

Leverage

The leveraged capital structure of some vintage funds and portfolio companies in which the Fund may directly or indirectly invest will increase the exposure of such investments to adverse financial or economic conditions such as significantly rising interest rates, severe economic downturns or deterioration in the condition of the investment or its corresponding market. Under such conditions, the value of the Fund's direct or indirect investment in a portfolio company could be significantly reduced or even eliminated. There may be a substantial amount of indebtedness in connection with such portfolio company investments. Global financial markets have experienced a variety of difficulties and changed economic conditions in recent years. These developments and new developments, if they occur, could have a significant effect upon the availability and terms of financing, as well as the purchase and sale price of assets, and accordingly, could adversely affect the Fund's or an underlying fund's ability to make or dispose of investments, the type of investments that may be made and the returns received with respect to such investments.

Investments in troubled and leveraged companies

The Fund may invest indirectly, through the underlying funds, in securities of financially troubled companies and securities of highly leveraged companies. While these investments are likely to be particularly risky, they also may offer the potential for correspondingly high returns. Under certain circumstances, payments to the underlying funds and distributions by the underlying funds to their investors, including to the Fund, may be reclaimed on bankruptcy or insolvency if any such payment is later determined to have been a preferential payment.

Venture capital investments

The Fund may invest in interests in limited partnerships devoted to early stage venture capital investments, which is a segment of the venture capital business with the highest degree of investment risk. Typically, the portfolio companies in which such limited partnerships invest have no operating history, unproven technology, untested management and unknown future capital requirements. These companies often face intense competition, often from established companies with much greater financial, manufacturing and technical resources, more marketing and service capabilities, and a greater number of qualified personnel. To the extent there is a public market for the securities of these companies, they may be subject to abrupt and erratic market price movements. The indirect investments by the Fund in limited partnerships focused on investments of this type will be highly speculative and may result in the loss of the Fund's entire capital contributions in respect of such investments. There can be no assurance that any such losses will be offset by gains (if any) realized in other portfolio companies of the Fund.

Valuation

Market events and valuation issues may impact the Fund and the underlying funds. The valuation methodology and timing may vary between the investments made by the Fund and therefore impact the valuation analysis of the Fund.

Lack of liquidity of the Fund's investments

The return of capital on investments and the realization of gains, if any, will generally occur only upon the partial or complete disposition of an investment. Investments will generally be highly illiquid compared to other asset classes, and it is unlikely that there will be a public market for most of the investments made.

No established market for secondaries investments

There is no established market for secondaries investments and although there has been an increasing volume of sales of secondaries investments, no liquid market is expected to develop for secondaries. Moreover, the market for secondaries has been evolving and is likely to continue to evolve. The Manager expects that the Fund may acquire interests in investment funds and direct private equity investments in portfolio companies on an opportunistic basis from existing investors in such funds (and not from the issuers of such interests) and from existing holders of direct investments (and not from the portfolio companies directly). There can be no assurance that the Fund will be able to