ELABORATION OF INVESTMENT POLICY

Borrowers

The Fund intends to focus primarily on taking senior and subordinated debt exposures to Borrowers whose primary focus is the ownership, operation, funding, management or provision of services to infrastructure assets or projects.

Jurisdictions

The Fund intends to only invest in debt exposures where all or substantially all of the associated underlying revenues are from Eligible Jurisdictions, as detailed in the Investment Policy. For the avoidance of doubt, the rating requirements for an Eligible Jurisdiction shall not apply with respect to the Borrowers or Investments.

When assessing a potential investment, the Investment Manager will take account of the risks and opportunities presented by different jurisdictions. These could include: economic prospects, political and regulatory risks, judicial processes and demographic changes.

Jurisdictional concentration limits apply as described in the Investment Policy.

Sectors

The Fund intends to invest in debt exposures where all or substantially all of the associated underlying revenues are from business activities in the following sectors and sub-sectors:

(a) renewable energy including solar, wind, hydro, biomass and waste-to-energy;

(b) power including power purchase contracts, power services, interconnectors and electricity generation;

(c) utilities including water and waste, midstream, utility services, electricity distribution and transmission, electricity supply, gas distribution and transmission, pipelines and waste-to-energy;

(d) data centres including hyperscale, co-location and edge;

(e) telecommunications including mobile phone towers, fixed line networks, telecommunication infrastructure services, subsea cables, broadband and fibre and satellites;

(f) transportation including roads, rail, motorway services, logistics, airports and ports;

(g) transportation equipment including aircraft, rolling stock and specialised ships;

(h) healthcare including elderly care, medical and healthcare facilities;

(i) accommodation including student accommodation; and

(j) other sectors and sub-sectors that exhibit infrastructure characteristics.

Sub-sector concentration limits apply as described in the Investment Policy.

Focus on operational projects

The Fund intends to invest primarily in operational projects, since the Investment Manager believes that once an infrastructure asset has been constructed and the contracted cash flows relating to the project have commenced, many of the risks associated with investments in such assets are significantly reduced. Moreover, funding a construction project would potentially require the Fund to hold cash balances for a prolonged period of time (since construction loans are often drawn down by the Borrower over time, rather than all upfront) which would reduce portfolio returns. However, in certain circumstances the Investment Manager may consider pre-operational projects (which are projects in construction but are not yet generating revenue) of up to 20% of total assets measured at the time of investment where their risk and return characteristics are consistent with the overall requirements for the Portfolio.

Interest rates

The Fund intends to invest in a combination of floating rate, fixed rate and inflation-linked instruments. The Fund may convert cash flows on a fixed rate instrument into floating rate, or vice versa, by entering into interest rate swaps.

Currency

The Fund will typically make loans to Borrowers in the same currency that they operate in, unless that Borrower is able to enter into suitable currency hedging arrangements. This is to mitigate the risk that the Borrower's credit risk increases due to adverse currency movements.

In the case where the currency of a loan to a Borrower is different to the base currency of the Fund, the Fund may enter into foreign exchange hedging arrangements to reduce the risk that adverse currency movements reduce the Net Asset Value of the Fund.

Investment form

The Fund intends to invest in debt exposures typically structured as loans, notes and bonds. When investing in loans, the Fund will typically seek to be "lender of record" but if that is not possible or practical, it will seek to ensure that any resultant additional risks are appropriately mitigated. Additional risks could be practical (e.g. receipt of indirect reporting) or legal (e.g. relying on the lender of record to enforce security) in nature, as well as those referred to in the section headed "Risk Factors — The Fund may be exposed to Borrowers' counterparty risks". These can be mitigated for example by: (a) dealing with lenders of record with strong credit profile and good internal procedures; and (b) ensuring that documentation is robust to protect the assignee.

Although the Fund does not invest in equity, it may from time to time make debt investments which benefit from returns linked to equity investments, such as convertible bonds, preferred shares or loans with warrants. However, the Fund would only make such investments where any conversion to equity was solely at the discretion of the holder of the investment and the Fund would only exercise such a conversion feature in order to benefit from a near term realisation event for the resulting equity (such as on a takeover of the Borrower).

Additionally, on occasion, the Fund may receive equity in its Borrowers, or direct ownership of assets such as property, following a loan default or restructuring. In such cases, the Fund will look to exit that investment at an appropriate time.

Exceptions to the Investment Criteria

It is intended that the Fund will invest in projects which meet the Investment Criteria and that such investments will make up a minimum of 90% of the Fund's investments at the time of investment.

The remaining 10% may be invested outside the Investment Criteria if the Investment Manager considers it to be suitable for the Fund and in compliance with the UT Code and the applicable laws and regulations. Nonetheless, the Fund will not invest in the following assets or sectors:

– equity investments or outright asset ownership (other than as described above);

– investments that are not permitted under the Fund's sustainability policy (as updated from time to time); or

– credit default swaps or unfunded synthetic debt instruments.

Diversification

The Fund's investment objective includes generating a diversified portfolio of senior and subordinated debt economic infrastructure investments. The Investment Manager shall maintain the Fund's portfolio so that not more than 10% of the Fund's total assets from time to time consists of securities or loans relating to any individual Borrower and its affiliates (having regard to the risks relating to any cross-default or cross-collateralisation provisions).

Under the Investment Policy, various Investment Concentration Limits will also apply with respect to Eligible Jurisdictions, sub-sectors, pre-operational projects and subordinated debt. In practice, the Investment Manager might seek to operate within tighter limits within these Investment Concentration Limits.

Following [**REDACTED**], the Fund may raise additional capital from time-to-time to the extent that the Investment Manager believes that the Fund will be able to make suitable investments. This may enable the Fund to achieve greater diversification of risk and to benefit from economies of scale in relation to the operational costs of the Fund. For information on how the Fund may issue further Shares, please see the section headed "The Instrument of Incorporation".

INVESTMENT STRATEGY

The Investment Manager has identified four specific strategies that it will pursue in identifying target assets, all of which are broadly consistent in terms of target rates of return.

Senior debt

Senior debt represents the lowest risk point on a company's balance sheet, since in the event of insolvency, senior debt will have a first claim on the assets of the business. Moreover, in the event the debt is secured, which is normally the case in infrastructure financing, senior secured lenders will typically have a priority claim through statutory or court led processes.

Subordinated debt

In relation to economic infrastructure, subordinated debt can take a number of forms:

(a) subordinated debt issued by the Borrower. This debt is serviced from the same revenues as the senior debt, but will rank junior to it upon a default. Both senior and subordinated debt are often secured on the same assets, with subordination created by an intercreditor agreement. The terms of such agreements can vary significantly between projects and as such form an important part of the credit analysis and due diligence process for assessing subordinated debt. This structure is called "**Mezzanine Debt**";

(b) senior debt issued by a parent company to an infrastructure business ("**Holdco Debt**"), which is structurally subordinated to the debt in its subsidiaries. This debt is primarily serviced by dividends being paid by the subsidiary or subsidiaries to the parent company and is therefore reliant upon not just their profitability but also their compliance with their banking covenants. If Holdco Debt is secured, in most cases this will be against the assets of the parent company (including shares held in the subsidiary infrastructure business); and

(c) junior tranches of debt sold by another infrastructure lender (typically a commercial bank subject to regulatory capital charges), where the seller retains the senior exposure, either on a loan-by-loan basis or on a portfolio basis ("**Capital Relief Trade**" or "**CRT**"). This type of transaction may potentially carry a higher risk than lending directly on a subordinated basis to a Borrower, since the contractual relationship for the junior tranche provider is only with the original lender and not with the Borrower itself. However, the junior tranche holder will continue to benefit from covenants and the security package of the original loan or loans, as these are designed to reduce the risk of default and the severity of losses for all tranches following a default.

In general, and across all these types of subordinated debt, any losses suffered by investors in an infrastructure Borrower will be suffered firstly by the equity investors in the Borrower itself. Typically, only once the equity investors in the Borrower have suffered a complete loss of their investment will debt investors stand to make a loss. However, any subordinated debt will rank below senior debt, so the holders of subordinated debt will typically stand to make a complete loss on their investment before holders of senior debt experience any losses. In the view of the Investment Manager, the capital structures of the Borrowers to which the Fund seeks to generate subordinated exposure include sufficient equity so that any losses are likely to be borne by the equity investors in the Borrowers themselves rather than by the providers of subordinated and senior debt finance.

Under the Investment Policy, Investment Concentration Limits will apply to the abovementioned subordinated debt, which shall not exceed 60% of the total assets of the Fund. A further sub-limit will apply to Capital Relief Trades, which shall not exceed 25% of the total assets of the Fund.

Jurisdictional strategies

The Investment Adviser, who is appointed to provide advice to the Investment Manager, is currently active in sourcing, assessing, executing, monitoring and exiting private infrastructure loans for other funds across a wide range of developed countries, including the United States and Canada, most countries in Europe and several countries in the Asia-Pacific region. This geographical range gives the Investment Adviser a high level of insight into relative lending conditions.

For example, countries with strong domestic banks, insurance companies or pension funds tend to have surplus capital to invest, which can depress lending margins and lead to lenders competing on leverage and loan terms. Examples of this would be Japan, Norway, Switzerland and South Korea. Alternatively, countries where the demand for capital exceeds the domestic lending capacity tend to have more attractive pricing and terms. Examples of this would be Poland, Italy and the United States, where domestic banks have typically not been active project finance lenders.

The relative attraction of one jurisdiction over another can change over time, as a result of changes in political, economic, regulatory or market conditions. For example, even if lending terms remain constant, lending into a specific jurisdiction may become more attractive if its political or economic risk profile improves. The converse is also possible.

The Investment Manager will look to take advantage of the experience of the Investment Adviser, by directing its lending activities towards those jurisdictions with better lending terms. Moreover, since the average life of the Fund's investments is expected to be relatively short at less than five years, the Fund has a high level of agility compared to other funds that have much longer-life illiquid investments (such as property). This means that, in the future, when capital is to be redeployed, the Investment Manager can reassess which countries are attractive and adjust the geographical composition of the portfolio accordingly.

Currently, in the opinion of the Investment Manager, among Eligible Jurisdictions, the UK, Germany and to a lesser extent the Netherlands are attracting substantial debt capital in comparison to their funding needs, which has resulted in a reduction in lending returns for economic infrastructure debt. France, the U.S., Belgium, Ireland and certain other jurisdictions have not experienced this reduction to the same extent, and therefore the yield on an infrastructure debt portfolio can be enhanced by increasing its allocation to these countries.

Sectoral strategies

The Fund seeks to provide investors with an attractive target dividend, driven by the yield spread premium which the Fund can earn compared to liquid credit or government bonds by addressing an underserved part of the credit market which is experiencing a significant ongoing shortfall in financing capacity.

In addition to choosing attractive jurisdictions, the Investment Manager believes that it can target higher risk-adjusted returns by investing in specific sectors that are potentially underinvested in by the broader infrastructure debt market, at the expense of sectors that may be overinvested in. Examples of such sectors that may be attractive would currently include a wide range of opportunities driven by the twin themes of decarbonisation and digitalisation, such as energy storage, grid enhancement, energy efficiency, broadband and data cables. The Investment Manager views overinvested sectors as currently including transport infrastructure (such as toll roads and airports), social infrastructure and many traditional types of renewable projects such as onshore wind and ground-mounted solar.

The Investment Manager believes that lending in such underinvested sectors is typically at a relatively high yield and is also often conducted with better credit metrics (e.g. lower loan-to-value ratios). Therefore, these more conservative credit metrics may mitigate some or all of the risks associated with these sectors.

The Investment Manager believes these inefficiencies in the infrastructure debt markets may arise because many lenders have similar internal guidelines, investment restrictions or institutional preferences. For example, the Investment Manager believes that many lenders may be currently targeting renewable energy, driven by ESG policies, regardless of the risk or return characteristics of specific investments in that sector. At the same time, opportunities in energy storage and energy efficiency are much less well understood by many lenders, and therefore attract less capital.

The Investment Manager believes that the macro themes of digitalisation and decarbonisation will continue to provide significant opportunities, but also that these developments will put stress on existing infrastructure which requires re-investment and upgrading. This too is a significant theme.

Other strategies

The Investment Manager retains the flexibility to modify the above strategies and/or adopt other strategies in response to changing market conditions. In addition, it may from time to time find potential infrastructure debt investments which, whilst not corresponding to a specific strategy, could nonetheless provide the Fund with an attractive risk-adjusted return.

INVESTMENT PROCESS

Asset origination

The Investment Manager intends to draw upon the experience and network of the Investment Adviser to assist it with identifying potential investment opportunities and building a diversified portfolio of infrastructure loans for the Fund. The directors and senior officers of the Investment Adviser have significant experience working within the global infrastructure markets, particularly with regard to lending, arranging debt and debt advisory work, and have established close relationships with many of the key participants in the global infrastructure market, including equity investors and lenders.

The strategy for the Investment Manager will be to prioritise primary market transactions but ensure sufficient diversity by opportunistically targeting secondary market opportunities (for example, trade-sale of loan portfolios by pre-existing lenders) at the early stage of the Fund. The expectation is that secondary market transactions will fall as a share of portfolio as the Fund grows and is able to be more relevant for primary transactions.

Primary market originations offer the ability to deploy larger amounts of capital more efficiently and with greater structuring control compared to secondary market purchases. These transactions will generally consist of bilateral and "club" loans — arrangements involving a small group of lenders, which could include other funds or investment vehicles advised by the Investment Adviser — alongside select syndicated loans with broader lender participation. This approach enables the Fund to proactively target jurisdictions, sectors, and sub-sectors deemed attractive for the fund's risk-return profile, while also capturing additional value through upfront lending fees.

Primary deal flow will be sourced through the Investment Adviser's well-established networks, including relationships with infrastructure equity sponsors/investors, developers, construction firms, advisers, and co-lenders. While the emphasis will be on primary origination, selective opportunities in the secondary market will also be pursued, leveraging long-standing relationships with commercial and investment banks as well as specialist brokers.

Preliminary review

Preliminary review of investment opportunities will be carried out by the Investment Adviser, which has a selective approach to investing in infrastructure loans and bonds and will focus primarily on identifying investment opportunities with the following target characteristics:

(a) meeting the Investment Criteria as set out in the Investment Policy;

(b) complying with the Fund's sustainability policy (as updated from time to time);

(c) the project or assets must fit within the Fund's portfolio, meeting the diversification criteria as set out in the Investment Policy, and the investment must add balance and diversification to the portfolio of the Fund with regards to credit risk, asset sector, investment term and income return;

(d) the project or assets must not expose the Fund to reputational or legal risk;

(e) the management of the Borrower (either directly or through facilities management, servicing or other contractual arrangements) should have a proven track record and a robust financial position;

(f) the underlying obligor must have an acceptable credit profile; and

(g) there must be sufficient equity in the project or assets to allow the proposed leverage without undue risk.

Due diligence procedures

Once an opportunity has passed the Investment Adviser's preliminary review, the Investment Manager together with the Investment Adviser will evaluate all project risks they believe are material to making an investment decision and will assess how those risks are mitigated. Where appropriate, the Investment Manager and Investment Adviser will complement their analysis through the use of professional third-party advisers, including technical consultants, financial and legal advisers and valuation and insurance experts. These advisers will be engaged to conduct due diligence that is intended to provide an additional and independent review of key aspects and risks of a project, providing comfort as to the level of risk mitigation and the project's ongoing performance. In addition, the Investment Manager and Investment Adviser will, where appropriate, conduct site visits and meetings with the management of the Borrower and/or its advisers.

The table below summarises the due diligence and credit considerations that the Investment Manager and Investment Adviser will apply where appropriate when assessing potential investments for the Fund.

Macro review	• Sovereign analysis to include economic structure and growth prospects, balance of payments and external debt, fiscal performance and budgetary constraints, monetary flexibility, political stability • Country-specific infrastructure framework (PPP, P3, PFI) • Local authority/municipal analysis to include economic, institutional framework, financial performance, debt profile • Compatibility with the Fund's sustainability policy
Sub-sector review	• Analysis to determine competitive intensity and attractiveness of market in which the Borrower operates • Considerations include: market structure (assessing monopolistic nature of sub-sector or industry); competitiveness (intensity of competitive rivalry); profit margin stability (threat of new entrants and bargaining power of suppliers); sustainability of the market (threat of substitute products); and pricing (bargaining power of customers) • Industry life cycle, strategic position of the issuer, regulatory framework

Project/Fund review	• Projects/loans: Essentiality of project and barriers to entry, monopoly or quasi-monopoly status • Experience and commitment of project sponsors and service providers. Benchmarking to comparable projects • Ongoing review of financial model(s) including financial ratios • Sensitivity analysis varying assumptions such as demand, operating expenditure, renewal & replacement, inflation and interest rates • Companies/bonds: Ongoing financial, liquidity, operating and event risk analysis; management; access to capital (e.g. covenants/subordinated position versus other lenders) • Earning quality tests (special items, non-recurring items, one-off gains as a percentage of cash flow) • Loan to value ratio: The value of the assets collateralising or otherwise backing the loan to the borrower, divided by the amount of debt
Documentation	• Review concession agreement and other revenue documents such as feed-in tariffs (e.g. monthly cash inflow therefrom must be channelled into lenders' bank account jointly opened with the Borrower) • Robustness of financing documents including loan and security agreement, intercreditor arrangements and hedging agreements • Review all due diligence technical reports • Third-party analysis including rating agencies as available • Site visits where appropriate
Counterparty credit risk	• Sovereign or municipality credit risks • Transactional counterparties such as facility maintenance providers, operator, technical adviser to lenders, off-takers • Financial counterparties such as hedge providers

Collateral . . . .

- The assessment of collateral, if any, and its value varies between different types of investments. In some cases, it may be possible to get a third-party appraisal (e.g. property, shipping, aircraft). In other cases, the collateral may consist of an operating company whose value can be estimated by looking at trading multiples of similar businesses. In other cases, the collateral may consist of (at least in part) contracts whose value can be estimated using a discounted cashflow approach.

- Once the value of the collateral, if any, has been estimated, further consideration will be given to factors that may impact collection in the event of a foreclosure. Examples of these factors include sales costs; diminuation of value arising from being a foreclosure sale; costs incurred in operating and maintaining the asset over the foreclosure period; foreclosure costs; and taxes.

Additional considerations for Capital Relief Trades . . . .

- Assessment of the underwriting standards of the relevant bank, for example, their lending criteria and quality of their own due diligence, as well as the counterparty risk of that bank.

- In depth loan-by-loan analysis on the debt portfolio, comparing against historical data, to assess the quality of the underlying loan borrowers and the financial soundness of the projects involved. If any loan in the portfolio is not satisfactory, then the Investment Manager and/or Investment Adviser will negotiate on pricing and/or seek to exclude the loan from the portfolio.

Sustainability policy

The Fund has a comprehensive sustainability policy covering sustainability and ESG goals and reporting commitments, engagement and stewardship, and sustainability and ESG risk management and integration into the investment process which applies the following three-part framework, the key terms of which are summarised below:

Negative Screening . . . . . The following sub-sectors or asset types are excluded:

- Upstream infrastructure related to the exploration and production of oil and gas, such as oil rigs and platforms, fracking facilities, and facilities involved in tar sands

  Note that midstream assets (such as pipelines) and downstream assets (such as refineries) as well as power generation from oil and gas are not necessarily excluded but, as with all assets, are subject to ESG scoring and monitoring processes

- Thermal coal mining and directly related infrastructure, for example a dedicated thermal coal transportation asset like a railroad or wagons

- Power generation from coal and any asset using thermal coal, but not coking coal

- Permanent military infrastructure for active operational forces or for military production

The exclusion criteria apply to the primary nature and objective of the business. Ancillary revenues arising from excluded activities should not constitute more than 5% of an asset's total revenues.

Additionally, the Fund's investment criteria limits investment to only certain types of infrastructure. This means many harmful or controversial asset types are already excluded de facto, for example: alcohol production; gambling operations; tobacco production; pornography production and adult entertainment activities; and weapons manufacturing.

Thematic investing (positive screening) . . . The Fund has three ESG investment themes. Positive screening will be employed to increase the Fund's exposure to these investment themes, subject to existing concentration limits:

- Renewable energy, such as solar, wind and geothermal generation, and directly-related businesses including companies that supply renewable energy;

- Enabling the transition to a lower carbon world, such as grid stabilisation, electric vehicles, traffic congestion reduction and the substitution of coal by gas; and

- Infrastructure with social benefits, which provides for basic human needs (such as clean water and food security) or brings a positive change by addressing social challenges and inequalities (such as healthcare, education and affordable housing) or advancing society as a whole (such as progressing telecommunications).

ESG scoring . . . . An ESG scoring framework helps the Investment Manager allocate capital between projects and to measure its progress over time in a quantitative way.

The Investment Manager's proprietary ESG scoring methodology has been designed to be as objective as possible. The score primarily reflects the current ESG performance of the investment but also reflects, to a limited extent, the "direction of travel". For example, a business that currently contributes to climate change will receive some credit if it is investing meaningfully to reduce its negative contribution.

The methodology blends the "E", "S" and "G" components without allowing strength in one area to offset entirely weakness in another. For example, a polluting company will always get a poor score, even if it has excellent social and governance policies. Moreover, the Fund's policy is not to lend to companies with a very low E score, of less than one, regardless of the overall ESG score.

The ESG score is distinct to a credit rating. Some elements of ESG scoring will directly affect a Borrower's credit rating (e.g. weak corporate governance has a negative contribution to credit quality) but nonetheless it is entirely possible for a business with a weak ESG score to have a strong credit profile, and vice versa.

ESG scores must be taken into account in the investment process. All other things being equal, when evaluating potential investments, the Investment Manager will prioritise transactions with higher ESG scores, and when considering the potential disposal of investments, the Investment Manager will prioritise transactions with lower ESG scores. By investing in higher-scoring opportunities, and disposing of lower-scoring opportunities, the aim is to improve the ESG score of the Fund's portfolio of investments over time.

Each potential new investment will be screened by the Investment Manager through the negative and thematic screenings and its ESG score will be assessed in the context of the Fund's existing portfolio and current investment objectives. Only then would the potential investment admitted to the next stage of the investment process which is full credit analysis and documentation.

Reflecting its commitment to ESG, the Investment Adviser signed up in 2019 to the United Nations Principles of Responsible Investment (the "**UNPRI**"). The UNPRI encompass all stages of the private debt process (origination, due diligence, documentation, holding period and exit decisions).

The Investment Adviser is also a member of: (a) the Task Force for Nature-related Financial Disclosures (the "**TNFD**") Forum, which is a global multi-disciplinary consultative group of institutions that align with and contribute to the mission and principles of the TNFD, namely to develop a set of disclosure recommendations and guidance that encourage and enable business and finance to assess, report and act on their nature-related dependencies, impacts, risks and opportunities; and (b) the UK Sustainable Investment and Finance Association ("**UKSIF**") which has the goal of boosting the growth of sustainable and responsible investment in the UK. The Investment Adviser also reports under EU Sustainable Finance Disclosure Regulations ("**SFDR**"), with two SFDR Article 8 funds, and publishes detailed sustainability related disclosures, reports and policies.

Investment approval

All investments by the Fund must be approved by the Investment Manager, and in particular its Investment Committee, which has been authorised by the IM Board to make investment decisions for and on behalf of the Fund. For details of the Investment Committee, please refer to the section headed "The Investment Manager — Investment Committee of the Investment Manager".

Before recommending any investment to the Investment Committee for approval, the IA Investment Committee will need to approve the transaction. At a minimum, the IA Investment Committee will comprise the Chief Executive Officer and Chief Investment Officer, the Head of Portfolio Management, the Head of Credit, the Head of Infrastructure and the Chief Risk Officer (or their designate) of the Investment Adviser. The IA Investment Committee will be chaired by the Chief Risk Officer (or their designate) with quorum consisting of the Chief Risk Officer (or their designate) and any two other committee members. Once an investment has been approved by the IA Investment Committee, the Investment Adviser will provide the Investment Manager with the committee minutes and the credit memorandum containing details of the investment and maximum commitment for the approval of the Investment Committee before the investment can proceed.

Both the Investment Committee and the IA Investment Committee will consider the Investment in the context of:

(a) the credit and other risks associated with the Investment;

(b) its potential return both in absolute terms and relative to other Investment opportunities; and

(c) its effect on the overall composition of the Fund's portfolio taking into account the Fund's objective of holding a diversified portfolio of investments.

Investment monitoring

All transactions are subject to ongoing monitoring and supervision by the Investment Manager. To facilitate this, the Investment Adviser will regularly keep the Investment Manager informed on the performance of the Fund's investments, including sharing and advising on the correspondence that it receives from Borrowers (as summarised below) as well as seeking the approval of the Investment Committee before taking any material actions with respect to investments.

Additionally, on a quarterly basis, the Investment Manager and the Investment Adviser will convene to discuss and review the Fund's portfolio, pipeline and strategy in detail. At these meetings, the Investment Committee and the IA Investment Committee will, among other things, brief the IM Board and the Fund Board on new investments that the Investment Committee had approved for the Fund.

Loans: The Investment Adviser will receive a range of Borrower reporting communications, depending on the nature of the loan. For project finance loans this would typically include a technical adviser's report semi-annually or annually, where available, together with financial statements and performance data in relation to the project. In other cases, the reporting may include updated asset valuations, "rent rolls", management discussions or ad hoc information. In certain circumstances, such as in the event of a revenue shortfall or an unremedied event of default under a loan agreement, project agreement or operating sub-contract, further information will be sought or commissioned and, reporting from and engagement with the Borrower will be increased.

Bonds: The Investment Adviser will receive trustee reports or similar reports (in relation to project bonds and asset-backed bonds) and audited financials of the Borrower. In some cases the Investment Adviser will also benefit from third-party research undertaken on bonds including that from the rating agencies, although the Investment Adviser will not rely upon such reports.

Loans and Bonds: The goal of investment monitoring is not limited to a reactive assessment of changes to the portfolio, but rather is a proactive process of identifying potential problems at an early stage. The Investment Manager and the Investment Adviser will aim to anticipate potentially adverse changes to the portfolio arising from, for example, the economic environment or proposed regulatory or legal changes. All ongoing credit monitoring updates will be provided to the Investment Manager by the Investment Adviser as and when a credit event occurs or there is a change to a key credit indicator.

Should there be a credit event or change to a key credit indicator, the Investment Manager and Investment Adviser will generally seek to first engage with the Borrower to understand the relevant risks and ascertain whether a collaborative solution can be agreed to mitigate such risks. Depending on those discussions, the Investment Manager and Investment Adviser will ascertain whether they need to escalate the matter, for example by formally enforcing the Fund's rights and/or engaging in insolvency proceedings. Please see the section headed "Risk Factors — The Fund may be unable to realise value from its Investments in the event of the insolvency of a Borrower or in the event of a Borrower default and investors could lose all or part of their investment" for risks relating to such recovery process.

The Investment Manager reviews all monitoring updates and has ultimate responsibility for ensuring that the internal ratings and valuations of the loans are correct and up to date. The following procedure has been implemented by the Investment Manager to facilitate this: (a) Investments shall be reviewed by the IA Investment Committee at least twice a year; (b) following a review, minutes of the IA Investment Committee's decision (for example, a change in rating) are documented; (c) the minutes are then shared with the Investment Manager, the Valuation Agent and Custodian; (d) the Valuation Agent in addition to receiving monitoring memos and minutes shall have a monthly call with the Investment Manager and Investment Adviser to go through each loan; and (e) changes in valuation are determined by the Valuation Agent pursuant to the Fund's valuation policy and communicated through a formal monthly valuation report prepared by the Valuation Agent. The Investment Manager, the Investment Adviser and the Custodian shall each keep separate systems on loan positions including valuations which are to be reconciled each month.

For loans acquired pursuant to a CRT transaction, the Investment Manager and Investment Adviser will monitor each individual loan separately, using the same process for monitoring its other loan investments. The same applies to risk management, valuation and handling credit events.

Cash awaiting investment

Cash awaiting investment, including during the Fund's ramp-up period, will be held on behalf of the Fund in interest-bearing bank accounts, or in one or more similarly rated money market accounts or in short-dated debt funds or investments (such as treasury bills or similar instruments), under the supervision of the Custodian.

Debt facilities of the Fund

As set out in the Investment Policy, the Fund may, from time to time, utilise borrowings for funding investments and/or general corporate purposes, but such borrowings will not exceed 30% of the Fund's Net Asset Value.

The Fund does not currently have any debt facilities in place and does not currently intend to utilise borrowings until (at the earliest) all or substantially all of the [**REDACTED**] have been invested.

Hedging policy

The Investment Manager intends to engage in currency hedging through the use of forward and swap contracts with a view to protecting the Net Asset Value of the Fund in its base currency. The currency hedging strategy will be set and reviewed by the Investment Manager in consultation with the Investment Adviser and/or a third-party hedging consultant if required.

The Investment Manager's hedging strategy intends to hedge substantially all of its Net Asset Value. Since the valuation of a loan includes the present value of the interest income, this approach means that both loan principal and income are hedged. However, the Investment Manager's ability to effect such a strategy may be affected by currency market and credit conditions and as such, it cannot be guaranteed that all of the Fund's Net Asset Value will always be hedged and there will be periods where the Fund's Net Asset Value is only partially hedged.

Interest rate hedging may also be carried out by the Investment Manager to seek to provide protection to the Fund against increasing interest rates as and when any floating rate liabilities are entered into by the Fund. The Fund's exposure to such floating rate liabilities is limited by the aforementioned restrictions on permitted borrowings under the Investment Policy.

Interest rate hedging may be carried out to seek to provide protection against falling interest rates in relation to assets that do not have a minimum fixed rate of return acceptable to the Investment Manager.

The Fund will only use derivatives for hedging and efficient portfolio management purposes to reduce or manage risk, such as the aforementioned currency and interest rate hedging. The Fund's net derivative exposure may be up to 10% of the Fund's Net Asset Value.

The actual return generated by the Fund in pursuing its investment objective will depend on a wide range of factors including, but not limited to, general economic and market conditions, fluctuations in currency exchange rates, prevailing interest rates and credit spreads, the terms of the investments made by the Fund, and the risks highlighted in the section headed "Risk Factors".