraordinary events in which historical pricing relationships become materially distorted.

Generation's investment activities are also subject to various anti-terrorist financing, privacy, anti-money laundering and economic sanctions laws and regulations established by various agencies. While Generation believes it has appropriate systems and controls in place designed to ensure compliance with such laws, failure to achieve compliance could have a material adverse effect on Generation and its Funds and Separate Accounts. This could include fines and freezing of assets. Equally, however, compliance with such laws and regulations may have material adverse impacts on Generation, a Fund or a Separate Account. For example, if Generation has invested in an asset that subsequently becomes sanctioned, such sanctions are likely to materially impact that value of that asset and potentially prevent its sale, creating illiquidity. If an investor in a Fund that requires drawdown of capital is sanctioned, Generation will be unable to rely upon the funding it had anticipated in making certain investments, potentially creating greater investment concentration amongst investors who are not so sanctioned.

The risk of expropriation, moratorium, exchange restriction or any other act or threat of governmental or other authority, war, act of terrorism, civil disturbance, fires, labor disputes, epidemics, pandemics, riots or acts of god is always present. Such events may impact Generation and its Funds and Separate Accounts in multiple ways. Markets and means of communications may be disrupted preventing effective valuation and trading of assets. Infrastructure required for the operation of the Funds and Separate Accounts may become temporarily or permanently inaccessible. In times of such disruption markets may become volatile and extensive losses may be suffered as a result. Assets belonging to the Fund or Separate Accounts may be expropriated.

The invasion of parts of Ukraine by the Russian Federation is illustrative of the macroeconomic and global risks the Funds face in the execution of their respective investment programs. Wars, terrorism and other acts of aggression have many consequences of global significance from driving refugee flows, increasing commodity prices and inflation through to supply chain disruption and change. This occurs not only in the country that is the subject of the hostile action but also in the aggressor country due to the potential application of international sanctions. Such risks are ever present and Clients are reminded that due to the acceleration of globalization in the world economy, a particular impact of hostile action could be disruption to a dominant supplier or suppliers of resources or components that are critical to the smooth functioning of the global economy. The global economy has seen this in the past with "oil shocks" in the energy sector but new risks regularly emerge. One of the consequences of the recent COVID pandemic was to demonstrate manufacturers' reliance on a relatively small number of producers of semi-conductors. Such semi-conductors are produced globally but there is particular concentration in China, Taiwan and South Korea with Taiwan being a leader in more advanced technologies. Relations between Taiwan and the People's Republic of China (the "PRC") have on occasion depressed the market prices of the securities of Taiwanese companies and if they deteriorate present potential threats to the global supply chain and the value of portfolio companies. Although Taiwan and the PRC have co-existed for many decades and significant economic and cultural relations have been established, relations have often been strained and the government of the PRC has announced its intent to use military force to gain control over Taiwan if Taiwan declares itself independent. Such risks to the Funds, if they were to emerge, could significantly impact the Funds even in respect of portfolio companies that do not directly operate in the area of conflict due to accompanying macro-economic, political and supply chain consequences.

## ESG CONSIDERATIONS

Generation seeks to manage its accounts in accordance with sustainable business principles, including having regard to ESG factors. An issue in this regard is that there is no broadly accepted definition of what ESG factors constitute. Generation notes that the European Commission has described "sustainable finance" as generally "finance to support economic growth while reducing pressures on the environment and taking into account

social and governance aspects”. More specifically, environmental considerations refer to climate change mitigation and adaptation, as well as the environment more broadly and related risks (e.g., natural disasters). Social considerations can refer to issues of inequality, inclusiveness, labor relations, investment in human capital and communities. Environmental and social considerations are often intertwined, as especially climate change can exacerbate existing systems of inequality.

The governance of public and private institutions, including management structures, employee relations and executive remuneration, plays a fundamental role in ensuring the inclusion of social and environmental considerations in the decision-making process. It will be appreciated from this comment that the definition is broad and, in consequence, investors should be aware that the determination of what may or may not be an ESG factor, while influenced by externalities, is ultimately a matter in the absolute discretion of Generation. The individual approaches of portfolio companies to ESG factors can vary broadly. As noted elsewhere in this document, Generation does not use a list-based approach to select investments on ESG grounds and does not rely upon a third-party determination in that regard. Investors should therefore be further aware that there is no representation or warranty that a company that appears on a third-party produced exclusion list that is stated to be drafted on the basis of ESG considerations, will not be included in a portfolio.

While Generation has authority to determine what is and what is not an ESG Factor, it should be noted that Funds and Separate Accounts managed or advised by Generation UK are generally subject to the EU’s Sustainable Finance Disclosure Regulation and Taxonomy Regulation. These regulations have introduced various operational and disclosure-related requirements around what constitutes sustainable investment, with a view to increasing transparency on investing sustainably within the financial markets and facilitating comparability of investment approaches and impacts across different products and managers. While these regulations are not directly applicable to the Funds, these regulations may have an impact on Generation UK’s investment process, including how Generation UK considers sustainability, and sustainability factors and characteristics. As such they may indirectly be of relevance to, and influence the management of, the Funds.

## FINANCIAL INSTITUTION RISK; DISTRESS EVENTS

An investment in a Fund is subject to the risk that one of the Fund’s banks, brokers, hedging counterparties, lenders or other custodians of some or all of the Fund’s assets (each, a **“Financial Institution”**) fails to perform its obligations or experiences insolvency, closure, receivership or other financial distress or difficulty, similar to that experienced by Silicon Valley Bank and Signature Bank in March 2023 (each, a **“Distress Event”**). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance or accounting irregularities. In the event a Financial Institution experiences a Distress Event, Generation US, the Funds and/or their portfolio companies may not be able to access deposits, borrowing facilities or other services for an extended period of time or ever. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation (“FDIC”), in the case of banks, or the Securities Investor Protection Corporation (“SIPC”), in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose increased risk of loss. Although in recent years governmental intervention has resulted in additional protections for depositors, there can be no assurance that governmental intervention will be successful or avoid the risk of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on the ability of Generation US to manage the Funds and their investments, and on the ability of Generation US, any Fund and/or portfolio companies to maintain



operations, which in each case could result in significant losses and unconsummated investment acquisitions and dispositions. Such losses have the potential to include a Fund to pay fees and expenses in the event the Fund is not able to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of investors to make capital contributions or otherwise), as well the inability of a Fund to acquire or dispose of investments at prices that the relevant General Partner believes reflect the fair value of such investments and/or the inability of portfolio companies to make payroll, fulfill obligations and maintain operations. Although Generation US expects to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, there can be no assurance that such remedies will be successful or avoid losses or delays.

Many Financial Institutions require, as a condition to using their services or otherwise, that Generation US and/or the relevant Fund maintain all or a set amount or percentage of their respective accounts or assets with the Custodian, which heightens the risks associated with a Distress Event with respect to such [Custodians]. Although Generation US seeks to do business with Custodians that it believes are creditworthy and capable of fulfilling their respective obligations to the Funds, Generation US is under no obligation to use a minimum number of Custodians with respect to any Fund, or to maintain account balances at or below the relevant insured amounts.

## INVESTMENT PROCESS

As noted above, ESG dynamics are considered throughout the investment process of the Global and Asia Funds. This operates in the following manner:

- i. Roadmaps – Generation develops “Roadmaps” which initiate the investment process and provide an opportunity for analysts and the broader team to investigate factors driving sector and global trends while deepening their understanding of the investment landscape. Roadmaps may have a broader focus, on regions and countries or ESG themes (past examples have been Europe and China, sustainable travel, hydrogen energy) but more typically focus on sectors and sub-sectors. Regardless, Roadmaps allow Generation’s team to identify ESG issues (including risks) that are relevant and material to particular sectors. In constructing a Roadmap in this way, the investment team is able to establish a template for what it believes would be a high-quality business and management team for their particular sector and is hence guided towards the parts of the market where it thinks such a robust set of companies are likely to exist. Through their Roadmap research, Generation’s analysts generate a list of potential company names for further analysis. Companies may thereafter be added from time to time based on the original research;
- ii. Focus List – Detailed company research then follows until either the analyst determines that the business under investigation will not meet the quality thresholds or the analyst is ready to present a comprehensive investment thesis on that company to his or her fellow investment team members. This is known as a “Focus List” presentation, which may be updated from time to time. This stage is guided by the criteria set for Business Quality (“BQ”) and Management Quality (“MQ”), which are metrics applied by Generation to guide it in determining admission, retention and removal of Focus List companies. Aspects considered include sector barriers to entry, business stability and alignment of management incentives which are key components in the assessment of ESG factors. For example, although the list of components is dynamic, the analysts will typically consider factors, where considered relevant to the company in question, including but not limited to:

- a. A fair deal: is the company delivering its products/services in a manner that drives long-term satisfaction of its customers without unfair methods of competition?
  - b. Environmental impact: is the company delivering products consistent with a sustainable environment?
  - c. People: is the company compensating its people fairly and managing risks around talent?
  - d. Sustainable consumption: is the company offering products and services consistent with sustainable levels of consumption?
  - e. Data risk: is the company protecting sensitive data from attackers and ensuring customers' privacy is respected?
  - f. Regulatory regime change: does the company face any material risks from a change to the global geo-political or regulatory environment?
  - g. Unsustainable customers: does the company offer a material amount of products to customers which belong to an unsustainable ecosystem?
  - h. The entire investment team participates in this process and where considered uses these criteria to score companies against its BQ/MQ ranking system where 1 is the highest and 5 is the lowest;
- iii. Buy decision – When a company is admitted to the Focus List, it is then capable of being selected by Generation's portfolio managers for inclusion in the portfolio if they consider in their absolute discretion that there is sufficient "upside" in that stock. Generation seeks to invest only in companies which have been admitted to the Focus List. For the avoidance of doubt, any admission to the Focus List does not necessarily result in the purchase of a company's securities. It is possible that even though a company is admitted to the Focus List, it is never purchased for the portfolio. This could occur where the portfolio managers consider that, although it is a company they would like to own, it does not in their opinion represent good value. The composition of the Focus List is reviewed periodically and companies that are no longer considered to meet the criteria determined for admission to the list are removed. Upon removal from the Focus List, positions not previously sold will be sold in Generation's discretion having regard to the best interests of Investors as a whole;
  - iv. Portfolio construction – The sizing of positions is determined by Generation's portfolio management team;
  - v. Risk management – Generation's goal is for stock selection to be the key driver of Fund performance. Although Generation develops its own processes to track risk in a more general fashion, it primarily relies on risk analysis tools supplied by third-party vendors to more systematically track exposures; and
  - vi. Sell decision – A number of the key outputs from the portfolio management process are actively monitored to ensure that the stocks contained in the Fund's portfolio are considered to be both the best ideas of Generation and appropriately sized. Most important of these is the modelled target returns of each investment expressed as a range of values and the BQ and MQ scores. Changes in the quality assessment normally result in the expected return and/or the position size being reassessed. If Generation believes it has made a mistake in the investment case, it will undertake such a reassessment with a bias towards selling. Investments that rise above the top end of the valuation range will be reviewed with a strong bias to sell them. In addition, as noted above, companies that are no longer considered to meet the criteria determined for admission to the Focus List are removed and will be sold in Generation's



discretion having regard to the best interests of Investors. Such sale will not necessarily take place immediately upon removal of the relevant security from the Focus List.

Generation adopts a selectivity approach. Identification of a company as a serious prospect for investment is therefore the product of the scoring of all (or substantially all in the case of absence) of Generation's investment team for the relevant strategy. While no specific reduction percentage is targeted for any of Generation's mandates, the number of securities selected for each portfolio is expected to be materially smaller than the portfolio's potential investible universe based on Generation's process.

## ENGAGEMENT

As part of its due diligence on public companies, Generation aims to form as thorough a view as it can on BQ and MQ through its own research and by talking with a company's management. Discussions provide an opportunity to learn about companies and how they are managed. During this process Generation shares insights from its research that it believes are material for companies. As a sustainability-focused investment manager, it finds that management teams are often particularly interested in discussing perspectives on how sustainability factors may materially affect the company and its sector. Generation monitors all the companies on its Focus List by considering insights gathered from public data, from its own research and from discussions with the management of the companies. As appropriate, Generation then engages on topics identified through its monitoring that could, in its view, create material risks for the company or, in contrast, offer significant opportunities to enhance its performance.

In addition to specific engagements with individual companies, Generation also engages with companies on the Focus List on topics such as diversity and the climate crisis that Generation views as material for all companies. Generation's investment analysts are responsible for the monitoring of, and engaging with, companies.

## ITEM 9. DISCIPLINARY INFORMATION

In the ordinary course of its business, Generation has in the past been, and could in the future be, subject to formal and informal regulatory inquiries, subpoenas, investigations, and legal or regulatory proceedings, involving the SEC, other regulatory authorities, or private parties. However, Generation has not been involved in any legal or disciplinary events since its inception that would be material to a Client's evaluation of the Company or its personnel. In addition, Generation's employees and partners have not been involved in any legal proceedings or disciplinary events in the past 10 years (and, to the best of its knowledge and belief, in years preceding that 10-year period) that would be material to a Client's evaluation of the Company or its personnel.

## ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Generation UK, a limited liability partnership formed under the laws of the United Kingdom, holds a 99.9% equity interest in Generation US and is its controller. Generation UK is an investment management firm located in London, United Kingdom, which is authorized and regulated by the FCA as an AIFM. Generation UK is registered as an Exempt Reporting Adviser with the SEC. It is also permitted to operate in certain countries of the EU, Australia and Canada under various exemptions and filings available in those jurisdictions, details of which are available on request from Generation US. As noted above, Generation Europe GmbH supports Generation's marketing endeavors in Europe post Brexit. All investment management services for Clients of Generation US are carried out by Generation UK pursuant to sub-advisory agreements, with the exception of certain sub-advisory work carried out for the Growth Equity Funds as described below. Generation UK also offers investment-related funds that it sponsors. These funds are located offshore and partners and employees of Generation US can assist Generation UK by meeting with prospective US-based investors and providing information on funds sponsored by Generation UK.

Generation US and Generation UK can only transact business in a state, country, or province if they first are registered, or excluded or exempted from registration, under applicable laws of that state, country or province. Generation US is only registered in the United States and, to the limited extent outlined above, in certain Canadian provinces. Generation UK is not a registered investment adviser in the United States although, as noted above, it is an Exempt Reporting Adviser. Generation UK does not conduct business in the United States and persons in the United States should engage with Generation US only.

Generation US (and Generation UK) are exempt from registration with the United States Commodity Futures Trading Commission as commodity pool operators and commodity trading advisors.

Generation US is also permitted to operate in the Canadian provinces of Alberta, British Columbia, Ontario and Québec under the International Adviser exemption provided by the securities regulators of those provinces.

In addition to strategies managed by Generation, Generation UK sponsored the creation of a new business called Just Climate in 2021. Just Climate's mission is to work in partnership to limit global temperature rise to 1.5 degrees Celsius (1.5C), by directing and scaling capital towards the most impactful climate solutions and supporting capital markets to incorporate climate and just transition considerations into capital allocation decisions. Generation UK owns and controls 99.99% of the newly established business. Just Climate's Climate Assets Fund I ("**CAF I**") was launched in October 2021, comprising Just Climate CAF I (A) SCSp and Just Climate CAF I (B) SCSp. Generation UK is appointed as the Alternative Investment Fund Manager of CAF I and Just Climate LLP is appointed as Investment Adviser to CAF I.

## GROWTH EQUITY FUNDS - RELATIONSHIP WITH KLEINER PERKINS CAUFIELD & BYERS

The Chairman of Generation is a partner of and equity investor in Kleiner Perkins Caufield & Byers ("**KPCB**"), a venture capital firm located in California. Generation UK had a collaborative agreement with KPCB based around the first Growth Equity Fund, Generation IM Climate Solutions Fund I L.P. ("**Climate Solutions Fund I**") that included, in respect of that Fund, the sharing of insight into relevant markets, technology, scientific advances and understanding, the referral of investment opportunities, and the sharing of due diligence efforts, in addition to other mutually beneficial activities. The agreement did not extend to subsequent Growth Equity Funds, although the Chairman retains his role with KPCB.

**Climate Solutions Fund I** made an investment in KPCB Green Growth Fund, a fund managed by KPCB. Generation UK does not charge a management fee on the Climate Solutions Fund I assets invested in the KPCB Green Growth Fund. However, there is an agreement between Generation UK and KPCB to share in the carried interest of the respective funds.

## BOARD REPRESENTATION

While not a frequent occurrence in the case of public companies, Generation reserves the right to be represented on the Board of Directors of any company, including a portfolio company. An example of this situation occurring, in the case of a public company, would be where Generation Personnel have acted as directors of a private company that has undergone an IPO and securities in that company are acquired on behalf of a Client or retained within a Client portfolio. Alternatively, if Generation Personnel consider that the value of a public (or private) company could be enhanced by representation on the Board, it could choose to seek such representation. Even in cases where Generation has rights to (i) be represented on the Board of Directors of portfolio companies and/or (ii) participate in certain significant business decisions and/or other management rights, Generation will not have or seek an active role in the day-to-day management of those companies. Consequently, the success or failure of an investment in portfolio companies will depend on the portfolio company's management team alone. In general terms such directors are obliged to act in the best interests of the company in respect of which they act as a director. Generation has no obligation to seek information or to make available to or share with Generation Personnel engaged within one strategy any information, investment strategies, opportunities or ideas known to such directors. Rather, the opposite

situation is more likely to apply, and policies and procedures have been adopted that are designed to ensure the proper handling of any material non-public information known by such a director. If, notwithstanding such informational barriers, Generation elects to become or inadvertently becomes an “insider” in respect of material non-public price sensitive information received via such a director, this could prevent it from transacting on behalf of Clients, potentially to their detriment. In consequence, careful consideration will be given to becoming a representative on a public company board and such appointments will only be made where the perceived long-term benefit to Generation’s Clients is thought to outweigh the risk of being temporarily restricted from trading on their behalf.

In addition, it should be noted that Generation Personnel can, in a private capacity, act as directors of public or private companies that are not portfolio companies, subject to the Company’s Code of Ethics and internal approvals. Details of such directorships are available on request from Generation. Again, this could bring such persons into contact with material non-public price sensitive information about portfolio companies. An example of such a situation would arise where such a public or private non-portfolio company was the subject of a bid from, or was a bidder for, a portfolio company - although there are many permutations of how such a situation might arise. Generation has adopted policies and procedures designed to monitor and confirm any such director and Generation act in accordance with applicable laws and regulations. These policies typically involve the use of behavioral procedures and information barriers to limit the spread of such information. Nonetheless, it is possible that, by permitting Generation Personnel to act as directors of portfolio and non-portfolio companies, Client accounts can be subject to trading restrictions that they would not otherwise have been subject to.

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

Generation US has adopted a Code of Ethics (the “**Code**”) pursuant to Rule 204A-1 under the Investment Advisers Act of 1940 (the “**Advisers Act**”) that is predicated on the principle that Generation US owes certain fiduciary duties to its Clients. The Code is intended to detect and prevent conflicts of interest and activities prohibited by US federal securities laws in connection with personal trading and other regulatory matters. Accordingly, Generation Personnel must avoid activities, interests and relationships that run contrary (or appear to run contrary) to the best interest of Clients. Generation endeavors to maintain current and accurate records of all personal securities accounts of Generation Personnel covered by these policies and procedures and the Code (note that not all Generation Personnel are required to be so covered) in an effort to monitor all such activity. Generally, Generation Personnel cannot purchase or sell securities that are also recommended to Clients. Generation US’s Code is available for review and will be provided to any Clients upon request.

Generation and Generation Personnel have investments in the Funds managed by Generation. As a result, Generation and Generation Personnel have an interest in investments that are also recommended to investors. Generation and Generation Personnel are subject to substantially the same terms as investors, although they could be able to invest subject to lower minimums and typically benefit from low or zero fee classes.

### INFORMATION BARRIERS

Generation will consider decisions for Clients utilizing such information as is available to it, including that which can be found with reasonable diligence. However, Generation could (although will not be obliged to) elect to construct informational barriers between different areas of the Firm, along with the adoption of other policies and procedures designed to ensure compliance with applicable laws and regulations and to limit the usage of information between groups within the Firm. Generation Personnel involved in the Global Equity and Asia strategies could be restricted in access to information and Generation Personnel in other areas of Generation, specifically but not limited to, certain strategies operated by its affiliate Generation UK (but not at the date of this Form ADV by Generation US), relating to its private equity strategies. Therefore, Generation may not be able to review potential investments for Clients with the benefit of information held by all Generation

Personnel. Generation has no obligation to seek information or to make available to or share with Generation Personnel engaged within one strategy any information, investment strategies, opportunities or ideas known to Generation Personnel of another strategy. If, notwithstanding such informational barriers, Generation elects to become or inadvertently becomes an “insider” in respect of material non-public price sensitive information, this could prevent it from transacting on behalf of Clients, potentially to their detriment. Consequently, Generation will seek to minimize the frequency of such situations but there could be times where it is considered to be in the best interests of Clients to become an insider notwithstanding the trading restrictions that can result.

## CERTAIN CONFLICTS

Generation is an independent, broadly owned and managed private investment management business. Generation believes that such a structure reduces the potential for conflicts of interest. However, conflicts of interest will still arise and this section seeks to set out a non-exhaustive list of the conflicts that can occur in the performance of Generation’s duties and, to the extent appropriate, it outlines how such conflicts are managed.

As noted above, Generation is entitled to receive fees and, to the extent permitted by its Clients, reimbursement of expenses in respect of the services provided by it. This will include Management Fees and, potentially, Incentive Fees. The greater the assets of a Generation account, the greater such fees will be. It follows that, theoretically, this could create an incentive for Generation to take greater risks to generate greater fees. Any fees payable to Generation will belong wholly to Generation and/or its affiliates and it can elect, in its absolute discretion, to share or rebate those fees with Clients.

Generation manages Funds and Separate Accounts for multiple Clients. Such Clients could have identical account guidelines and circumstances but, more typically, accounts and account guidelines will vary for a broad range of reasons, including: (i) the nature of the investment opportunity; (ii) different investment objectives, strategies and guidelines; (iii) different quantum, timing or currency of investment; (iv) tax requirements of such accounts and availability of any treaty relief; (v) any applicable suitability requirements; (vi) the timing of the original investment and subsequent availability of investment opportunities; and/or (vii) regulatory and constitutional requirements. In consequence, Generation is not obliged to manage its accounts in an identical manner. Generation will endeavor to treat all its Clients fairly having regard to their circumstances but, for the reasons set out above, this does not extend to an obligation to treat Clients identically.

Generation believes in the value of investing alongside its Clients. Consequently, Generation Personnel as well as their family members and associates, could have varying degrees of economic interest in products and accounts managed by it. Therefore, when an investment opportunity is allocated (in whole or in part) to a product or account managed (in whole or in part) on behalf of such a person, they will be the beneficiary of such allocation.

It is possible that activities undertaken by Generation for one Client account are detrimental to another Client account. For example, if one account is selling securities owned by another, the selling activity can result in a diminution of the latter account’s value. Similarly, in accordance with applicable policies and procedures, if an account is purchasing securities after another account, it is possible the previous purchase activities of Generation in respect of the other account caused the value of those securities to rise.

Clients of Generation can receive investment reports giving them transparency on positions managed on their behalf, for example, by means of a Separate Account. Securities held in such accounts could also be held by other accounts. Generation discourages but is ultimately unable to prevent such Clients, upon receipt of such reports, effecting transactions in such securities and such activities could negatively impact another Client account.

To mitigate these risks Generation asserts its intellectual property rights in information and advice which is furnished by Generation (whether directly or indirectly) to Clients and in so doing notes that the information has been developed by Generation through the application of methods and standards of judgment and through the expenditure of considerable skill, time and resources, and is generally provided to Clients in confidence. Generation asserts that its intellectual property includes but is not limited to: (i) information evidencing Generation's expertise, investment strategies or trading activities; (ii) the composition of a Fund or Separate Account's portfolio; (iii) performance analyses, reports and accounts relating to the Funds or Separate Accounts; (iv) information relating to Generation's partners and/or employees; and (v) fees payable to Generation. It is Generation's policy to require that Clients acknowledge that the composition of a portfolio (including details of the individual lines of stock and the accompanying weightings) constitute Generation's intellectual property including, but not limited to, its database rights. Generation can license its intellectual property and allow its use as it thinks fit. Notwithstanding the foregoing, there is no warranty that Generation will successfully be able to utilize laws relating to misuse of intellectual property to protect Clients from the consequences of a third party using it without authorization.

## INTERNAL CONTROL

An integral part of the manner in which Generations seeks to address conflicts is via its Risk Oversight Group ("ROG"). The ROG comprises Generation's Senior Partner, a Non-Executive Officer as Chairperson, Generation's Chief Operating Officer ("COO") (who is also the Chief Risk Officer), Generation's Chief Financial Officer ("CFO"), the US Chief Operating Officer (who is also the US Chief Compliance Officer and Deputy Global CCO) and the Firm's Compliance Oversight Officer and General Counsel. The heads of each of Generation's investment strategies, and other Generation Personnel, report to the ROG as required to allow it to carry out its responsibilities.

The Committee meets at least six times per year, and is responsible for:

- Monitoring the integrity of the annual financial statements and the other accounts of Generation;
- Reviewing any significant financial reporting judgements contained therein;
- Reviewing Generation's internal financial controls and internal control and risk management systems;
- Reviewing Generation's compliance arrangements and reported incidents and breaches;
- Recommending to the Management Committee the appointment of external auditors and their terms;
- Reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process;
- Developing and implementing policy regarding the appointment of auditors to supply services other than audit;
- Reviewing and monitoring Generation's carbon neutral status and compliance with any relevant restrictions;
- Reviewing details of new products and assessing the impact on Generation's infrastructure;
- Monitoring feedback on relationships with firms to whom activities have been outsourced;
- Monitoring the integrity of the annual report on internal controls;
- Reviewing the firm's compliance arrangements and reported incidents and breaches and receiving from the firm's compliance officers a report on the firm's reporting obligations to FCA, SEC and to investors.
- Ensuring Generation performs an assessment and evaluation of the risks facing it and the control procedures to manage these risks;
- Ensuring business continuity plans are in place, are adequate and tested regularly;
- Reviewing Generation's Remuneration Policy;
- Reviewing Generation's Valuation Policy;

- Reviewing Generation’s Whistleblowing Policy
- Reviewing Generation’s Conflicts of Interest Policy
- Reviewing the operation and outcomes of Generation’s Valuation Committee process; and
- Considering any other relevant matters referred to the ROG by Generation Personnel.

The ROG reviews arrangements by which Generation Personnel could, in confidence, raise concerns about possible improprieties in matters of financial or regulatory reporting or other matters and ensures that arrangements are in place for the proportionate and independent investigation of such matters with appropriate follow-up action. In exercising its duties, the ROG could call upon the services of experts or experienced persons from within Generation or external to the Firm.

The ROG reports to the Management Committee on the matters within its responsibilities. Where it notices areas that need attention, it makes appropriate recommendations as to the steps to be taken.

Generation has most recently formed a Conflicts Committee which is responsible for reviewing and thereafter recommending to the Management Committee changes to Generation's Conflicts of Interest Policy, taking into account such factors as it deems necessary or appropriate designed to ensure that the Firm manages conflicts of interest fairly, both between itself and its customers and between Clients; overseeing that Generation takes reasonable care to ensure the suitability of its advice and discretionary decisions for any customer who is entitled to rely upon its judgment and that its judgement is not improperly influenced by any conflict of interest arising. The members for this committee include the Firm’s Senior Partner, COO, CFO, Compliance Oversight Officer, Co-Chief Investment Officer, and Head of the Growth Equity business.

Generation has formed a Valuation Oversight Group (“**VOG**”). The Chairman of the VOG is the Senior Partner of Generation or, at the election of the Senior Partner, the Senior Independent Member, if any. The Chair or Deputy Chair of Generation’s Operating Committee acts as Vice-Chairperson of the VOG, and the US Chief Compliance Officer of Generation serves as Secretary to the VOG. The VOG has its own charter and operates via strategy specific sub-committees which consider valuation matters in terms of an agreed policy. In terms of Generation policy and applicable regulation, investment team personnel do not form a majority on the VOG.

Further, Generation’s Operating Committee oversees the operational functions of the corporate management business units of the Firm, and organizes the day-to-day activities carried out by each of these units within the Firm. In general terms, the committee is tasked to monitor the performance and risk of each business unit, formulate long-term strategy, and make unbiased policy decisions.

It serves as the oversight group to business heads, who handle daily workflow and manage risk events. It can provide support, guidance to the underlying teams/individuals with an unbiased view and objective advice. It will delegate firm-wide objectives to the relevant teams to execute, taking responsibility for the delegation, but those who execute will be accountable.

The Operating Committee, whose membership is drawn from partners and employees of the Firm, reports to the Management Committee. There is representation from both Generation US and Generation UK and across all the core business units and the committee will work with managers to ensure consistent application of standards, procedures and personnel practices in all offices.

## ITEM 12. BROKERAGE PRACTICES

While reserving the right to do so, subject to implementation of appropriate risk management controls, Generation US does not currently execute any trades for its Clients. Investment and trading decisions are typically carried out by Generation UK on its behalf, although Generation US can seek direct oversight and



approval rights of trades proposed by Generation UK if it deems it appropriate to satisfy regulatory or contractual obligations or for compliance oversight purposes.

The process of selecting a broker is intended to determine which broker is considered best able to execute the particular transaction to obtain the best possible result for the Clients taking into account the execution factors. These factors include price; costs; speed; likelihood of execution; the market for the stock and the size of the order. Within these factors price will usually be accorded relatively greater importance although in the case of less liquid securities or instruments, or in more volatile market conditions other factors could need to be afforded relatively more weight to achieve the best outcome.

When determining the relative importance of the execution factors included above, Generation UK will also take into account the following criteria: the characteristics of the Client (including its regulatory categorization); the characteristic and nature of the order; the characteristics of the financial instruments that are the subject of that order; and the characteristics of the execution venues to which that order can be directed. Selection will occur after review of all relevant criteria, including the following:

- Price of shares — the actual price to be paid for the shares. The ability of a broker to obtain the best overall price for a transaction and to buy and sell a stock with minimal disruption in the market place.
- Market familiarity — the broker's knowledge of the market for the particular stock.
- Reliability — whether the broker has been able to provide support to the trader when placing a difficult trade in this stock or a similar stock in the past. If a broker has successfully assisted with past trades, that broker is more likely to be selected for future trades.
- Integrity (ability to maintain confidentiality) — when executing block orders, traders do not want to divulge their interest to the market. If a broker has demonstrated the ability to provide discreet execution of block orders, that broker is more likely to be selected.
- Research/rankings — provided best execution can be achieved, the research capabilities of brokers could be considered when choosing a broker.
- Commission rates — however, commission rates alone ordinarily will not be determinative in selecting a broker.
- Trade settlement (settlement risk) — the trader could take into account a broker's ability to ensure that the shares will be delivered on the settlement date.
- Financial condition — the trader could take into account the financial condition of a broker and could choose not to utilize a particular broker due to uncertainty regarding a broker's financial status.
- Technology infrastructure and operational capabilities — the trading desk generally selects a broker only if he or she believes that the broker has the infrastructure and operational capabilities to execute and settle the trade.
- Willingness to commit capital — if an account holds a thinly traded issue and there is limited interest in the stock, a broker could be selected based on its willingness to purchase or sell shares for or from its own inventory.

As noted below Generation has authority, in accordance with applicable laws and regulation, to execute orders on behalf of Clients through counterparties who, in addition to execution services, provide services directly related to that execution (such as market analytics) or the provision of substantive research. Since its inception, Generation utilized such authority to procure research services, typically via commission sharing agreements. Historically, Generation could also elect to pay for such reports and research as a direct payment by it out of its own resources. Following the introduction of revised financial regulation in the European Union, pursuant to the Markets in Financial Instruments Directive (2014/65/EU), significant changes were introduced to the way in which research could be funded from commissions. Although

Generation US is not directly subject to that Directive, Generation UK is and, as a result, with effect from January 3, 2018, Generation UK has funded payment for research from its own assets and seeks to deal for its Clients on “execution” only rates.

This approach is also being applied to Clients of Generation US, although it is not required as a matter of US law or regulation. Generation reserves the right to change this approach to its previous commission funded approach (to the extent permitted by applicable law) in its discretion. Therefore, having regard to its brokerage practices prior to January 3, 2018, and, in the event that Generation elects to return to that model, it is noted that certain brokers and dealers who provide quality brokerage and execution services could also furnish research services. Generation UK will, to the extent such research is obtained, adopt a brokerage allocation policy embodying the concepts of Section 28(e) of the Securities Exchange Act of 1934. Section 28(e) permits an investment adviser to cause an account to pay commission rates in excess of those another broker-dealer would have charged for effecting the same transaction, if the adviser determines in good faith that the commission paid is reasonable in relation to the value of the brokerage and research services provided. In that eventuality, Generation UK generally will seek competitive commission rates but will not necessarily attempt to obtain the lowest possible commission for transactions for Clients. As noted, with effect from January 3, 2018, this option has not been exercised and commission rates are on an execution-only basis.

Research services provided by broker-dealers and other research providers are supplemental to research services rendered by Generation UK and, when utilized, are subject to internal analysis before being incorporated into Generation UK’s investment process.

Research services can include, among other things, information on the economy, industries, groups of securities, individual companies, competitor analysis, market perceptions, key personnel, products, statistical information, accounting and tax law interpretations, political developments, legal developments affecting portfolio securities, bespoke research, market surveys, technical market action, industry seminars and conferences, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis, and analysis of corporate responsibility issues. Such services can include independent research providers, introducers and platforms that could provide access to academics, industry experts and corporate executives. It should be noted that use of research services to engage with such persons does give rise to the risk (compared to a situation where no such services are used) that, despite Generation’s reasonable efforts, policies and procedures to avoid receipt of the material non-public information, such information is nonetheless received. Generation believes that it has designed appropriate controls to mitigate this risk and deal with its occurrence but, nonetheless, it cannot be removed altogether. In consequence, Generation could be restricted in its ability to transact on behalf of its Clients in the event of unwanted receipt of such information.

#### ERROR CORRECTION POLICY

Generation has adopted policies and procedures to help it assess and determine, consistent with applicable standards of care, as well as relevant Client documentation, when reimbursement is due by it to a Client because Generation has caused an error. Pursuant to Generation’s policies, an error is generally compensable when it is a mistake (whether an action or inaction) in which Generation has, in Generation’s reasonable view, deviated from the applicable standard of care in managing the Client’s assets, subject to materiality and other considerations set forth below.

Generation seeks to use a high standard of care in implementing investment decisions on behalf of Clients. However, investment management is a process that relies upon human judgement and the implementation of decisions is dependent upon the perception, reasoning and capacity of members of the Generation team. Consequently, while endeavoring at all times to act in the Client’s best interests, Generation’s policies do not require perfect implementation of investment management decisions, trading, processing or other



functions performed by Generation, its affiliates or contractors. Therefore, not all mistakes will be considered compensable errors. Generation makes its determinations pursuant to its error policies on a case-by-case basis, in its discretion, based on factors that it considers reasonable. Relevant facts and circumstances Generation could take into account include, amongst others, specific applicable contractual and legal restrictions and standards of care, whether a Client's investment objective was contravened, the nature of a Client's investment program, whether a contractual guideline was violated, the nature and materiality of the relevant circumstances, and, if a compensable error occurred, the materiality of the resulting losses.

In cases where Generation considers that reimbursement is appropriate in terms of its policies and procedures, the Client will be compensated as determined in good faith by Generation. Generation will act reasonably regarding these matters having regard to all of the facts and circumstances related to the error. In general, compensation is expected to be limited to direct and actual losses, which could be calculated relative to comparable investments, market factors and benchmarks and with reference to other factors Generation considers relevant. Losses will typically be netted with a Client's gains relating to errors and will not exceed amounts in relation to an appropriate replacement investment, benchmark or other relevant product returns.

Generation will apply a materiality policy with respect to Clients. Therefore, in certain circumstances, mistakes that result in losses below a threshold will not be compensable.

More information on trading is described below under "*Item 1612: Investment Discretion.*"

## ITEM 13. REVIEW OF CLIENT'S ACCOUNTS AND REPORTING

Clients' accounts are monitored and reviewed on a regular basis by the Generation UK Portfolio Management Team (subject to the supervision and oversight of Generation US), which includes the Co-Chief Investment Officers and Portfolio Managers. Each review analyzes portfolio positions, market trends, and investment opportunities. Portfolio positions are monitored against target weightings. Risk management tools are used to systematically track portfolio risk factors considered relevant to the strategy concerned. Client cash positions are monitored to ensure appropriate liquidity and portfolio balance. Reviews are also triggered by contributions to, or withdrawals from, accounts by Clients.

On a quarterly basis, a portfolio review document is prepared and sent to each Separate Account summarizing its respective portfolio valuation and performance for the period, portfolio commentary, and other material relevant to the Separate Account.

With respect to the Funds, portfolio reports are prepared on a monthly basis for Fund investors (Fund Factsheets). Quarterly, the Funds will furnish each Fund investor with a valuation statement containing the amount of net income or net losses allocated to such investor for such period, withdrawals from and additions to such investor's capital account during such period, and the balance of such investor's capital account at the beginning and end of such period, together with any Incentive Fee accrual. The Funds can, in the Company's discretion offer more frequent and/or comprehensive reporting, and such reporting will, if prepared, be available to all investors on request having regard to applicable regulatory considerations around the content and timing of distribution of such materials. In addition, each Fund investor, within 120 days of the end of each fiscal year of the Fund (subject to reasonable delays), will receive a copy of the Fund's audited financial statements and certain financial and tax information regarding the Fund necessary for the completion of the Fund investor's tax return.

## ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

Generation US could, from time to time, engage a third party acting as a Solicitor as is defined under Rule 206(4)-1 of the Advisers Act. Generation US does not offer nor receive sales awards or prizes for providing investment advice to Accounts. For completeness, it should be noted that Generation Personnel involved in sales and marketing could be remunerated for a broad scope of activities in accordance with Generation's remuneration policies. However, there is not a direct correlation to their compensation and introduction of a Client to the Firm.

## ITEM 15. CUSTODY

As a general matter, Generation does not hold Client assets and all Client assets are held in custody by unaffiliated broker/dealers or banks or other qualified custodians appointed by Clients. However, under the Advisers Act, a registered investment adviser who, directly or through an affiliate, acts as the general partner or managing member to a limited partnership or other comparable pooled investment vehicle is considered to have custody over Client assets. Further, a registered investment adviser can also be deemed to have custody of Client funds or securities in managed accounts where it has possession of, or ability to access or withdraw Client funds or securities. Clients can authorize investment advisers to do this to effect payment of their fees. Rule 206(4)-2 under the Advisers Act imposes a number of requirements on an SEC-registered investment adviser that is deemed to have custody of its Clients' funds and securities. In respect of certain of its accounts Generation US is considered to have such custody.

To comply with Rule 206(4)-2 and to provide meaningful protection to investors, the Global Equity Fund and the Asia Fund are subject to an annual financial statement audit by an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. The audited financial statements are prepared in accordance with generally accepted accounting principles and are distributed to each investor within 120 days of the Funds' fiscal year end.

Clients will receive account statements directly from their broker-dealer, bank or other qualified custodian and should carefully review those statements. Clients are urged to compare the account statements they receive from the qualified custodian with those they receive from Generation.

## ITEM 16. INVESTMENT DISCRETION

Generation US can delegate investment discretion to Generation UK through a sub-advisory agreement for each Client. It can also enter into one or more master agreements covering such delegation providing for oversight and/or control of client transactions as is agreed with the Client or required by law or regulation. Generation UK manages each Separate Account on a discretionary basis subject to any limitations set out in an investment advisory agreement executed between the Separate Account and Generation US. With respect to the Funds, the offering memorandum and governing document for each Fund provides that the Generation US has discretion to manage the business and affairs of the Fund, subject only to specific and express limitations provided therein.

Generation UK is not obligated to acquire for any Client any security Generation or its officers, partners, members or employees could acquire for its or their own accounts or for the account of any other Client, if in the absolute discretion of the Company, it is not practical or desirable to acquire a position in such security.

## ALLOCATION & AGGREGATION POLICIES

Generation manages a range of Separate Accounts and Funds that have investment objectives that are similar. It will seek to buy and sell investments in the same securities or issuers for such Clients. This has the potential to create conflicts, for example, where there is limited availability or limited liquidity for those investments. Examples would include IPOs, pre-IPO investments (where permitted), regulated industries (where ownership levels could be capped) and emerging market securities. To address these potential

conflicts, Generation has developed allocation policies and procedures that are designed to ensure that Generation allocates opportunities fairly and in a manner consistent with Generation's fiduciary obligations. In broad terms, these policies and procedures are designed to result in a *pro-rata* allocation of limited opportunities across accounts managed by a particular portfolio management team that have substantially similar investment objectives, policies and time horizons. Typically, Generation will pre-allocate orders in its systems and orders will be filled in line with those pre-allocations. However, it may not always be practicable to achieve an equal allocation and Generation Personnel could allocate and re-allocate by reference to a range of factors including account investment objectives and guidelines, different levels of investment for different strategies, suitability requirements and the nature of the investment opportunity, cash and liquidity considerations, account capacity, tax considerations, minimum denomination, minimum increments, *de minimis* threshold and round lot considerations and applicable legal and regulatory restrictions affecting certain Clients. As a result of the above, there will be cases where certain Clients receive an allocation of an investment opportunity when other accounts do not. The application of these principles could cause differences in the performance of different accounts that have similar investment objectives, guidelines and strategies.

However, Generation US keeps the performance dispersion of accounts with similar objectives, policies and time horizons under review in an effort to ensure that no particular Clients are materially disadvantaged or advantaged over time.

When Generation UK determines that it would be appropriate for one or more Clients to participate in an investment opportunity, Generation UK seeks to execute orders for all of the participating Clients on an equitable basis. Specifically, Generation UK could place combined orders for all Clients simultaneously and if any order is not filled at the same price, the price paid will be averaged to ensure fairness amongst Clients participating in that order. Similarly, if an order on behalf of more than one Client cannot be fully executed under prevailing market conditions, Generation UK generally will allocate the securities traded among the different Clients pro-rata scaled back but based on the initial order allocation or, if for any reason this would not result in a position size that is economically reasonable, by any other basis which it considers equitable. Aggregation of orders is designed to be in the interests of Clients but there could be occasions where it works against those interests.

## IPOs

In the event that Generation UK purchases securities in an IPO and the total number of shares purchased is fewer than the total number of shares it ordered to purchase, Generation UK will allocate such number of shares purchased in the IPO to Clients in a fair, proportional manner based on the size of the orders to be purchased for such Clients and having regard to their objective, policies and time horizons. Often Client guidelines will prohibit Clients from participating in IPOs or the Client will be domiciled in a country where the issuer of the security determines it cannot participate. IPOs could, therefore, be a particular contributor to performance dispersion amongst accounts. Furthermore, if Generation has determined the stock is one that it would generally like to hold for a Client account and that account was unable to participate in the IPO, it could purchase the stock in subsequent trading. If the IPO is one which has been in material demand, the purchase price of the security post-IPO could be materially higher than that paid by other Clients. Similarly, if the IPO has not been well received the purchase price could be materially lower.

## PRINCIPAL TRANSACTIONS

Generation does not engage in Principal Transactions with its Clients in respect of the Funds or Separate Accounts, but brokers with which it trades on behalf of Clients could affect trades as principal or agent.

## CROSS TRANSACTIONS

As is consistent with its duty to seek to obtain best execution, occasionally Generation could cross trades for Clients, typically through a broker. Generation generally utilizes cross trades to address account funding

issues and when the practice is specifically deemed to be advantageous for each participant. In no instance does Generation receive additional compensation when crossing trades for Clients. Generation will seek to ensure that the terms of the transaction, including the consideration to be paid or received, are fair and reasonable, and that the transaction is done for the sole benefit of the Clients. The trades will be priced using one of the following methodologies:

- At the midpoint of the current bid-ask spread. In this instance an independent quote will be requested from an authorized broker and checked against the current market price per Bloomberg;
- The closing price on the day for the stock on the market on which it would normally trade;
- At the last reported price in the market; or
- At some other reasonable objective valuation.

Note these prices will not be determined by Generation but rather are indicative of the future pricing sources that will be selected when a decision to cross trade is effected.

## ITEM 17. CORPORATE ACTIONS AND PROXY VOTING

Generation has adopted Stewardship and Engagement and Proxy Voting Policies. Generation considers that being an engaged shareholder is an integral part of responsible ownership. While Generation presently uses Institutional Shareholder Services (“ISS”) as its independent voting service provider, it reserves the right to appoint further advisers and discontinue the appointment of ISS without further notice to investors. Such firms, present or future, are referred to as “Proxy Advisory Firms”. However, Generation does not automatically adopt the global proxy voting rules offered by any Proxy Advisory Firm as a default setting. This is because Generation believes that each of its analysts should seek to review the relevant corporate governance issues on a case-by-case basis and exercise their best judgement given their knowledge of the company concerned. This approach is feasible because compared to many investment funds, the Funds have a relatively small portfolio and Generation sees each proxy voting decision as an opportunity for analysts to gain additional insight into companies. Generation seeks to vote or actively abstain from voting in respect of each security in the portfolio but investors are expressly placed on notice that this might not always be possible or, even if possible, desirable. A range of issues can impact that intention.

If the matter in hand is not controversial or the relevant analyst is not available, for example due to illness, Generation could elect on an exceptional basis to rely upon the global proxy voting recommendation of a Proxy Advisory Firm. While as a general matter, being an engaged investor is at the core of Generation’s mission, as a fiduciary, other factors come into consideration and that duty is therefore not unqualified. Security registration difficulties or use of omnibus accounts (where all account holders need to be aligned to procure voting) or issues around “share blocking” could mean that Generation determines on balance that refraining from exercising a proxy vote is in the best interests of its Clients. Furthermore, in certain instances where securities are held indirectly due to local market considerations, examples of which include but are not limited to China “A” share “stock connect” securities, depository receipts and structured products, there is no assurance that the entities supporting those arrangements will, or will continue to provide, or arrange for the provision of, any voting or other services. Last, circumstances can arise where Generation could voluntarily restrict its investment decisions, including proxy voting decisions, as a result of applicable regulatory requirements, information held by the Generation or to align with their internal policies or procedures. Clients may issue instructions on individual securities while continuing to provide Generation with broad discretion. While, given the fact Generation is an independent investment manager unaffiliated with any investment banking or other financial advisory activities, such situations are expected to be rare, it is possible that Generation could be in possession of material non-public information that would prevent it either transacting in or voting securities, even when it has the right to do so. For similar reasons, if voting or transacting would cause Generation to exceed a reporting or filing limit, Generation reserves the right to conclude that refraining from voting and thereby not triggering such reporting or filing requirement is in the best interest of Generation’s Clients as a whole. Generation notes that the number of

Proxy Advisory Firms is limited and this provides advantages and disadvantages. While the dominance of providers in the market can cause a strong voice across many investors, it risks a situation where matters that Generation considers should have more detailed consideration or be the subject of a dissenting vote are not adequately discussed due to the dominance of the incumbent firms.

Therefore, as noted above, while Generation is respectful of the work done by Proxy Advisory Firms and will often be in alignment with their conclusions, subject to the limited exceptions discussed, it prefers to view the recommendations of these firms as an advisory input into its own Stewardship, Engagement and Proxy voting process rather than a substitute for it. On a purely administrative level, ensuring that regardless of the view on a particular vote, Generation's wishes are properly communicated and executed, Generation keeps the relevant Proxy Advisory Firm's performance under review, noting that the concentration of providers in the market does not provide a broad range of alternatives. As part of this process, Generation provides regular portfolio holding updates to ISS and reconciles its records with those held by ISS to ensure the correct numbers of shares are identified for the ballots.

From time to time, in considering recommendations produced by a Proxy Advisory Firm, Generation could, due to its knowledge of the relevant issuer, become aware of potential factual errors, potential incompleteness, or potential methodological weaknesses in a Proxy Advisory Firm's analysis that could materially affect a Proxy Advisory Firm's voting recommendation. As noted, Generation does not necessarily follow the recommendations of a Proxy Advisory Firm and so it could simply choose to disregard such erroneous, incomplete or methodologically weak analysis and act on its own independent conclusions. It can, but is not obliged to, engage with the relevant Proxy Advisory Firm in respect of such matters. Such engagement can raise particular sensitivities that Generation will weigh carefully when seeking to have regard to the best interests of investors. While correcting a simple error of fact is relatively straightforward, communicating with a Proxy Advisory Firm in respect of issues that tend more towards matters of opinion can be seen as a public communication with such firm in respect of Generation's view on a particular topic. This is because in seeking to influence the view of a Proxy Advisory Firm, Generation could be seen to be seeking to influence the views of the other clients of the Proxy Advisory Firm. Such action could in turn give rise to a re-evaluation as to whether or not Generation should continue to be considered an active or passive investor with accompanying regulatory filing and public disclosure consequences. Generation reserves the right not to engage with a Proxy Advisory Firm notwithstanding that it might not agree with the Proxy Advisory Firm or could have identified certain factual errors, incompleteness, or methodological weaknesses for this reason but will incorporate such considerations into its own recommendation.

As referred to above, it should be noted that certain equity securities could be subject to "share-blocking". The effect of this is that an investment is "frozen" in the system to ensure that voting or other rights can be properly exercised by custodians on behalf of the owners of those investments. Share-blocking, if it occurs at all, will usually occur about 1 to 20 days before the upcoming meeting. The practical consideration is that while the investments are "frozen" they cannot be traded. As a long-term investor, Generation will typically seek to exercise its voting rights and, in consequence, could become blocked, but can refrain from doing so in its absolute discretion if it feels that would prejudice the liquidity of positions.

If Separate Accounts have specific voting policies that differ from Generation's and require Generation to vote their proxies, Generation will try to accommodate such policies. Generally, where a Separate Account does not authorize Generation to vote proxies, the Separate Account will receive proxy voting statements directly from their custodian.

Where Generation receives "Class Action" documents on behalf of a Fund, Generation will consider such documents and consider whether the Fund should either participate in the Class Action or opt out of any Class Action notices received. Generation shall, however, be under no obligation to act as a "representative" in such an action. Generation UK will determine if it is in the best interest of the Fund to seek

to recover monies from a Class Action. If Class Action documents are received by Generation UK for a Separate Account, Generation UK will gather any requisite documentation and information it has received and forward it to the Separate Account owner, or their custodian, to enable them to respond at their discretion.

Copies of Generation's proxy voting policies can be found on our website [here](#) and reports on how Generation voted Client proxies are available on request from Generation US.

## **ITEM 18. FINANCIAL INFORMATION**

The Company has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage assets on behalf of Clients.