

## Valuation risk

The Fund will be relying upon the Manager for valuation of its investments. The Fund's investments in many cases will be difficult to value due to various factors, including the nature of private equity assets, the absence of readily ascertainable market values and comparables, and limited sources of useful valuation information. In addition, the valuation of an investment may not always be consistent with, and therefore may be higher than, the price at which the investment could be sold on any particular valuation date. Such valuations will be subject to inherent uncertainty, and will be made under a number of assumptions which may not ultimately be realized. There can be no assurance that the valuations will in fact represent the actual value of the investments or the amounts that could at such time or may ultimately be realized with respect to the investments. Valuation uncertainties may be compounded if there are problems with the economies of the markets in which the Fund operates.

## Absence of Investment Company Act protection

The Fund is not required to, and will not, register as an investment company under the U.S. Investment Company Act of 1940, as amended (the "**Investment Company Act**"), and, accordingly, the provisions of the Investment Company Act (which, among other things, require investment companies to have a majority of disinterested directors, require securities held in custody to at all times be individually segregated from the securities of any other person and marked to clearly identify such securities as the property of such investment company and regulate the relationship between the adviser and the investment company) are not applicable.

## Tax risks

The Fund and/or the Investors could become subject to additional or unforeseen taxation in jurisdictions in which the Fund operates or invests. In addition, withholding taxes and other local source taxes may be imposed on the Fund's earnings. These taxes may not be creditable or deductible by the Fund or its subsidiaries or the Investors. While it is intended that the activities of the Fund, the General Partner, the Second GP, the Manager and their respective offices should not create a permanent establishment or other form of taxable presence of the Fund or any of its subsidiaries in any jurisdiction in which the Fund or any of its subsidiaries, or the General Partner, the Second GP, the Manager or any of their respective offices, operates or invests, there is a risk that the relevant tax authorities in one or more of such jurisdictions could take a contrary view. If for any reason the Fund or any of its subsidiaries is held to have a permanent establishment or other such presence in any such jurisdiction, the Fund or such subsidiary could be subject to significant taxation in such jurisdiction.

## Base Erosion and Profit Shifting

The Organization for Economic Co-operation and Development (the "**OECD**") together with the G20 countries has committed to reduce perceived abusive global tax avoidance, referred to as base erosion and profit shifting ("**BEPS**"). As part of this commitment, an action plan has been developed to address BEPS with the aim of securing revenue by realigning taxation with economic activities and value creation by creating a single set of consensus based international tax rules. As part of the BEPS project it is anticipated that new rules dealing with the operation of double tax treaties, the definition of permanent establishments and how hybrid instruments are taxed will be introduced.

Depending on if and how these proposals are implemented, they may have a material impact on how returns to Investors are taxed. Such implementation may also give rise to additional reporting and disclosure obligations for Investors. Some OECD countries, including the UK, have begun the process of implementing the BEPS proposals.

In addition to national implementation of BEPS, the European Council has adopted Anti-Tax Avoidance Directives that address many of the same issues. The measures included in the Anti-Tax Avoidance Directives are required to be implemented into the national law of each EU Member State, to take effect from no later than either January 1, 2019, January 1, 2020 or January 1, 2022 depending on the provision and the Member State.