

pricing that is expected to enable the Glendower SOF Team to pro-actively source these opportunities in the market and respond quickly to any potential seller. Top-down asset selection and approach utilizes the following principles:

- Majority of value in identifiable, attractive assets.
- Focus on quality assets.
- Fund Sponsor/LP alignment of interest, *e.g.*, fund is distributing, or is expected to distribute, carried interest.
- Reasonable leverage at portfolio and underlying company levels.
- Attractive "see through" entry multiple at today's pricing.

Screening and due diligence

The Manager proposes to implement an investment process that adopts a rigorous and disciplined value-focused, bottom-up due diligence⁶⁹ approach coupled with top-down asset selection to identify quality investment opportunities. The Manager intends to implement a rigorous, value-focused bottom-up due diligence focused on:

- Operational, financial and market risk analysis for each underlying portfolio company.
- Cash flow analysis at portfolio level.
- Review of fund and portfolio company management.
- Analysis of the impact of terms and structure on net returns.
- Critical assessment of the prospects for liquidity.

As required, independent analysis on tax, legal and accounting issues, as well as other specialist external advice, where necessary, will support the investment decision process. In minority co-investments, while leveraging the due diligence completed by the transaction's main lead investor, the Glendower SOF Team will perform its own due diligence in an attempt to verify the key assumptions underpinning the investment case.

Investment decision and closing

On successful completion of the due diligence process and negotiation of key terms, an investment memorandum will be presented to the Investment Committee (as described in Section 5: *Fund Management* of this Memorandum) to be considered for approval. The Investment Committee's role will include deciding, on the basis of information and advice arising from the investment evaluation process and the results of the full due diligence process, whether the Fund should proceed with the proposed investment.

If approved by the Investment Committee, the next stage will involve the Glendower SOF Team completing the transaction on behalf of the Fund in accordance with the agreed terms. This process typically involves finalizing negotiations with sellers, signing a purchase and sale agreement, finalizing negotiations with any lenders to the transaction if required, and closing the acquisition directly or via intermediate investment vehicles, where appropriate. The Glendower SOF Team will also analyze the currency exposure of the portfolio being purchased and implement appropriate foreign exchange hedges.

Monitoring and risk management

After acquiring an investment for the Fund, and where considered by the Manager to be appropriate, the Glendower SOF Team will actively manage the investment including, for example, utilizing selective hedging to mitigate the potential impact of foreign exchange movements.

⁶⁹ To the extent information is available from the underlying fund.