

Short-term investments

Amounts drawn down from Investors will be invested by the Fund in short-term instruments pending investment in secondaries transactions. During such interim periods, these short-term investments may produce lower returns for Investors than the returns earned by direct investors in the underlying private equity funds in which the Fund invests (or by direct investors in portfolio companies) for the same period.

Follow-on investments

The Fund may be called upon to provide follow-up funding for portfolio companies or have the opportunity to increase its investment in such portfolio companies. There can be no assurance that the Manager will wish to make follow-on investments or that the Fund will have sufficient funds to do so. Any decision by the Manager not to make follow-on investments or its inability to make them may have a substantial negative impact on a portfolio company in need of such an investment or may diminish the Fund's ability to influence the portfolio company's future development.

Risks upon disposition of investments

In connection with the disposition of an investment in a portfolio company or otherwise, the Fund may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business, or may be responsible for the contents of disclosure documents under applicable securities laws. The Fund may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents turn out to be incorrect, inaccurate or misleading. These arrangements may result in contingent liabilities, which might ultimately have to be funded by the Investors. The Fund Partnership Agreement contains provisions to the effect that if there is any such claim in respect of a portfolio company, it may be funded by the Investors to the extent that they have received distributions from the Fund, subject to certain limitations.

Furthermore, the Investors may, under certain circumstances, be required to return certain distributions for the purpose of satisfying certain other obligations and liabilities of the Fund of which they are Investors.

Recourse to all assets

The assets of the Fund, including any investments made by the Fund, are available to satisfy all liabilities and other obligations of the Fund. If the Fund becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to the Fund's assets generally and not be limited to any particular assets, such as the asset representing the investment giving rise to the liability. This may result in the Fund disposing of assets it holds in order to satisfy liabilities arising from other assets.

Defaulting Investors are subject to the discretion of the Manager

If an Investor fails to meet drawdown notices, the Manager may delay, suspend or forfeit such Investor's right to receive payments from the Fund or the return of Commitments to such defaulting Investor.

Expedited transactions

Investment analyses and decisions by the Manager may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to the Manager at the time of an investment decision may be limited, and the Manager may not have access to detailed information regarding the investment opportunity. Therefore, no assurance can be given that the Manager will have knowledge of all relevant circumstances that may adversely affect an investment. In addition, the Manager may rely upon independent consultants in connection with its evaluation of proposed investments; however, no assurance can be given that these consultants will accurately evaluate such investments, and the Fund may incur liability as a result of such consultants' actions.