

# ICAPITAL ADVISORS, LLC

## FORM ADV PART 2A

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**March 26, 2026**

This brochure provides information about the qualifications and business practices of iCapital Advisors, LLC (“iCapital”). If you have any questions about the contents of this brochure (“**Brochure**”), please contact us at (212) 994-7400.

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“**SEC**”) or by any state securities authority. Additional information about iCapital is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

iCapital is registered as an investment adviser with the SEC pursuant to the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). Recipients of this Brochure should be aware that registration with the SEC does not in any way constitute an endorsement by the SEC of an investment adviser’s skill or expertise. Further, registration does not imply or guarantee that a registered adviser has achieved a certain level of skill, competency, sophistication, expertise or training in providing advisory services to its clients.

## Item 2: Material Changes

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This brochure amendment is made in connection with iCapital's annual updating requirement for 2025 and serves as an update to iCapital's brochure dated September 15, 2025.

The following material changes occurred in 2025:

September 2025: iCapital, Inc. announced that it had made an investment in, and partnered with, Tangible Markets to offer select iCapital funds the ability for investors to explore secondary liquidity options through Tangible Markets' proprietary platform, Liquidity Hub (**Item 11**).

June 2025: iCapital, Inc. completed its acquisition of Citi Global Alternatives, LLC, an advisor to Citi Wealth's global alternative investment fund platform representing more than 181 alternatives funds. Citi Global Alternatives, LLC was subsequently renamed to iCapital Global Alternatives, LLC and transitioned to a relying investment adviser of iCapital Advisors, LLC (**Item 10**).

February 2025: iCapital, Inc. formally changed the name of its Alternative Investment educational tool AI Insight to iCapital Insight (**Items 4, 7, 8, 11**).

Updated conflicts and risks relating to funds, financial markets, tax risk considerations, geopolitics, warfare and conflict, regulatory reform, legislation, anti-money laundering, and artificial intelligence (**Item 8**).

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## Item 4: Advisory Business

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iCapital Advisors, LLC (“**iCapital**”, “**We**”, “**Us**” or the “**Firm**”), is a Delaware limited liability company that has been in business since May 2014. We are wholly owned by Institutional Capital Network, Inc. (the “**Company**”), which, in turn, is wholly owned by iCapital, Inc. Our principal place of business is New York, NY.

### Investment Advisory Services

iCapital provides investment advisory services to private investment funds (each, a “**Fund**”). A significant majority of the Funds are formed and managed by iCapital or its affiliates for the purpose of investing substantially all of their investable net assets in one or more underlying investment funds (each, an “**Underlying Fund**”) that are sponsored or managed by third-party managers (each, an “**Underlying Manager**”) and identified in each such Fund’s confidential private placement memorandum or analogous offering documentation (as applicable, and as may be amended, restated or supplemented from time to time, the “**PPM**”) (each such Fund, a “**Private Access Fund**”).

A minority of the Funds are partially or wholly “blind pools” in respect of which iCapital exercises ongoing investment discretion regarding their selection of multiple Underlying Funds and/or co-investments for investment, certain of which are not identified in such Funds’ PPMs (each such Fund, a “**Fund of Funds**”). In each case, an Underlying Fund may be a private investment fund, business development company, real estate investment trust, or other kind of investment vehicle or product, and may target conventional or alternative investments (“**Alternative Investments**”). In addition, iCapital exercises ongoing investment discretion over certain Funds that invest directly in the equity securities of public or private companies and/or in commodities or other financial instruments (each such Fund, a “**Direct Investment Fund**”).

Each Private Access Fund and Fund of Funds is intended to provide investors with indirect investment exposure to the applicable Underlying Fund(s). Private Access Funds and Funds of Funds are typically offered at a lower minimum investment amount than is required by the Underlying Fund(s) of their direct investors and may either be open-ended<sup>1</sup> (the “**Open-End Funds**”) or closed-ended<sup>2</sup> (the “**Closed-End Funds**”). Whether a Private Access Fund or Fund of Funds is an Open-End Fund or Closed-End Fund typically depends on whether the applicable Underlying Fund(s) are themselves open-ended or closed-ended. As discussed in Item 5 below, the manner of calculation for certain fees charged to a Private Access Fund or Fund of Funds typically depends on whether it is an Open-End Fund or Closed-End Fund.

iCapital provides investment advice directly to each Fund (and not individually to investors in the Fund), subject to the discretion and control of the applicable general partner, managing member, board of directors or trustees, or other governing body of the Fund, which may be an affiliate or an employee of the Company. Each Fund is managed in accordance with its own investment objectives and restrictions which are not tailored for any particular individual investor therein (each an “**Investor**” or “**Limited Partner**”). iCapital does not provide individualized investment advice to Investors and Investors may not impose their own investment restrictions on the Funds in which they invest, therefore, Investors should consult with their own advisors in considering whether an investment in a particular Fund meets their investment objectives and risk tolerance prior to investing. Further, iCapital does not offer or provide advisory services to any wrap fee program.

Each Fund and Underlying Fund is managed in accordance with its respective limited partnership agreement, operating agreement, memorandum and articles of association, or

<sup>1</sup> Funds that have an indefinite life and principally provide investors with liquidity via ordinary course withdrawal or redemption rights, subject to any applicable liquidity restrictions such as lockups, gates, or suspensions.

<sup>2</sup> Funds that have a finite life and principally provide its investors with liquidity only via distribution rights.

other constitutive documents (as applicable, and as may be amended, restated or supplemented from time to time, the “**LPA**”), as described, in the case of each Fund, in its PPM or, in the case of each Underlying Fund, its confidential private placement memorandum, prospectus or analogous offering documentation (as applicable, and as may be amended, restated or supplemented from time to time, the “**Underlying Fund PPM**”). Each PPM and Underlying Fund PPM typically includes important disclosures with respect to economic terms, risk factors, macroeconomic considerations, fees, tax treatment, conflicts of interest and other disclosures which Investors should consider prior to making an investment in the applicable Fund.

Each Fund is exempt from registration, or otherwise not required to register, as an investment company under the Investment Company Act of 1940 (“**Investment Company Act**”), as amended, and no securities issued by the Funds are expected to be registered under the Securities Act of 1933 (“**Securities Act**”), as amended.

A list of the Funds relying on 3(c)(1) and 3(c)(7) exemptions under the Investment Company Act may be found in iCapital’s Form ADV Part 1A 7.B.(1). iCapital may provide investment advisory services to other types of investment vehicles or accounts in the future.

### **Sub-Advisers**

With respect to Funds of Funds and Direct Investment Funds, iCapital typically delegates, subject to its continuing oversight, certain investment management authorities to a third party (each, a “Sub-Adviser”) that oversees day-to-day investment activities, in each case in accordance with the investment objectives and any investment guidelines set forth in the applicable Fund’s PPM. In this capacity, the Sub-Adviser typically exercises investment discretion on behalf of the Fund.<sup>3</sup>

### **Direct Private Investment Program**

iCapital advises funds part of the Alternative Strategies Direct Private Investment Program (“**DPIP**”), which was established to make investments in certain privately offered investment opportunities, including without limitation, (i) equity, equity-like or debt securities offered by one or more portfolio companies, or (ii) investments in real estate joint ventures or other passive investments in real estate (together, the “**Program Investments**”).<sup>4</sup>

Eligible investors (“**Investors**”) participate as non-managing members in a Program Investment by investing in one or more series or sub-series/tranche (each a “**Series**”) of DPIP, which is managed by its managing member. Each Series will hold one or more Program Investments.

### **Broker-Dealer Services**

iCapital Markets LLC (“**iCapital Markets**”), an SEC-registered broker-dealer and member of the Financial Industry Regulatory Authority (“**FINRA**”) and the Securities Investor Protection Corporation (“**SIPC**”), is an affiliate of iCapital and a wholly owned subsidiary of the Company. iCapital Markets acts as a broker-dealer with respect to the distribution – either through its proprietary, institutional-only web-based platform or through its distribution team – of Alternative Investments and structured investments (“**Structured Investments**”), including private investment funds that are sponsored and/or advised by iCapital or an affiliate as described below. In each case, iCapital Markets, acting as distributor, earns transaction-based compensation.

<sup>3</sup> In the case of a Fund of Funds, selecting Underlying Funds for investment and determining relative investment allocations thereto, or in the case of a Direct Investment Fund, overseeing the selection, timing, and exposure levels of such Fund’s investments.

<sup>4</sup> The underlying issuers of the investment opportunities, including, without limitation, real estate joint ventures or other passive investments in real estate.

Additional information on iCapital Markets can be found in Items 5, 10, and 14 below.

### **Diligence Services**

iCapital performs the service of preparing diligence reports for certain Underlying Funds. Such reports are generally made available to financial intermediaries whose clients are prospective investors in the Private Access Fund or Fund of Funds that invest in the applicable Underlying Fund(s). iCapital is compensated for such services either by the applicable Private Access Fund as a Private Access Fund expense or by the Underlying Manager.

### **Other Products and Services**

iCapital, from time to time, may offer additional products and services (together “**Services**”) that are ancillary to its primary investment advisory business. Similarly, iCapital does not render these Services to individual Investors, but instead to financial professionals which may include, but are not limited to, broker-dealers and investment advisers.

#### ***iCapital Architect***

iCapital Architect by iCapital is a portfolio construction tool that offers financial professionals at broker-dealers and investment advisers the ability to explore how their clients’ portfolios composed of public assets would be impacted by the inclusion of Alternative Investments and Structured Investments. Users can either choose specific iCapital Alternative Investments and Structured Investments or use a pre-built, outcome-oriented alternative model allocation. iCapital Architect allows financial professionals to see portfolio growth simulations with and without Alternative Investments and Structured Investments; side-by-side historical performance models; and liquidity and risk factor diversification analyses.

The tool supports the evaluation of assets such traditional investments, which include equity, fixed income, ETFs, and mutual funds; Alternative Investments such as private equity, private credit, hedge funds, and private real estate funds; and Structured Investments.

iCapital is compensated for providing iCapital Architect to financial professionals on a flat fee or subscription fee basis.

#### ***iCapital Insight***

iCapital Insight<sup>5</sup> by iCapital is an educational tool that offers financial professionals and firms access to educational resources and an extensive database for sourcing, comparing, and monitoring funds related to Alternative Investments. The tool also allows the home offices of broker-dealers and investment advisers to mandate the completion of these educational materials and allows home offices, in their discretion, to set certain passing rates.

Users pay annual subscription fees to access iCapital Insight, which is received by iCapital. In addition, product sponsors pay an annual rate per product for iCapital to provide educational materials on the sponsors’ products.

### **Assets Under Management**

As of December 31, 2025, iCapital’s total discretionary assets under management were \$149,862,919,626<sup>6</sup>

<sup>5</sup> Previously known as AI Insight.

<sup>6</sup> Please note that for certain Funds, December 31, 2025, values were not available from the Underlying Funds and as a result, assets under management for these Funds are as of September 30, 2025.

Christopher W. Thome and Scott P. Spilkevitz are iCapital's Co-Chief Compliance Officers ("**Co-CCOs**").

## Item 5: Fees and Compensation

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Please refer to Item 6 for a description of any performance-based fees or carried interest (“**Carried Interest**”) iCapital may receive.

### Management Fees

iCapital typically charges each Fund an asset-based management fee, which may be referred to in the Fund’s PPM as a management fee, administrative fee or service fee (collectively referred to herein as the “**Management Fee**”). The Management Fee rate typically ranges between 0.10% and 1.25% per annum (as applicable, the “**Management Fee Rate**”). A portion of the Management Fee may be allocated from iCapital to iCapital Markets for distribution services related to the Fund. iCapital or its affiliates may also pay a portion of the Management Fee to a Sub-Adviser for services provided by the Sub-Adviser.

#### **Closed-End Funds**

With respect to Closed-End Funds, iCapital typically charges a Management Fee equal to the product of the applicable Management Fee Rate and each Investor’s capital commitment to the Fund, subject to a fixed step-down percentage after the end of the applicable Underlying Fund’s investment period (or another fixed period). Alternatively, iCapital charges a Management Fee equal to the product of the applicable Management Fee Rate and, during the applicable Underlying Fund’s investment period, each Investor’s capital commitment to the Fund, and thereafter, the Investor’s share of the declining balance of invested capital held by the Fund. For certain Closed-End Funds, iCapital charges a Management Fee equal to the product of the applicable Management Fee Rate and each Investor’s share of the declining balance of invested capital held by the Fund.

#### **Open-End Funds**

With respect to Open-End Funds, iCapital typically charges a Management Fee equal to the product of the applicable Management Fee Rate and the Net Asset Value (“**NAV**”) or similar calculation of each Investor’s interest in the Fund as of the beginning or end of the period in respect of which the Management Fee is payable.<sup>7</sup>

Notwithstanding the foregoing, the manner of calculation and payability of the Management Fee, and the applicable Management Fee Rate, may vary based on, among other things, the classes of interests held by Investors in a Fund or different minimum investment thresholds required by a Fund. iCapital typically has the authority to waive, reduce, offset, rebate or otherwise calculate differently the Management Fee attributable to any Investor or group of Investors in a Fund, without notice to or the approval of other Investors in the Fund. iCapital generally may also share all or any portion of the Management Fees with its affiliates or any third parties. Investors should refer to a Fund’s PPM for disclosure regarding the Management Fee with respect to such Fund.

### Tax Reporting Oversight Fees

In respect of certain Private Access Funds and Funds of Funds, iCapital may provide enhanced tax reporting services, including oversight of the preparation and filing of certain U.S. state partnership composite tax forms and non-U.S. country specific tax reporting (“**Tax Reporting Oversight Fees**”). The Tax Reporting Oversight Fee with respect to U.S. state partnership composite tax forms is charged to the Private Access Fund or Fund of Funds. This fee is typically a rate of 0.02% per annum calculated on a similar basis to the iCapital

<sup>7</sup> Management fees are potentially *pro rated* for lesser periods in the event of interim subscriptions or withdrawals.

Management Fee and is generally capped at \$25,000 per year. Country-specific Tax Reporting Oversight Fees are charged as a fixed fee. Tax Reporting Oversight Fees are in addition to the iCapital Management Fee and may only benefit certain Investors yet are ultimately borne by all of the Private Access Fund's or Fund of Funds' Investors. Investors should refer to the Fund's PPM for full disclosure relating to all the fees to which an Investor might be subject or that may be received by iCapital.

### **Investor Servicing Fee**

In addition to the Management Fee described above, iCapital may be entitled to receive an investor servicing fee from the Underlying Manager ("**Investor Servicing Fee**"),<sup>8</sup> typically charged as a percentage of the Fund's aggregate capital contributions. The General Partner of the Underlying Fund is typically responsible for payment of the Investor Servicing Fee to iCapital. Investors should refer to the Fund's PPM for full disclosure relating to all the fees an Investor might be subject to or received by iCapital.

### **Payments to Underlying Managers**

In addition to bearing the Management Fee payable to iCapital as described above, the Private Access Funds and Funds of Funds are generally subject to their *pro rata* portion of any fees charged by the Underlying Fund(s) and the Underlying Manager(s). These fees typically include a management fee, which generally ranges from 1% - 2% on an annual basis, and in most cases, an incentive compensation arrangement, which generally ranges from 10% - 20% of the capital appreciation in the Underlying Fund(s).

#### ***Closed-End Funds***

Private Access Funds and Funds of Funds that invest in Underlying Fund(s) that are closed-ended funds<sup>9</sup> are often subject to a Carried Interest distribution or payment in favor of the applicable Underlying Manager(s) or their affiliates, subject in certain cases to preferred return, general partner catch-up, and/or carried interest clawback provisions.

#### ***Open-End Funds***

Private Access Funds and Funds of Funds that invest in Underlying Fund(s) that are open-ended funds<sup>10</sup> are often subject to an incentive allocation or payment in favor of the applicable Underlying Managers or their affiliates, subject in certain cases to high-water mark, hurdle and/or loss carryforward provisions.

As discussed in the "**Organizational Expenses**" and "**Fund Expenses**" sections below, in addition to bearing its share of any Carried Interest or incentive fees charged by the Underlying Manager(s) or their affiliates in respect of the applicable Underlying Fund(s), each Private Access Fund and Fund of Funds usually indirectly bears its *pro rata* share of organizational and operating fees, costs and expenses at the level of the applicable Underlying Fund(s) as an Investor therein, all of which results in a layering of expenses that further reduce the net returns to Investors in the applicable Fund. Consequently, such an Investor will typically achieve a lower rate of return on its investment in a Private Access Fund or Fund of Funds than it would have achieved had it invested directly in the applicable Underlying Fund(s).

Certain Underlying Managers may offset, rebate or otherwise reduce the amount of

<sup>8</sup> May also be referred to in the Fund's PPM as an administrative services or investors services fee.

<sup>9</sup> Includes private equity, real estate, venture capital, infrastructure, and certain debt and other illiquid funds.

<sup>10</sup> Includes hedge funds, commodities funds, and certain debt, crypto, and other liquid funds.

management fees payable by Investors in the applicable Underlying Funds<sup>11</sup> by all or a portion of the amount of certain transaction fees, break-up fees, commitment fees, underwriting fees, amendment fees, waiver fees, modification fees, monitoring fees, consulting fees, directors' fees, advisory fees, closing fees, and other similar fees received and retained by the Underlying Managers or their affiliates and employees in respect of such Underlying Funds.

Investors should refer to an Underlying Fund's PPMs for disclosure relating to the fees, costs and expenses to be borne by investors in the Underlying Fund.

### **Service Providers**

In connection with its management activities, iCapital, from time to time, engages service providers, including registered investment advisers and other financial intermediary aggregators ("**Intermediary Service Providers**"). These Intermediary Service Providers to a Fund are usually compensated out of iCapital's Management Fee but in certain situations their compensation may be paid by a Fund.<sup>12</sup> Intermediary Service Providers typically provide certain administrative, marketing, technical support and other investor services<sup>13</sup> to iCapital and typically receive fees calculated as a percentage of the iCapital Management Fee in relation to Investors who are clients of each Intermediary Service Provider or their network of financial advisory firms. Each Intermediary Service Provider is an independent company, not affiliated with iCapital. There is no form of legal partnership, agency, affiliation, or similar relationship between iCapital and the relevant Intermediary Service Provider.

### **Organizational Expenses**

Each Fund typically bears all its organizational and offering fees, costs, and expenses<sup>14</sup> incurred in connection with the organization and the funding and start-up of the Fund, including the preparation of and negotiations with respect to the offering and governing documents of the Fund. Considering this, in certain cases the organizational and offering expenses borne by a Fund may be subject to a cap.

A Fund may also bear any additional organizational and offering expenses described in its PPM or provided for in its LPA.

### **Fund Expenses**

Subject to any applicable expense cap described in the applicable PPM, each Fund typically bears all its fees, costs, expenses, liabilities, and obligations, usually including, without limitation:

- The iCapital Management Fee;
- The advisory fee and other costs of any Sub-Adviser to the Fund;
- Tax Reporting Oversight Fees and organizational and offering expenses;
- The termination, liquidation, winding up, or dissolution of the Fund;

Any sales or other taxes (including withholding taxes) and any interest and penalties thereon, fees, or other governmental charges levied against the Fund, expenses of the "partnership representative" and the "designated individual" (in each case, within the meaning of the U.S. Internal Revenue Code (the

<sup>11</sup> Including certain Private Access Funds and Funds of Funds.

<sup>12</sup> Additional details further provided in such Fund's PPM.

<sup>13</sup> Other investor services include assistance with questions regarding investments in Funds and assistance with subscriptions.

<sup>14</sup> This includes travel, printing, legal, capital-raising, accounting, diligence reports on the applicable Underlying Fund(s) (if any), regulatory compliance, and any administrative or other filings.

“Code”)) and all expenses incurred in connection with any tax audit, investigation, settlement, or review of the Fund; and other third-party provider expenses, including expenses related to tax reporting under automatic exchange of information legislation or the U.S. Foreign Account Tax Compliance Act.

- Costs of all other reports, tax returns, tax estimates, Schedule K-1s, or any other administrative, applicable compliance or regulatory filings,<sup>15</sup> or reports of the Fund, its general partner (if applicable), or its investment adviser, including fees and costs of any third-party service providers and professionals related to the foregoing;
- Any costs or expenses in connection with the Fund’s admission to an Underlying Fund, including, if applicable, the legal costs of completing subscription booklets, negotiating any alternative agreements with an Underlying Fund that offer Investors additional and/or different rights (“**Side Letters**”) (refer to Item 8 ‘Methods of Analysis, Investment Strategies, and Risk of Loss’ below for additional information on Side Letters), and any subsequent closing interest charged to the Fund in connection with its admission to an Underlying Fund;
- Costs of monitoring the Fund’s investment(s) in an Underlying Fund (if any), including but not limited to costs associated with travel to Underlying Fund investor meetings (if applicable);
- Paying agents and/or other jurisdiction-specific service providers, and fees or expenses related to the technology or platform of specific distributors;
- Extraordinary one-time expenses of the Fund;
- All expenses relating to distributions to the Investors and other expenses associated with the acquisition, holding and disposition of the Fund’s investments, including extraordinary expenses;
- Actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process, including any judgment, other award or settlement entered into in connection therewith;
- Indemnification, including any fees, costs and expenses incurred in connection with indemnifying any Investor or other person and advancing fees, costs and expenses incurred by any such person in defense or settlement of any claim that may be subject to a right of indemnification pursuant to the Fund’s governing documents;
- Financing, commitment, origination and similar fees and expenses;
- Broker, dealer, finder, underwriting (including both commissions and discounts), loan administration and private placement fees, sales commissions, investment banking fees, and fees for similar services;
- Brokerage, sale, custodial, depository, trustee, record keeping, account and similar services;
- Costs and expenses (including travel-related expenses) of hosting meetings of the Investors, or otherwise holding meetings or conferences with Investors, whether individually or in a group;

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<sup>15</sup> This includes Form PF, Form ADV, Form D, NFA reports, and other filings as required.

- Expenses attributable to normal and extraordinary investment banking, commercial banking, accounting, research, auditing, appraisal, advisory, valuation, legal and recording fees and expenses, administrative,<sup>16</sup> custodial, and registration services provided to the Fund, and any expenses attributable to consulting services, including in each case services with respect to the proposed purchase or sale of securities by the Fund that are not reimbursed by the issuer of such securities or others, whether or not any such purchase or sale is consummated;
- Filing, title, transfer, registration and other similar fees and expenses;
- Printing, communications, marketing and publicity;
- Developing, licensing, implementing, maintaining, or upgrading any web portal, extranet tools, computer software or other administrative and reporting tools (including subscription-based services) for the benefit of the Fund or the Investors;
- Any activities with respect to protecting the confidential or non-public nature of any information or data;
- Fees and expenses incurred in connection with or otherwise relating to the preparation of form documentation in respect of transfers;
- Amendments to, and waivers, consents, or approvals pursuant to, the constituent documents of the Fund, its general partner (if applicable), its investment adviser, or their affiliates and any alternative investment vehicles (“**Alternative Investment Vehicles**”);<sup>17</sup>
- Fees and expenses incurred in respect of any arrangement to provide additional liquidity to Investors and facilitate the process for Investors to sell all or any portion of their interests or shares in the Fund;
- Complying with any law or regulation related to the activities of the Fund such as regulatory expenses of its general partner (if applicable) incurred in connection with the operation of the Fund, and legal fees and expenses related thereto;
- Any governmental inquiry, investigation, or proceeding involving the Fund, including the amount of any judgments, settlements, or fines paid in connection therewith;
- Directors and officers liability, errors and omissions liability, general partnership liability premiums, and other insurance and regulatory expenses to protect the Fund, its general partner (if applicable), its investment adviser, and any of their respective partners, members, stockholders, officers, directors, employees, agents, or affiliates in connection with the activities of the Fund; and
- Fees and expenses of Investors’ custodians.

Fund expenses may also include any costs and expenses associated with the ongoing

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<sup>16</sup> This includes fees and expenses of the administrator or custodian related to the Fund, its general partner, if applicable, or its investment adviser.

<sup>17</sup> A limited partnership, limited liability company, or similar legal structure through which an Investor can invest in an Alternative Investment.

operations of any Alternative Investment Vehicles, usually including, without limitation:

- Administrative fees and expenses;
- Legal and recording fees and expenses;
- Any fees and expenses of consultants, economists, outside counsel, accountants and other third-party service providers;
- Any taxes (including withholding taxes), fees or other governmental charges levied against such Alternative Investment Vehicles, including tax preparation expenses;
- Expenses relating to any audit, investigation, governmental inquiry or public relations undertaking and litigation, insurance, indemnification and extraordinary expenses.

Fund expenses also typically include, and therefore Investors typically indirectly bear, all the operating expenses of its general partner (if applicable) and its investment adviser with regard to the Fund and any Alternative Investment Vehicles. Investors in a Fund typically indirectly bear all of the Fund's fees, costs and expenses, which are funded by the Investors' capital contributions to the Fund and are typically called and made *pro rata* based on the ratio of an Investor's capital commitment amount relative to the aggregate capital commitment amounts of all Investors in the Fund. A Fund may also bear any additional fees, costs or expenses described in such Fund's PPM.

Investors in a Private Access Fund or Fund of Funds will also typically indirectly bear the cost of such Fund's *pro rata* share of all management fees, Carried Interest or incentive fees, placement fees, and organizational and operating expenses,<sup>18</sup> as applicable, payable by such Fund as an investor in the applicable Underlying Fund(s), all of which results in a layering of expenses that further reduce the net returns to Investors in the applicable Fund. Consequently, an Investor in such Fund will typically achieve a lower rate of return on its investment in the Fund than it would have achieved had it invested directly in the applicable Underlying Fund(s).<sup>19</sup>

A Fund may also bear any additional operating expenses described in its PPM or provided for in its LPA.

iCapital will pay all overhead expenses, including its employees' salaries, rent, utilities, etc.

### **Overdraw Rights**

With respect to certain Underlying Funds in which a Private Access Fund or Fund of Funds may invest, the Fund's share of certain expenses<sup>20</sup> of the Underlying Fund(s) are in addition to, and do not reduce, the undrawn portion of such Fund's capital commitment to the Underlying Fund(s).<sup>21</sup> In such cases, where the Underlying Fund(s) have "overdraw" rights with respect to their direct investors,<sup>22</sup> generally the Fund will likewise have a corresponding overdraw right with respect to its Investors, such that, where the Fund is required to contribute capital to the Underlying Fund(s) in excess of the Fund's capital commitment thereto, the Investors will have a corresponding obligation to contribute capital to the Fund in excess of their capital commitments

<sup>18</sup> This includes taxes, indemnification, and other fees, costs, and expenses.

<sup>19</sup> Assuming access to direct investments in such Underlying Fund(s) were available to Investors.

<sup>20</sup> This typically includes management fees and organizational expenses.

<sup>21</sup> In such cases, the Fund will be required to contribute amounts in addition to its commitment to the Underlying Fund(s) to fund such expenses.

<sup>22</sup> Including a Private Access Fund or Fund of Funds investing therein.

thereto. Such overdraw rights, where they exist, are typically provided for in respect of Closed-End Funds with capital call structures and are described in applicable PPMs.

## **Item 6: Performance-Based Fees and Side by Side Management**

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iCapital and its affiliates typically do not charge a performance-based fee (whether a Carried Interest or an incentive fee or allocation) in respect of the Funds. However, in the future iCapital may charge a performance-based fee or allocation to certain Funds (which will be borne indirectly by their respective Investors).

Further, as noted in “**Item 5: Fees and Compensation**,” Private Access Funds and Funds of Funds that invest in closed-ended Underlying Fund(s) are often subject to a Carried Interest distribution or payment in favor of the applicable Underlying Manager(s) or their affiliates,<sup>23</sup> while such Funds that invest in open-ended Underlying Fund(s) are often subject to an incentive allocation or payment in favor of the applicable Underlying Manager(s) or their affiliates (subject in certain cases to high-water mark or loss carryforward provisions).

These incentive compensation arrangements typically provide for a Carried Interest or incentive fee rate of 10% - 20% of the capital appreciation in the Underlying Fund(s). Such performance-based compensation, when taken at the level of an Underlying Fund, is indirectly borne by the Private Access Fund or Fund of Funds invested therein (and, by extension, its Investors), as are its *pro rata* share of management fees and other fees, costs, and expenses charged by the Underlying Fund, all of which results in a layering of expenses that further reduce the net returns to Investors in the applicable Fund. Consequently, an Investor in such Fund will typically achieve a lower rate of return on its investment in the Fund than it would have achieved had it invested directly in the applicable Underlying Fund.<sup>24</sup>

Investors should refer to the applicable PPM for disclosure regarding the manner of calculation and payability of any performance-based fees chargeable to the applicable Fund or Underlying Fund(s) in which such Fund may be invested.

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<sup>23</sup> In certain cases, these Funds are also subject to preferred return, general partner catch-up, and Carried Interest clawback provisions.

<sup>24</sup> Hypothetically, assuming access to such direct investments were available to investors.

## Item 7: Types of Clients

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### Funds

iCapital's clients are the Funds. The Funds generally rely on Section 3(c)(7), Section 3(c)(1), or other applicable exemptions or exclusions as an investment company under the Investment Company Act.

Investors in the Funds may include high net worth individuals and estate planning vehicles, as well as a variety of institutional investors<sup>25</sup> or other investment vehicles meeting the relevant eligibility requirements and wishing to invest in accordance with a particular Fund's investment objective.

iCapital does not have a strict minimum size for a Fund, but the minimum investment commitment in a Fund generally ranges from \$10,000 to \$250,000 depending on the Fund, although iCapital has the authority to accept subscriptions for a lesser amount, subject to any applicable regulatory minimums.

iCapital may, from time to time, enter into Side Letters or similar agreements with one or more Investors in a Fund, which provide such Investor with additional and/or different rights than such Investors have pursuant to general terms of the Fund. iCapital will not be required to notify any or all of the other Investors of any such written agreements or any of the rights and/or terms or provisions thereof, nor will iCapital be required to offer such additional and/or different rights and/or terms to any or all the other Investors.

### Underlying Sponsors

In addition to iCapital's advisory services performed in connection with the Funds, iCapital also provides certain due diligence reports ("**DDRs**") that are prepared by iCA in connection with its evaluation of investment funds managed by third-party sponsors, and that are distributed on the Firm's Marketplace platform to platform partner investment advisers and broker-dealers (the "**Platform Partners**"). Such Platform Partners that receive DDRs, however, are not considered Clients. Underlying fund sponsors are considered Clients but only in respect of the limited services provided by iCA in respect of the DDRs provided.

### iCapital Architect

iCapital Architect is intended exclusively for financial professionals at broker dealers and registered investment advisers. iCapital does not consider the end clients of these financial professionals to be clients of iCapital nor does iCapital provide investment advice directly to such end clients.

### iCapital Insight

iCapital Insight produces Product-specific educational materials produced as part of the iCapital Insight line of business intended exclusively for financial professionals at broker-dealers and investment advisers. iCapital does not consider the end clients of these financial professionals to be clients of iCapital nor does iCapital provide investment advice directly to such end clients.

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<sup>25</sup> This includes employee benefit plans, endowments, foundations, corporations, and other types of entities or businesses.

## **Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss**

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### **Underlying Fund Manager/Sub-Adviser Selection**

The Private Access Funds' and Funds of Funds' primary investment objective will be to allow Investors to gain exposure to select fund managers at significantly lower investment minimums than would be required for a direct investment in any Underlying Fund. iCapital accomplishes this by leveraging our sourcing advantages and employing an ongoing multi-phase diligence approach. The Direct Investment Funds' investment objective is to provide its Investors access to portfolio management by a variety of Sub-Advisers selected by iCapital.

### **Fund Diligence**

#### ***Closed-End Funds***

With respect to Closed-End Funds, iCapital's due diligence process involves different phases. As an initial matter, iCapital's diligence team compiles a calendar of funds coming to market over the next 12 – 18 months through a variety of data sources and relationships within the private markets community. The diligence team then conducts a preliminary review using this information to evaluate potential opportunities.

If the iCapital diligence team believes that it might be appropriate to establish a Fund to invest in the Underlying Fund, it conducts quantitative and qualitative analyses of those opportunities.

The quantitative analysis includes a review of each fund's private placement memorandum, limited partnership agreement, and related marketing materials, as well as track record assessments where the iCapital diligence team evaluates several performance metrics and identifies performance attributes such as public market equivalent returns, dispersion of returns, benchmark performance, loss ratios, partner attribution, and other inputs.

The qualitative analysis consists of onsite meetings with managers and their investment teams to evaluate their investment strategy, market opportunity, and internal team dynamics.

Separate from the foregoing, the iCapital diligence team also conducts operational due diligence of funds and fund managers and spends time with a manager's operations, finance, and legal teams to understand their experience and objectives. The diligence team conducts background checks on key individuals at each manager if iCapital decides to pursue the opportunity to establish a Fund. iCapital then prepares a due diligence report using this information that is reviewed by iCapital's senior managers to determine whether an investment opportunity should be undertaken.

Concerning its diligence activities, while iCapital intends to conduct both investment and operational due diligence with respect to the Underlying Funds as part of the investment selection process and believes that its due diligence and investment selection process is thorough, there can be no assurance that the Underlying Funds selected will ultimately be successful. Further, operational due diligence is limited and does not include full forensic accounting or a detailed review of internal conflicts. As such, there is the risk that iCapital may not detect conflicts of interest, fraudulent behavior or investment, administrative or operational weaknesses within the Underlying Funds or their managers and that may give rise to substantial losses.

Note that in some instances iCapital does not perform diligence on the Underlying Funds. Refer to the "**Limited or No Diligence of Underlying Fund**" section below for more information.

#### ***Open-End Funds***

With respect to Open-End Funds, the iCapital diligence team assesses market opportunities to identify investment funds that appear able to deliver relatively consistent returns across changing market conditions and provide diversity across key strategy verticals.<sup>26</sup> The iCapital diligence team also seeks to identify managers who have comparatively strong operating histories and the ability to provide consistent net returns over a market cycle factoring in volatility, downside risk, market/factor beta, and related factors.

Once the diligence team has identified potential opportunities, it assesses the managers of those Underlying Funds through onsite meetings or video conference calls. The diligence team follows up on such meetings/conference calls with conversations with key manager personnel to develop a deeper understanding of the quality of the investment and operational team, the overall strength of the organization, the key drivers of return and risk factor exposures, portfolio construction, risk management discipline and the potential stability and durability of performance over the long-term.

After identifying Funds and managers that, in the view of the iCapital diligence team, possess the requisite experience, discipline, and value-add as compared to their peers, the iCapital diligence team conducts advanced due diligence. This advanced due diligence includes an analysis of portfolios and underlying positions. iCapital also performs statistical “ABCD” analyses (Alpha, Beta, Correlation, Drawdown) and conducts reference checks of key personnel. In addition, iCapital uses an external vendor to perform independent third-party operational reviews of all Open-End funds that it may make available to advisors.

In the event that the iCapital diligence team determines that it would be appropriate to establish a Fund to invest in an Underlying Fund, it prepares a due diligence report to be reviewed with senior managers of iCapital. These senior managers determine whether an investment opportunity should be undertaken.

After the creation of a Fund, the iCapital diligence team meets and/or speaks with the manager of each approved Fund on at least a quarterly basis. The diligence team may have more frequent discussions with the relevant manager if, in the diligence team’s sole discretion, it determines that such conversations would be appropriate (e.g., if there is significant organizational turnover, a market dislocation impacting the strategy, or performance-related issues).

With respect to all its diligence activities, while iCapital intends to conduct both investment and operational due diligence with respect to the Underlying Funds as part of the investment selection process and it believes its due diligence and investment selection process is thorough, there can be no assurance that the Underlying Funds selected will ultimately be successful. Further, operational due diligence is limited and does not include a full forensic accounting or a detailed review of internal conflicts. Accordingly, there is the risk that iCapital may not detect conflicts of interest, fraudulent behavior or investment, administrative, or operational weaknesses within the Underlying Funds or their managers, which may give rise to substantial losses.

Note that in some instances iCapital does not perform diligence on the Underlying Funds. Refer to the “**Limited or No Diligence of Underlying Fund**” section below for more information.

### ***Custom Engagements***

In certain cases, iCapital may be engaged by an Underlying Fund Manager or distribution agent to facilitate access to a specific underlying investment vehicle. In such cases iCapital will create and manage a Private Access Fund solely in an operational capacity to facilitate such investments and will conduct limited investment or operational due diligence with respect to the underlying fund vehicle and/or its

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<sup>26</sup> Including equity hedge, credit, event-driven, macro, and multi-strategy.

target investments or evaluate alternative potential investments for that Private Access Fund. Accordingly, there is the risk that iCapital may not detect conflicts of interest, fraudulent behavior or investment, administrative, or operational weaknesses within the Underlying Fund that may give rise to substantial losses.

## **Risks Associated with Funds**

### ***Risk of Loss***

References to “Fund” in the discussion of risks below may mean any of the Private Access Funds, Direct Investment Funds and/or Underlying Funds, as applicable.

The list of risk factors below is not a complete enumeration or explanation of the risks involved in an investment through iCapital or any of the Funds it manages.

Potential Investors should carefully consider the risks of an investment in a Fund, which include, but are not limited to, the risks outlined below and the detailed discussions regarding risks and conflicts of interest generally applicable to the Underlying Funds set forth in the Underlying Fund PPMs (to the extent applicable). The risks and conflicts of interest described in an Underlying Fund PPM with respect to an Underlying Fund and an investment therein apply generally to the Private Access Fund.

### ***Dependence on Underlying Managers***

All decisions with respect to the assets and the general management of the Funds will be made by iCapital and all decisions with respect to the management and investment activities of the Underlying Funds will be made by their respective Underlying Managers. Investors in the Funds will not be equity holders of the applicable Underlying Funds, will have no direct interest or voting rights in, or power to take part in the management of, such Underlying Funds, will not be parties to the governing documents of such Underlying Funds, and will have no standing or right to assert direct claims or have any direct recourse against such Underlying Funds, their respective Underlying Managers or their respective affiliates. Investors must rely entirely on the judgment and ability of the Underlying Managers with respect to the selection, acquisition, management, and disposition of investments by their respective Underlying Funds. In addition, none of the Funds or iCapital has any authority or control over the management or investment activities of the Underlying Funds or their Underlying Managers, nor does iCapital conduct any independent verification of the valuations, financial information, or other data provided by the Underlying Managers. As a result, the success of the Underlying Funds will depend largely upon the skill, judgment, and expertise of their respective Underlying Managers and their personnel, in particular the ability of the Underlying Managers to identify and consummate appropriate investments that generate a profit or which are disposed of at a profit, as well as the ability to manage risk and respond to changing market conditions.

There can be no assurance that the Underlying Managers will be able to identify a sufficient number or mix of appropriate investments for the applicable Underlying Funds or that any investments made by the Underlying Funds will generate a profit or be disposed of in a timely or profitable manner. The past performance of an Underlying Manager is not necessarily indicative of future results, and there can be no assurance that any Underlying Manager will be able to replicate its historical track record or achieve comparable returns or avoid losses.

There can be no assurance that any key persons of an Underlying Manager will continue to be associated with the relevant Underlying Fund throughout its term. Key persons may leave an Underlying Manager due to death, disability, retirement, resignation, termination, or other circumstances, any of which may occur without prior notice. The loss of the services of one or more key persons with respect to any Underlying Fund could have a material adverse impact on its ability to realize its investment objective, including loss of institutional knowledge, relationships with counterparties, and investment sourcing capabilities. An Underlying Manager may be

unable to attract, motivate, or retain qualified personnel to replace departing key persons, and any replacements may take significant time to develop the necessary expertise and relationships, if ever. The departure of key persons may also result in adverse changes to an Underlying Manager's investment strategy, style drift, or deterioration in investment performance.

Additional risks associated with an Underlying Manager include but are not limited to:

- significant structural changes to its operations;
- changes in ownership or control of the Underlying Manager;
- turnover of investment professionals or support staff;
- fraud or misrepresentation on the part of the Underlying Manager or its personnel;
- the Underlying Manager's failure to comply with applicable legal, registration, tax, regulatory or other requirements;
- human error or poor judgement on the part of the Underlying Manager's personnel;
- inadequate due diligence or risk management practices;
- system malfunctions and other operational failures of the Underlying Manager;
- cybersecurity breaches or data security incidents affecting the Underlying Manager or its service providers; failure to maintain adequate business continuity and disaster recovery plans;
- reliance on third-party service providers who may fail to perform their duties;
- failure to properly value portfolio investments; execution of trades at unfavorable prices or terms;
- style drift or deviation from stated investment strategies;
- lack of diversification in the Underlying Fund's portfolio;
- conflicts of interest between the Underlying Manager and the Underlying Fund or its investors; and
- breach of fiduciary or contractual duties owed to the Underlying Fund.

Neither iCapital nor the Funds conducts any due diligence on the ongoing operations of the Underlying Managers beyond the initial selection process, and there can be no assurance that an Underlying Manager will continue to meet the criteria that led to its initial selection. Investors have no ability to influence or direct the investment decisions of the Underlying Managers, and any remedies available to the Funds or iCapital in the event of Underlying Manager misconduct or underperformance may be limited by the terms of the applicable governing documents or by law.

### ***Valuation Risks***

Valuations of the assets held directly or indirectly by the Underlying Funds or Funds

may involve uncertainties and require the application of subjective judgment on the basis of limited information. Weaknesses or differences in the valuation policies or procedures of Underlying Managers and administrators could have a material impact on such Underlying Funds' performance and, accordingly, the performance of the Funds. If such valuations should prove to be incorrect, the net asset value of an Underlying Fund or Fund could be adversely and materially affected. Market prices may not be readily available for certain investments in which an Underlying Fund invests, and the fair value of such investments ordinarily will be the value determined in accordance with the valuation policies of the Underlying Manager or administrator. iCapital, in valuing the assets of the Funds, generally will rely significantly on the asset values reported by the Underlying Funds without independent verification. iCapital or its affiliates may not have access to detailed information regarding the underlying portfolios of the Underlying Funds and will rely in large part on limited information provided by the Underlying Managers. Valuation practices and policies may not be consistent among Underlying Managers, and different Underlying Managers or administrators may value the same or similar assets differently because of their different valuation policies or judgments. These valuations may be based on unaudited financial records and, in some cases, may be only a preliminary or estimated calculation of the net asset value and, therefore, may be subject to adjustment (upward or downward) upon the auditing of such financial records. Revisions to the gain and loss calculations may be an ongoing process, and no valuation figure can be considered final until the annual audits of the Underlying Funds and Funds are completed. Certain investments may be illiquid and may have no readily ascertainable market price, and a valuation of such assets generally will involve a higher degree of judgment than the valuation of securities for which market quotations are available and may result in valuations that differ materially from prices that could be obtained upon disposition. There is no guarantee that a valuation of any investment will represent the value that will be realized by an Underlying Fund or Fund on the eventual disposition of such investment or that would, in fact, be realized upon its immediate disposition.

### ***Limited or No Diligence of Underlying Fund***

The Private Access Funds are formed specifically to invest in the Underlying Funds, and in many cases, iCapital does not conduct due diligence to evaluate alternative potential investments for a Private Access Fund. In certain cases, iCapital will not conduct investment or operational due diligence with respect to the Underlying Funds and/or its target investments and will not perform any due diligence on or otherwise gauge the effectiveness of an Underlying Fund's investment program or process. For certain Private Access Funds, limited diligence of the Underlying Fund will be conducted.

In either case, there is a risk that iCapital may not detect potential conflicts of interest, fraudulent behavior or investment, or administrative and operational weaknesses with respect to the Underlying Funds, any of which may give rise to substantial losses.

### ***Investment Company Securities and Illiquid Investments***

Underlying Funds may be, or may invest in securities of, investment companies registered under the Investment Company Act or in private investment funds not registered thereunder. Underlying Funds that invest in private investment funds not so registered will not have the benefit of the protections afforded to investors in registered investment companies. There may be no liquid secondary market for the securities of private investment funds, and the value of such securities may be subject to significant volatility. Certain private investment funds may limit the intervals at which their shares or interests are permitted to be redeemed, impose lock-up or suspension periods during which no redemptions may be made, limit redemptions with investor- or fund-level gates, or restrict liquidity with respect to side pocket investments, "slow pay" investments or otherwise. In addition, Underlying Funds may invest in partnership interests and other privately offered, restricted, non-public or illiquid securities for which no secondary market exists. Consequently, such Underlying Funds may be

unable to liquidate such securities other than at specified redemption dates or intervals and in limited amounts, and unfavorable market conditions during any mandatory holding period could result in the Underlying Fund obtaining a less favorable price or suffering losses. Further, the fair value of illiquid securities may be difficult to determine or based on a variety of valuation methodologies which involve a high degree of subjective judgment or limited information.

### ***Counterparty Risks***

The Underlying Funds and Funds are subject to the risk of the failure or default of any transactional counterparty, including as between iCapital and the Funds, on the one hand, and the Underlying Managers and Underlying Funds, on the other hand. The institutions, including brokerage firms and banks, with which the Underlying Funds or Funds do business, or to which securities have been entrusted for custodial purposes, may encounter financial difficulties that impair the operational capabilities or investments of an Underlying Fund or Fund. An Underlying Fund or Fund may also be subject to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract or because of a credit or liquidity problem. If a counterparty's creditworthiness declines, the value of contracts with such counterparty can be expected to decline, potentially resulting in significant losses. Such Counterparty Risk ("**Counterparty Risk**") is increased for contracts with longer maturities when events may intervene to prevent settlement or adversely affect the creditworthiness of counterparties, or where transactions are concentrated with a single or small group of counterparties. Other risks include the failures of relevant exchanges and clearinghouses and any suspensions of trading. Hedging transactions, margin trading and other financial mechanisms designed to implement various trading strategies involve Counterparty Risk elements that may be impossible or impractical to eliminate or that may create unforeseen exposures. If there is a failure or default by the counterparty to such a transaction, the contractual and other legal remedies available may be limited or inadequate. Counterparty Risk may be reduced but not eliminated through the selection of appropriate financial institutions and the types of transactions employed. The Underlying Funds are generally not restricted from dealing with any particular issuer or counterparty, or from concentrating any or all of their transactions with one counterparty. These issuers or counterparties may not be subject to credit evaluation or regulatory oversight and the Underlying Funds may not have an internal credit function that evaluates counterparty creditworthiness. Such counterparties may hold assets in unregulated rather than regulated accounts. The ability of the Underlying Funds and Funds to transact business with any one or number of issuers or counterparties, the lack of any meaningful and independent evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses. There can be no assurance that any counterparties will comply with applicable laws, honor the terms of their contracts with the Underlying Funds or Funds, or that assets entrusted to counterparties will be protected.

### ***Digital Asset Investment Risk***

The Funds may, directly or indirectly, be exposed to or invest in virtual, digital, or "crypto" currencies, coins, tokens (e.g., NFTs), crypto-assets and other similarly named or distributed ledger-based digital assets (collectively, "**Digital Assets**"). A Fund may also gain exposure to Digital Assets indirectly, for example, through Underlying Fund investments in exchange-traded and OTC securities (including Digital Asset ETFs or investment trusts), futures, options, swaps and other derivative instruments that are linked to the value or price of an underlying Digital Asset ("**Digital Asset Derivatives**") or investments in businesses related to Digital Assets and their foundational elements, including blockchain technology, more broadly (together with Digital Assets, "**Digital Asset Investments**"). Digital Asset Derivatives are derivative contracts that may have a contingent liability and involve the payment of margin, and accordingly they are subject to certain risks associated with such instruments. Investments in Digital Assets Derivatives are also subject to certain additional risks due

to the nature and operation of Digital Asset networks.

Digital Assets are a relatively new and highly speculative asset class. Digital Assets have a relatively limited history and are rapidly evolving, including with respect to the development of new Digital Assets, advancements in the related underlying technologies, markets for trading Digital Assets, and the regulation thereof. Therefore, it is not possible to know all the risks associated with Digital Asset Investments, and new risks may emerge at any time. The emergence of new Digital Assets or changes to existing Digital Assets may expose the Funds, directly or indirectly, to additional risks which are impossible to anticipate or quantify. The characteristics of particular Digital Assets within the asset class may differ significantly, and the investment characteristics of Digital Assets as an asset class differ from those of traditional currencies, securities and commodities.

Digital Assets may be subject to significant price volatility and have been subject to periods of significant volatility in the past. The value of Digital Assets may be influenced by a variety of factors, including supply and demand dynamics, market sentiment, technological developments, network activity, and macroeconomic conditions. Digital Assets are not legal tender in the United States or in most other jurisdictions. Digital Assets generally are not backed by a central bank, a national or international organization, assets or other forms of credit, although in some specific cases they may be backed by physical assets or other investments to an extent. In most cases, the price of Digital Assets is entirely dependent on the value that market participants place on them, meaning that any increase or loss of confidence in Digital Assets may affect their value. There is no assurance that Digital Assets will maintain their long-term value or become more widely adopted as a form of currency, payment method, store of value, or investment asset. On the contrary, they may cease to be used altogether. In the event that the prices of Digital Assets generally decline, the value of the Digital Assets held by Funds or Underlying Funds may also decline.

Liquidity risk exists when particular investments are difficult to purchase or sell, possibly preventing a Fund or Underlying Fund from selling out of these illiquid investments at an advantageous price. Thin markets can also amplify volatility. Any markets for these investments can be expected to involve wider price spreads and more sensitivity to buying and selling pressures than is found in more active markets. Digital Assets may be illiquid investments that are not easily and readily convertible into fiat currencies, and some Digital Asset markets may be thinner than others. Digital Assets can be traded through privately negotiated transactions and through numerous exchanges and intermediaries around the world, many of which may operate with limited oversight, limited transparency, or in jurisdictions with less developed regulatory frameworks. The lack of a centralized pricing source poses a variety of valuation challenges. In addition, the dispersed liquidity may pose challenges for exiting positions, particularly during periods of stress. Even markets that are normally liquid can experience periods, possibly extended periods, of illiquidity.

Most Digital Assets are controllable only by the possessor of unique private keys relating to the blockchain addresses or wallets in which the Digital Assets are held. To the extent a private key for such Digital Assets is lost, destroyed or otherwise compromised and no backup of the private key is accessible, the Digital Assets held in the related wallet will be inaccessible, and the private key will not be capable of being restored. The loss or destruction of a private key required to access a Digital Asset may be irreversible. There may be no ability to recover Digital Assets if the private keys are lost, stolen, or destroyed. Additionally, custodians, exchanges, and other service providers holding Digital Assets on behalf of Funds or Underlying Funds may be subject to operational failures, cyber attacks, insolvency, or fraud, and the insolvency of a custodian or Digital Asset exchange may make it difficult or impossible for a Fund or an Underlying Fund to transfer and utilize Digital Assets held with such custodian or exchange.

Digital Asset exchanges and trading platforms are relatively new and may be subject to limited regulatory oversight compared to traditional securities exchanges. Such

exchanges have experienced significant disruptions, halted trading, suffered cyber attacks, and in some cases have failed, ceased operations, or been subject to regulatory enforcement actions. The failure of a major Digital Asset exchange or trading platform could result in losses for a Fund or Underlying Fund if it holds assets on such exchange or relies on such exchange for pricing or liquidity.

Digital Assets and the blockchain networks on which they operate are subject to cybersecurity risks, including theft, hacking, malware, and other malicious attacks. The decentralized and digital nature of Digital Assets makes them particularly susceptible to cyber attacks and theft by hackers or other malicious actors. A successful cyber attack against iCapital, a Fund, an Underlying Fund, an Underlying Manager, a custodian, an exchange, or other service provider could result in the theft or loss of Digital Assets and material losses to the Funds or iCapital.

The regulatory environment for Digital Assets is constantly evolving, and most Digital Assets face an uncertain regulatory status. Digital Assets may be subject to varying federal and state regulatory oversight in the United States and other global jurisdictions. Various legislative bodies, regulators and government agencies have taken, and may continue to take, regulatory action with respect to Digital Assets, which may include classifying certain Digital Assets as securities, restricting or prohibiting trading or ownership, imposing registration or licensing requirements, or taking enforcement actions against market participants. The liquidity of Digital Asset markets will be influenced by new laws, regulations, policies and guidance, which may vary significantly among international, federal, state and local jurisdictions and are subject to significant uncertainty. Changes to existing laws and regulations or new laws and regulations could materially and adversely affect the value of Digital Assets and the ability of Underlying Funds to invest in or hold Digital Assets.

Market prices may not be readily available for Digital Assets, and there is no standardized methodology for valuing Digital Assets. The fair value of Digital Assets held by an Underlying Fund may be based on valuations determined by the Underlying Managers or administrators thereof, which may involve a high degree of subjective judgment and limited information regarding pricing, liquidity, or market conditions. Different Underlying Funds or Underlying Managers may value the same Digital Assets differently because of their different policies and procedures.

Digital Assets are dependent on the functioning of underlying blockchain networks and related technology. Digital Assets and their underlying blockchain networks are subject to risks of flawed or ineffective source code or cryptography. If the source code or cryptography of the blockchain network underlying an Underlying Fund's Digital Asset Investments proves to be flawed or ineffective, malicious actors may be able to steal or compromise the Digital Asset Investments or otherwise harm participants engaged with the affected blockchain network. Several errors and defects have been publicly found and corrected, including those that disabled some functionality for users. In the past, malicious actors have exploited flaws to take or create Digital Assets in contravention of known blockchain network rules and otherwise tamper with the blockchain network.

In addition, the cryptography underlying a Digital Asset could prove to be flawed or ineffective, or developments in mathematics or technology, including advances in digital computing, algebraic geometry and quantum computing, could result in such cryptography becoming obsolete and ineffective over time and permit malfeasance by a malicious actor (including stealing Digital Assets). Such networks may also be subject to technical failures, bugs, forks, governance disputes, or attacks (including "51% attacks" that could allow a malicious actor to manipulate the blockchain). Blockchain networks are frequently based on open-source software, which may result in developers having insufficient incentive to continue maintaining or participating in such networks. Any disruption, failure, or degradation of the underlying blockchain network could adversely affect the value and functionality of Digital Assets held by an Underlying Fund and thus, indirectly, the Funds. If one or more Digital Assets related to an Underlying Fund's Digital Asset Investments were affected by any of the

foregoing, such Underlying Fund could experience substantial losses. Even if an Underlying Fund did not have investments in the affected Digital Asset, any reduction in confidence in the source code or cryptography underlying Digital Assets generally could negatively affect the demand for Digital Assets generally and therefore adversely impact the Underlying Funds and thus the Funds.

Investments in Digital Assets carry significant risk. A Fund may lose the value of its entire investment or part of its investment in Digital Asset Investments held directly or indirectly through an Underlying Fund.

### ***Risks Associated with Investing in a Fund***

A Fund may be a newly formed entity that:

- will not be registered under the Investment Company Act;
- will issue illiquid securities that are not registered under the Securities Act or any other laws;
- will not register under the Securities Exchange Act of 1934 (“**Securities Exchange Act**”)
- may have interests or shares (the “**Interests**”) which will be subject to restrictions on transfer and will have no public market;
- may not be permit Investors to make full or partial withdrawals from an Underlying Fund pursuant to the terms of the Underlying Fund’s governing agreements (except in very limited circumstances); and
- may see Investors lose the entire amount of their investment when considering the foregoing facts.

The returns of a Private Access Fund will depend either entirely or almost entirely on the performance of its investment in the Underlying Funds and there can be no assurance that the Underlying Funds will be able to implement their stated investment objectives and strategies or avoid substantial losses.

As described in the Diligence discussion above for both Closed-End Funds and Open-End Funds, iCapital may not detect conflicts of interest, fraudulent behavior, or investment, administrative and operational weaknesses within the Underlying Funds where it conducts due diligence and such issues may cause a Fund to lose all or some of its value. In addition, to the extent a Private Access Fund is a “blind pool” for which some or all the Underlying Funds or Underlying Managers will not have been identified by the time an Investor commits to the Fund, the Investor’s dependence on iCapital or a sub-advisor will increase.

Certain ongoing operating expenses of a Private Access Fund, which will be in addition to those expenses<sup>27</sup> borne by a Private Access Fund as an Investor in each Underlying Fund, generally will be borne by the Private Access Fund and the Investors with a corresponding impact on the returns to the Investors. Further, aggregate subscriptions to a Private Access Fund may be less than anticipated which will result in each Investor bearing an increased proportion relative to the size of their subscription of the aggregate organizational expenses and ongoing expenses of the Private Access Fund. Such additional expenses of the Private Access Fund will reduce the Private Access Fund’s performance relative to each Underlying Fund.

Pending investment in an Underlying Fund, a Private Access Fund may invest a

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<sup>27</sup> This includes carried interest, management fees, Underlying Fund expenses, organizational expenses, and other expenses and liabilities borne by Investors in the Underlying Funds.

portion of its assets in short-term interest-bearing accounts which would not meet an Underlying Fund's overall return objectives. Although Private Access Funds expect to invest substantially all their capital in the Underlying Funds, their performance will not be identical to the returns achieved by the Underlying Funds. The costs and expenses applicable to an investment in a Private Access Fund itself (including the Management Fee) will necessarily result in a Private Access Fund underperforming and Underlying Fund. A variety of other factors may also contribute to deviations between the performance of Private Access Funds and the corresponding Underlying Funds, including, but not limited to, the size of the Private Access Fund's cash reserve that is not invested in the Underlying Funds. Note that cash reserves are typically held in bank accounts and/or interest-bearing accounts, such as money market accounts.

Although a Private Access Fund will be an investor in Underlying Funds, Investors in a Private Access Fund will not themselves be equity holders of the Underlying Funds and will not be entitled to enforce any rights directly against the Underlying Funds or Underlying Fund Managers or assert claims directly against the Underlying Funds or the Underlying Fund Managers or any of their respective affiliates. An Investor in a Private Access Fund will have only those rights provided for in the Private Access Fund's governing documents and will not be permitted to attend the annual meeting of investors of the Underlying Funds. None of iCapital or a Private Access Fund's board or general partner (as applicable) is the general partner or manager of any Underlying Fund, and as a result will not take part in the management of any Underlying Fund or have control over its management strategies and policies.

A Private Access Fund is subject to the risk of bad judgment, negligence, or misconduct of the general partner or manager of the Underlying Funds and its affiliates. There have been several instances in recent years in which pooled investment vehicles investing in third-party funds have incurred substantial losses due to sponsor misconduct. By acquiring the Interests, Investors will have no direct voting rights in the Underlying Funds. A Private Access Fund's governing documents will provide for exculpation and indemnification of the Private Access Fund's general partner or board (as applicable), iCapital and their respective affiliates, and certain other indemnified parties, and any such exculpation and indemnification (and the expense thereof) will be in addition to any exculpation and indemnification granted under the constituent documents of each Underlying Fund.

In addition, a Private Access Fund may be required to exculpate and indemnify the Underlying Fund and the Underlying Fund Manager under certain circumstances, as set forth in an agreement between iCapital and the Underlying Fund Manager. Investors in a Private Access Fund may be required to return amounts distributed to them by the Private Access Fund to fund the Private Access Fund's and the Underlying Funds' indemnity obligations and other liabilities, subject to certain exceptions and restrictions set forth in the Fund's governing documents.

Investors in a Private Access Fund may receive in-kind distributions to the extent an Underlying Fund distributes securities in-kind to its investors and the securities or other assets so received in an in-kind distribution may not be marketable or otherwise freely tradable. With respect to any such securities or other assets distributed in-kind, the risk of loss and delay in liquidating these securities or assets will be borne by the Investors of a Private Access Fund, with the result that such Investors may receive less cash than reflected in the fair value of such securities as determined by a Private Access Fund's general partner pursuant to the governing documents of such Private Access Fund.

iCapital is not required to devote all or any specified portion of its time to managing the Private Access Funds' affairs, or from engaging in any other business activities whether or not competitive with the Private Access Funds. Each prospective Investor in the Private Access Fund should consult with its own counsel and advisors as to all legal, tax, financial and related matters concerning an investment in the Private Access Fund.

### ***Proprietary Investment Strategies***

Underlying Managers may use proprietary investment strategies based on considerations and factors that are not fully disclosed to iCapital. These strategies may involve risks under some market conditions that are not anticipated by iCapital or the Underlying Managers. Underlying Managers generally use investment strategies that are different than those typically employed by traditional managers of portfolios of stocks and bonds. An Underlying Manager may fail to follow the agreed upon investment program, including intentional or inadvertent deviations from the investment strategy or limitations of its Underlying Fund, or an Underlying Manager could misrepresent information or engage in other misconduct in connection with its strategy. The investment niche, arbitrage opportunity, or market inefficiency targeted by an Underlying Manager may become less profitable over time as competing investors manage a larger group of assets in the same or similar manner (tending to arbitrage away the profit opportunities), or as market conditions change.

The strategies employed by an Underlying Manager may involve significantly more risk and higher transaction costs than more traditional investment methods and may use strategies and investment techniques that are highly specialized and carry significant risks. It is possible that the performance of some or all of the Underlying Funds and Funds may be closely correlated in some market conditions, resulting in significant losses to the Underlying Funds and Funds. Past results of the Underlying Managers are not indicative of future performance, and there is no assurance that profits will be achieved or that substantial losses will not be incurred. Furthermore, fraudulent activity or unexpected changes to the investment strategies pursued by the Underlying Managers or Underlying Funds may adversely affect investors, including the Funds and by extension their investors.

### ***Drawdown Funds***

Certain Funds require capital contributions to be drawn down and paid to the Fund over time. iCapital cannot predict the timing and amounts of the capital contributions that will be required to be made by Investors. Such capital contributions may be called on an irregular basis. A Private Access Fund's general partner may require an Investor to make a capital contribution on the date it is admitted to such Private Access Fund, in which case such general partner would provide written notice of the exact size and timing of any such initial capital contribution in advance of such admission.

In certain circumstances, Investors may be required to make contributions that exceed their subscription. A Private Access Fund may invest all or substantially all subscriptions received by the Private Access Fund in an Underlying Fund. As a result, the extent to which an Investor may be required to make contributions exceeding their subscription will depend on the percentage of aggregate capital commitments called by the Underlying Funds. The extent to which an Investor will be required to make contributions exceeding their subscription will also depend in large part on the amount of Private Access Fund fees and expenses charged, whether those fees and expenses are structured to be included in an Investor's commitment, and the percentage of subscriptions the Private Access Fund invests in the Underlying Funds.

### ***Co-Investment Opportunities***

The Underlying Fund Managers may offer co-investment opportunities with respect to certain investments to be made by the Underlying Funds and may allocate any such opportunities among interested parties in their sole discretion. Private Access Funds will generally not participate in co-investment opportunities, which may result in lower total returns realized by the Private Access Funds relative to other investors in the Underlying Funds who participate in co-investment opportunities.

### ***Custody and Banking Risks***

The Funds will maintain funds with one or more banks or other depository institutions (“**Banking Institution**”), which may include U.S. and non-U.S. banking institutions, and may enter into credit facilities or have other financial relationships with banking institutions. The distress, impairment or failure of one or more banking institutions with whom the Funds, the Underlying Funds, their investments, iCapital, the Underlying Managers transact may inhibit the ability of the Funds, the Underlying Funds and/or their investments to access depository accounts or lines of credit at all or in a timely manner. In such cases, the Funds or Underlying Funds may be forced to delay or forgo investments or to call capital when it is not desirable to do so, resulting in lower performance for the Funds or the Underlying Funds, as applicable.

In the event of such a failure of a banking institution where the Fund, an Underlying Fund, or one or more of its investments holds depository accounts access to such accounts could be restricted and U.S. Federal Deposit Insurance Corporation (“**FDIC**”) protection may not be available for balances in excess of amounts insured by the FDIC.<sup>28</sup> In such instances, the Funds, the Underlying Funds, and their affected investments may not recover all or a portion of such excess, uninsured amounts and instead would only have an unsecured claim against the banking institution and participate pro rata with other unsecured creditors in the residual value of the banking institution’s assets. The loss of amounts maintained with a banking institution or the inability to access such amounts for a period of time, even if ultimately recovered, could be materially adverse to the Funds, the Underlying Funds, or their investments. One or more Investors, including the Private Access Fund, could also be similarly affected and unable to fund capital calls, further delaying or deferring new investments.

Furthermore, the Underlying Fund and/or the Private Access Fund may be prevented from, or delayed, paying distributions to investors. iCapital or a Fund’s board or general partner (as applicable) may not be able to identify all potential solvency or stress concerns with respect to a banking institution or to transfer assets from one bank to another in a timely manner in the event a banking institution comes under stress or fails. The distress, impairment or failure of one or more U.S. or non-U.S. banking institutions could also result in market volatility and disruption and/or a lack of confidence from investors in the banking institutions utilized by a Private Access Fund or an Underlying Fund, which could have a negative impact on the performance of a Private Access Fund.

### ***Third Party Litigation***

The investment activities of the Underlying Funds, and thus indirectly the Funds, will subject them to risks of becoming involved in litigation with third parties. Different investor group counterparties may have qualitatively different, and frequently conflicting, interests, and the expense of defending against claims by such third parties and paying any amounts pursuant to settlements or judgments would generally be borne by the Underlying Funds or the Funds, as applicable, and would reduce their net assets. The resulting litigation expenses and the amount of time and attention required of personnel of the Underlying Managers and iCapital, as applicable, to respond to legal proceedings and related matters may adversely affect the operations of the Underlying Funds and the Funds. The outcome of litigation or regulatory proceedings is inherently uncertain, and adverse judgments or settlements could result in material losses to the Underlying Funds and Funds. There can be no assurance that the Underlying Funds and Funds will not become involved in litigation or other legal proceedings or that any such proceedings will be resolved favorably.

### ***Limitations on Disclosure***

The Fund may be subject to various confidentiality restrictions with respect to the

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<sup>28</sup> Similar considerations may apply to banking institutions in other jurisdictions not subject to FDIC protection

Underlying Funds, as set forth in the relevant Underlying Fund documents, and as a result may be limited in disclosing to Fund investors any non-public information regarding the Underlying Funds (including actual or potential investments and portfolio entities) and the Underlying Managers. In general, the Funds will not have access to detailed information regarding the business or operations of the Underlying Managers, the Underlying Funds or their underlying investments, and as such the Funds will rely in large part on the limited information provided to them by the Underlying Managers. As a result, Fund investors may not receive the level of information regarding the Underlying Managers, the Underlying Funds or their underlying investments as such investors would if they were to invest in the Underlying Funds directly. Further, certain Funds may elect not to receive certain information from the Underlying Funds that the Funds may otherwise have been entitled to receive, such as material, non-public information, in order to avoid trading restrictions, even though access to such information might have been advantageous to the Fund or its investors. In addition, the Underlying Funds may disclose additional or different information to certain categories of their investors and not others, resulting in information asymmetries that benefit certain investors and not others.

### ***Extended Investment Period***

In the event that an Underlying Manager does not identify sufficient suitable investments for its Underlying Fund during its investment period or in the event that the identified investments do not have sufficient allocations available, there may be a material amount of uncalled commitments at the end of the investment period, and the Underlying Manager may need to extend the investment period which would result in a delay in the Underlying Fund's deployment of capital and consequently a delay in the applicable Fund's deployment of capital into the Underlying Fund.

### ***Management Fees Payable Regardless of Fund's or Underlying Fund's Performance; Direct and Indirect Fees***

Generally, the Funds will bear management fees payable to iCapital regardless of the performance of the Fund's investments. Similarly, the Fund, as an investor in its Underlying Fund, will bear management fees payable to the Underlying Manager even if the Underlying Fund experiences net losses. If a Fund is invested in multiple Underlying Funds, it may bear performance fees payable to an Underlying Manager of one of the Underlying Funds with positive performance even though the Fund suffers losses with respect to its investment in one or more other Underlying Funds, such that a Fund investor's overall returns are negative. Generally, each Fund investor will directly bear its ratable share of the management fee and other expenses of the Fund, and such investor will also indirectly bear its share of the management and performance fees and other expenses of the Underlying Fund in which such Fund invests.

### ***Termination of the Access Fund Due to Insufficient Subscriptions***

In the event that iCapital determines for any reason, in its sole discretion, not to invest in an Underlying Fund, including, without limitation, due to an insufficient amount of subscriptions in a Fund, iCapital may cause the Fund to be wound up as soon as is reasonably practicable.

## **Proprietary Services and Products**

### ***iCapital Architect***

The iCapital Architect tool uses information, including performance information, received from the sponsor or issuer of the product to generate certain analytics. The tool also uses indices correlations to show how a product might impact certain characteristics of a portfolio.

There is a risk that the information used to power the tool will be incorrect or

incomplete or that the correlation to indices might not be representative of an actual product. In addition, correlations and other information are considered hypothetical. These risks are mitigated by extensive disclosure and methodologies that detail assumptions and calculations. Moreover, iCapital has implemented processes designed to assess the integrity of underlying information used with the tool. The tool also describes its use of, and risks relating to, hypothetical information. iCapital Architect is only for use by financial professionals at broker-dealers and investment advisers and is not available to retail investors.

### ***iCapital Insight***

iCapital Insight's product-specific educational materials summarize characteristics relating to each product ("**Product Summaries**"). These product summaries are created using offering documents provided by each product sponsor and the product sponsor/general partner must affirm that product summary is materially accurate. Any later amendments to these product summaries are also provided to the sponsor/general partner to confirm material accuracy.

iCapital Insight's risks stem from the reliance on third-party data, such as those from product sponsors, to create accurate product summaries.

## **Ownership Interest in iCapital**

### ***Potential Ownership of Interests in iCapital's Parent Company***

Several financial institutions own passive minority shares of the outstanding equity securities of iCapital, Inc., the ultimate parent company of iCapital. These passive minority owners include:

- sponsors, general partners, issuers, investment advisers, and equivalent and/or affiliated entities to Underlying Funds (collectively, "**Investor Sponsors**") into which iCapital Private Access Funds invest;
- persons who own investment advisers and/or broker-dealers registered with the U.S. Securities and Exchange Commission and/or foreign regulatory authorities that may provide services to iCapital or its affiliates, the Funds, and/or to Investors in the Funds (collectively, "**Investor Registered Entity Users**").

This ownership structure raises potential conflicts of interest with respect to Alternative Investments including, for example, situations where iCapital may be:

- more willing to establish iCapital Access Funds that invest into Underlying Funds controlled by an Investor Sponsor rather than a sponsor of another financial product;
- more willing to establish iCapital Access Funds at the request of Investor Registered Entity Users rather than other persons that use the iCapital services;
- more willing to vote an Access Fund's interest in an Underlying Fund in a way that is favorable to an Investor Sponsor or Investor Registered Entity User, as applicable;
- not limited to Alternative Investments, incentivized to provide greater prominence to financial products issued or sponsored by Investor Sponsors and/or make the terms, performance, or other characteristics of such products appear more favorable to potential Investors.

### **Potential Ownership of Interests in iCapital by Service Providers**

Several service providers (“**Investor Service Providers**”) own passive minority shares of the outstanding equity securities of iCapital, Inc., which wholly owns iCapital. One or more of these Investor Service Providers provide services to iCapital and its affiliates and/or the Funds and may provide such services, or additional services, in the future. These services may include administration, custody, distribution, and other services. The Investor Service Providers’ investments in iCapital’s ultimate parent company could create conflicts of interest. For instance, iCapital may be more inclined to engage an Investor Service Provider to provide services to the Fund relative to other firms who provide the same or similar services at lower prices or provide the same or similar services at a higher quality and similar price.

### **Reliance Upon Outside Data Vendors**

iCapital will receive data and other information regarding the performance of Underlying Funds’ investments from outside vendors, including the Underlying Fund Managers and the Underlying Funds’ administrators. Such data may include price quotations, earnings reports, balance sheets, and other indicators of financial performance. iCapital has no independent means to ensure that such data is error-free or to discover that such data is in other ways incomplete or inaccurate.

### **Cyber Security, Catastrophe and Geopolitical Risks**

#### ***Cyber Security Risks***

As the reliance on technology has increased in the conduct of business, the Underlying Managers, iCapital, the Underlying Funds and the Funds have become more vulnerable to operational and financial risks arising from cyber security threats. These risks encompass the theft, loss, misuse, improper disclosure, corruption, destruction of, or unauthorized access to, confidential or sensitive data belonging to the Underlying Managers or iCapital, as well as compromises or failures affecting their respective systems, networks, devices, and applications.

The Underlying Managers and iCapital rely extensively on complex information technology infrastructure and electronic communications systems to conduct essential business functions. These systems face a range of threats notwithstanding efforts by the Underlying Managers and iCapital to implement technologies, processes, and practices designed to mitigate such risks and safeguard the security of computer systems, software, networks, and other technology assets, as well as the confidentiality, integrity, and availability of information. Such threats include malware and computer viruses, ransomware attacks, unauthorized access attempts, system failures and disruptions, computer and telecommunications failures, errors by personnel, power outages, catastrophic events, similar occurrences, and misconfigurations or undiscovered vulnerabilities in hardware, software, systems, and processes. Unauthorized third parties may seek to improperly access, modify, disrupt, or prevent access to the systems of the Underlying Managers, iCapital or their respective service providers or counterparties, or to data contained within those systems. Cyber-attacks may take the form of socially engineered schemes, such as phishing attempts designed to deceive employees, customers, or service providers into disclosing sensitive information. Third parties may also attempt to fraudulently induce personnel or users of systems to reveal confidential data in order to gain access to proprietary information.

Ransomware attacks, in which malicious actors encrypt data and demand payment for its release, have become increasingly prevalent and sophisticated. If any such event were to occur, it could potentially compromise confidential, proprietary, or other sensitive information processed, stored, or transmitted through affected computer systems and networks, or otherwise cause operational interruptions or malfunctions. The consequences could include damage to reputation, financial losses, litigation, increased operational costs, significant expenses related to forensic investigations,

regulatory penalties and fines, violations of privacy and other applicable laws, and investor loss of confidence.

The evolving nature of cyber threats means that new vulnerabilities may emerge that existing security measures are not designed to address, and there can be no assurance that the Underlying Managers, iCapital, the Underlying Funds, the Funds or their respective service providers will not experience material losses as a result of cyber security incidents.

### ***Global Financial Market Fluctuations***

Various sectors of the U.S. and global financial markets and the broader financial environment have been, and continue to be, characterized by uncertainty, volatility and instability. The financial services industry generally and investment activities in particular are affected by general economic and market conditions, including but not limited to interest rates, availability of credit, lack of price transparency, inflation or deflation rates, economic uncertainty, changes in tax and other applicable laws and regulations, trade barriers, currency fluctuations, commodity prices, geopolitical events (including armed conflicts, terrorism, and sanctions), pandemics, natural disasters, climate-related events, national and international environmental and socioeconomic circumstances, cybersecurity threats, and technological disruptions. These fluctuations and conditions may reduce the availability of attractive investment opportunities for the Funds and the Underlying Funds and may adversely affect their ability to make investments and the value of the investments held by them. Instability in the securities markets and economic conditions generally may also increase the risks inherent in such investments and may result in sudden and significant valuation increases or declines in the Funds' and Underlying Funds' portfolios.

The public securities markets have experienced increased volatility, including periods of extreme volatility, and the ability of portfolio companies to obtain financing for ongoing operations or expansions may be severely hampered by any tightening of credit markets and financial turmoil. It is unclear what the repercussions of market turmoil may be at any given time. Moreover, it remains unknown whether governmental or central bank measures undertaken in response to such turmoil (whether regulatory, financial, fiscal, or monetary in nature) will have a positive or negative effect on market conditions, and such measures may be modified, terminated, or reversed without notice. There can be no assurance that the market will become more liquid or stable, and it may continue to be volatile and illiquid for the foreseeable future. The ability to realize investments depends not only on underlying investments and their historical results and prospects, but also on political, market and economic conditions at the time of such realizations, which conditions may change rapidly and without warning.

Continued or renewed volatility in the financial sector may have an adverse material effect on the ability of the Underlying Funds to buy, sell or dispose of their underlying investments at favorable prices or at all. The Underlying Funds may be adversely affected to the extent that they seek to dispose of any of their underlying investments into an illiquid or volatile market, and an Underlying Fund may find itself unable to dispose of its investments at prices that its Underlying Manager believes reflect the fair value of such investments or may be forced to dispose of investments at unfavorable prices to meet liquidity needs. Market disruptions, including those caused by governmental intervention or inaction, may impair the orderly functioning of financial markets and exacerbate such risks. The duration and ultimate effect of market conditions cannot be predicted, and whether such conditions may worsen cannot be predicted and there can be no assurances that conditions in the financial markets will not worsen or adversely affect an Underlying Fund's underlying investments. The Funds and the Underlying Funds may incur substantial losses as a result of financial market fluctuations, and investors in the Funds should be prepared to bear such losses.

### ***Impact of War and Geopolitical Risks***

**Generally.** Wars, armed conflicts, terrorist attacks (including biological, chemical, nuclear and cyber sabotage attacks), riots, political and civil unrest, technology and infrastructure failures, climate change, natural disasters, the spread of infectious diseases, epidemics, pandemics and other serious public health concerns, and other geopolitical events can heavily influence investment activity and impact the level and volatility of asset prices, liquidity, inflation/deflation, interest rates, commodity prices, currency exchange rates and controls, economic sanctions, trade policy developments, consumer confidence and the extent and timing of investor participation in the markets. Further, as economies and financial markets worldwide become increasingly interconnected, geopolitical events in one country or region are more likely to adversely impact markets in other countries or regions, including in ways that are difficult to predict or foresee. A single country's failures to respond to emerging events or threats can exacerbate market disruptions on a regional and even global level. As such, real or perceived adverse geopolitical events can adversely and materially affect the investments and objectives of the Funds and the Underlying Funds.

**Russian Invasion of Ukraine.** Since February 2022, a military conflict has existed between Russia and Ukraine and caused, among other things, disruptions to global financial systems, trade, supply chains and food security in certain regions of the world. Since Russia's invasion, the United States, the United Kingdom, the European Union and multiple other countries have announced a broad array of sanctions, export controls and other restrictions or prohibitions against Russia, Russia-backed separatist regions in Ukraine, and certain banks, companies, government officials, oligarchs and other individuals connected to Russia and Belarus. These measures have included preventing certain Russian banks from accessing international payment systems, restricting Russia's energy exports including oil and natural gas, and imposing sanctions on foreign individuals supporting the invasion. In October 2024, North Korea deployed troops to fight alongside Russian forces in Ukraine, and strengthening relations between Russia and North Korea could result in long-term impacts on the stability of the Asia Pacific region. Given the ongoing and evolving nature of the conflict, it is difficult to predict its ultimate impact on global economic and market conditions.

**Middle East Conflict and Regional Instability.** On October 7, 2023, Hamas committed a terrorist attack within Israel. Israel responded by initiating a full-scale invasion of Gaza, and the armed conflict between Israel and Hamas has not yet permanently ceased. The conflict has expanded and more actively involves the United States, Lebanon (and/or Hezbollah), Syria, Iran and/or other countries and terrorist organizations, and any further expansion of the conflict could create further unrest and uncertainty in the region or globally. In response to these attacks, the United States announced sanctions and other measures against Hamas-related persons and organizations, and further sanctions related to the ongoing conflict may be expected. The severity, duration and effects of the conflict and its future impact on global economic and market conditions are impossible to predict and present material uncertainty and risk. Developing governmental actions (military or otherwise), regional spillover, and international negotiations over the conflict may cause additional disruption and constrain or alter existing financial, legal and regulatory frameworks and systems in ways that are difficult to predict and materially adverse to the performance of the Funds and the Underlying Funds.

**Latin America, Cartels and Organized Crime.** The investment climate in Latin America involves heightened risks associated with political instability, drug cartels and organized crime. Regional criminal activities, including drug trafficking, extortion, kidnapping and violent crime, can create significant security risks for companies, their employees, operations and assets. Organized crime groups in certain Latin American countries exert substantial influence over local economies, governments and law enforcement, which can undermine the rule of law, create barriers to conducting business and increase operational and reputational risks in affected areas. Violence and instability related to cartel activity can disrupt supply chains, deter investment,

impair workforce productivity and create unpredictable business environments. Companies operating in affected regions may incur significant costs related to enhanced security measures, insurance, employee safety protocols and crisis management. Corruption associated with organized crime can expose companies to risks under anti-corruption and anti-bribery laws. Companies in regions affected by organized crime may also face increased regulatory scrutiny, reputational harm and challenges in attracting or retaining qualified personnel.

The United States has designated certain drug cartels and transnational criminal organizations as terrorist organizations and has declared that combating drug trafficking organizations constitutes a matter of domestic national security. The United States has indicated its willingness to take military action against cartels operating in Latin America, including within the sovereign territory of other nations, as part of efforts to address the flow of illicit drugs into the United States. Any such military operations or other interventions by the United States in Latin America could create significant instability, disrupt cross-border trade and commerce, strain diplomatic relations between the United States and affected countries and materially impact companies operating in the region. Retaliatory measures by affected governments, disruptions to lawful business activities and heightened security risks in areas where military operations occur could adversely affect companies and their operations. The scope, duration and consequences of any such military action are impossible to predict and could have far-reaching effects on the economic and political landscape of the region.

Certain Latin American countries face acute political instability and contested governance that creates additional investment risks. Venezuela, in particular, has experienced prolonged political and economic turmoil, including disputed elections, competing claims to governmental authority and significant international sanctions. The United States has engaged in negotiations with recognized interim governmental authorities regarding potential arrangements involving Venezuelan oil production and exports, which could affect energy markets, sanctions regimes and the broader investment landscape in the region. The ultimate resolution of Venezuela's political crisis remains highly uncertain and could significantly impact investments with direct or indirect exposure to Venezuela or neighboring countries. Refugee flows, economic disruption and regional instability emanating from Venezuela's crisis have affected and may continue to affect other countries in Latin America. More generally, sanctions imposed on individuals or entities connected to drug trafficking organizations, authoritarian regimes or human rights abuses may create political instability and disruption to business activities. There can be no assurance that the security or political environment in affected regions will improve, and any deterioration in such conditions could have a material adverse effect on the value of investments in those regions.

***Terrorism and Security Risks Generally.*** Terrorist attacks, including the attacks on the United States, Paris, London, Madrid and elsewhere, together with military and other responses by the United States and allied countries, have caused and may continue to cause significant instability in global financial markets and social unrest in various regions. Potential targets of terrorist activities include critical infrastructure and major urban markets around the world, and any such attack could have a variety of adverse consequences, including widespread destruction of property and loss of life. Losses related to terrorism and cyber sabotage are becoming increasingly difficult and expensive to insure against, and many insurers are excluding terrorism coverage from their all-risk policies or offering only significantly limited coverage at substantially increased premiums, which can materially increase casualty insurance costs. Insurers have also significantly reduced the coverage available for liability to third parties for claims resulting from acts of terrorism, war or similar events, and terrorism-related risks may not be insurable at commercially reasonable rates. As a result, Underlying Fund investments may be uninsured or underinsured against terrorism, and any terrorist attack may cause material adverse losses for the Fund or the Underlying Funds.

### ***Geopolitical Tensions Involving the United States and China***

Political, economic, trade, regulatory, and national security tensions between the United States and China have intensified significantly in recent years and remain elevated due to a wide range of factors, including but not limited to:

- tariffs and trade barriers imposed by both countries;
- export controls on advanced technologies (including semiconductors, artificial intelligence, quantum computing, and related enabling infrastructure);
- restrictions on outbound investments in certain Chinese sectors deemed sensitive to U.S. national security;
- sanctions on Chinese individuals, entities, and government officials; restrictions on certain Chinese companies' access to U.S. capital markets;
- national security reviews of cross-border investments and acquisitions;
- data security and privacy requirements;
- restrictions on certain Chinese software applications and telecommunications equipment; heightened scrutiny of certain Chinese imports for possible use of forced labor;
- and differing positions on issues relating to Taiwan, Hong Kong, human rights, intellectual property protection, and regional security in the South China Sea and East China Sea.

Both the U.S. and China have demonstrated their willingness to use strategic dependencies in areas such as rare earth minerals and advanced technology as leverage in bilateral negotiations. These tensions have resulted in, and may continue to result in, escalating tariffs, retaliatory trade measures, export restrictions, investment prohibitions, and other governmental actions that may change rapidly and without prior notice. Rising political tensions could reduce levels of trade, investments, technological exchanges and other economic activities between the world's two largest economies, which could have a material adverse effect on global economic conditions and the stability of global financial markets worldwide.

Financial markets have exhibited heightened sensitivity to developments in the U.S.-China relationship, and geopolitical risk indicators suggest that technology decoupling between the U.S. and China remains a high-likelihood scenario that could significantly accelerate in scale and scope. The uncertainty surrounding the future trajectory of U.S.-China relations and the potential for further escalation of tensions creates significant risks for global investors and markets. Investments by the Funds and the Underlying Funds may be directly or indirectly affected by these geopolitical developments in numerous ways. Companies in which the Underlying Funds invest may face increased costs, supply chain disruptions, loss of market access, regulatory burdens, or reputational harm as a result of U.S.-China tensions. Underlying Funds with direct or indirect exposure to Chinese markets, Chinese companies, or companies with significant operations in or revenues from China may experience heightened volatility, reduced liquidity, or impaired valuations. In addition, Chinese retaliatory measures, including export controls on critical minerals and rare earth elements, restrictions on foreign businesses operating in China, antitrust actions affecting cross-border transactions, and countersanctions, could adversely affect the Underlying Funds' ability to make or realize investments.

Financial market tail risk contagion between the U.S. and China has increased in recent years, and geopolitical shocks may trigger rapid declines in asset valuations across multiple markets and sectors. The U.S. government has expanded restrictions on U.S. persons' investments in certain Chinese companies involved in military, surveillance, artificial intelligence, semiconductors, quantum computing, or other activities deemed contrary to U.S. national security or foreign policy interests. Such restrictions may limit the universe of investment opportunities available to the Underlying Funds, require divestiture of existing positions, or expose the Underlying Funds to regulatory penalties for non-compliance. Similarly, U.S. export controls and sanctions designations may affect the operations and valuations of portfolio companies that rely on controlled technologies or that transact with designated persons or entities. The scope of these restrictions has expanded in recent years and may continue to expand, potentially affecting a broader range of investments. The U.S. administration has indicated its intention to promote the diffusion of U.S. technology globally while restricting access by strategic competitors, which may result in complex and evolving compliance obligations for the Underlying Funds and their portfolio companies.

China has implemented its own restrictions on foreign investment and data flows, export controls on certain raw materials and technologies, and other measures that may limit the ability of U.S. investors and companies to operate in or transact with China. China's Anti-Foreign Sanctions Law, Data Security Law, Personal Information Protection Law, and other retaliatory legal frameworks may expose the Underlying Funds, their portfolio companies, and their service providers to conflicting legal obligations and compliance risks. China has also demonstrated its ability to mobilize significant resources to advance its strategic objectives in areas such as artificial intelligence, robotics, electric vehicles, and other emerging technologies, and any resulting technological competition may adversely affect the competitive position of portfolio companies.

The duration, severity, and ultimate resolution of U.S.-China tensions cannot be predicted, and the impact on the Funds and the Underlying Funds may be substantial. Whether governmental measures undertaken by either country (whether regulatory, trade, investment, or otherwise in nature) will have a positive or negative effect on market conditions, investment opportunities, or the value of the Underlying Funds' underlying investments remains highly uncertain. There can be no assurance that the political and economic relationship between the United States and China will stabilize or improve, and it may continue to deteriorate for the foreseeable future. Any escalation of tensions relating to Taiwan or in the South China Sea could result in an immediate and severe geopolitical crisis with significant repercussions for global commerce and financial markets. Investors should be prepared to bear the risks associated with heightened geopolitical uncertainty affecting the global economy and financial markets and should recognize that diversification alone may not provide adequate protection against geopolitical shocks of this magnitude.

### **Managed Account Agreements with Similar Strategies and Other Funds**

iCapital and/or Underlying Fund Managers may, in each of their sole discretion, manage multiple funds and/or enter into management or advisory agreements with respect to managed accounts or other similar arrangements (collectively, "**Managed Account**") that provide an investment strategy and program similar to that of another Fund and/or one or more of the Underlying Funds. As a result of such other funds and Managed Accounts, certain Investors with access to investment programs similar to that of a Fund or an Underlying Funds may receive additional benefits including, but not limited to, reduced fee obligations, the ability to withdraw from a Managed Account or other fund on shorter notice, and/or expanded informational rights, that Investors in another Private Access Fund will not receive.

Neither iCapital, a Fund, or the respective Underlying Fund Managers will be required to notify any or all Investors in a Fund of any such Managed Account or other funds or any of the rights and/or terms or provisions thereof, nor will iCapital, a Fund, or Underlying Fund Managers be required to offer such different rights and/or terms to any or all of the Investors in another Fund. iCapital and/or the Underlying Fund Managers may enter into such Managed

Accounts with any party as it may determine in its sole discretion at any time. The Investors in a Fund will have no recourse against iCapital, the Fund, the Underlying Fund Managers, and/or any of their affiliates in the event that iCapital and/or an Underlying Fund Manager provides additional and/or different rights and/or terms as a result of such funds or Managed Accounts. iCapital and its personnel are not required to devote all or any specified portion of their time to administering a Fund's affairs, nor is iCapital or its personnel prohibited from engaging in any other business activities, whether or not competitive with a Fund.

### ***Default***

If an Investor fails to make a required capital contribution to a Fund on its due date,<sup>29</sup> regardless of the reason,<sup>30</sup> the Fund or iCapital may impose substantial penalties on such Investor and use any available remedies to enforce the contribution obligation. If a Private Access Fund fails to make a capital contribution with respect to its investment in an Underlying Fund when due, whether as a result of a default of an Investor or otherwise, such Underlying Fund may exercise various remedies against the Private Access Fund that, if caused by the default of an Investor to the Private Access Fund, may or may not be allocated solely to such defaulting Investor, including forfeiture of all, or a part of, such defaulting Investor's indirect investment in such Underlying Fund. Notwithstanding the foregoing, a default by any Investor could still have a material negative impact on the return of the Private Access Fund as a whole.<sup>31</sup>

### ***Lack of Transferability or Redemption of Interests in Certain Funds***

The Funds have not been, and will not be, registered under the Securities Act or applicable state securities laws, or under the securities laws of any non-U.S. jurisdiction, and may not be resold unless they are subsequently registered under the Securities Act or an exemption from such registration is available. There is no public or other market for the Interests, nor is such a market likely to develop.

Certain Funds will have restrictions on withdrawals, transfers and redemptions, and as a result are considered illiquid investments. For such Funds, there will not be any market for the Interests. Investments in such Funds should therefore be considered only by Investors financially able to maintain their investment for an extended period of time and who can afford a loss of all or a substantial part of their investment. In such Funds that also require drawdowns of capital over time, persons should have the financial ability to satisfy capital calls into the future. Even if a Fund's investment strategy proves successful, it is unlikely to produce a realized return to Investors for a period of years.

While certain Funds may provide for limited withdrawal rights, iCapital or the Fund may suspend the ability of an Investor to withdraw their Interests under certain circumstances, and notice periods, holdbacks, and other restrictions on such withdrawals will apply. Further, Private Access Funds will be subject to withdrawal restrictions at the Underlying Fund level. Details on a Fund's liquidity, or lack thereof, can be found in the respective Fund's PPM.

### ***Recourse Against the Underlying Fund***

Investors of an Access Fund will not be equity holders of the Underlying Fund, will have no direct interest in the Underlying Fund, and will have no standing or recourse against the Underlying Fund, the Underlying Fund Sponsor, their respective affiliates, or any of their respective advisors, officers, directors, employees, partners, or members.

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<sup>29</sup> Including, without limitation, recalls of distributed capital

<sup>30</sup> Including legal or other prohibitions

<sup>31</sup> Including Investors that have not defaulted on their commitment to the Private Access Fund

### ***Rights to Vote or Participate in an Underlying Fund***

In the event there is an issue to be voted on by the investors of an Underlying Fund, iCapital in its discretion, and not the Investors of a Private Access Fund, will determine how the Private Access Fund's interest in such Underlying Fund will be voted. In addition, neither the Private Access Fund, iCapital, nor its Investors will have an opportunity to participate directly in the control, management, or day-to-day operations of the Underlying Funds.

### ***Certain Information Regarding the Underlying Funds May Not Be Disclosed to Limited Partners***

Underlying Fund Managers, the Underlying Funds or their respective affiliates may have certain confidential information relating to the Underlying Funds, and their investments that have not and will not be disclosed to the Investors of a Private Access Fund. In addition, iCapital may have certain confidential information relating to a Fund, an Underlying Fund and its investment that has not and will not be disclosed to Investors in a Fund.

### ***Terms of the Underlying Funds***

The Underlying Funds' terms are subject to change. There can be no assurances that the respective investors of an Underlying Fund will not further amend the governing agreement of such Underlying Fund after a Private Access Fund has made its investment in such Underlying Fund. Neither the Private Access Fund nor iCapital will have the ability to unilaterally block any amendment of the governing agreement of an Underlying Fund. None of the Underlying Fund Managers, the Underlying Funds, iCapital, or any their respective affiliates will have any liability or responsibility to any Investor in a Private Access Fund for any changes to the terms of an Underlying Fund.

### ***Information Rights and Side Letters***

Certain investors in the Underlying Funds or the Funds may have negotiated Side Letters or other arrangements that grant them preferential information rights, including access to more frequent or more detailed reporting regarding portfolio holdings, performance, risk exposures, or other matters. Such preferential information rights may allow those investors to make more informed decisions regarding their investments, including timing their redemptions to their advantage, potentially to the detriment of other investors who do not have access to the same information.

Additional terms or rights may include, without limitation:

- access to information and additional capacity offered by the third-party managers;
- minimum investment amounts;
- performance allocations;
- reporting obligations of the Fund;
- transfers to affiliates;
- withdrawal rights due to adverse tax or regulatory events;
- consent rights to certain Fund document amendments;
- payment of fees;

- management fees; and
- liquidity terms.

The existence of differential information rights creates inherent conflicts of interest. Investors with greater access to information may be able to identify adverse developments sooner than other investors and take protective action, such as submitting redemption requests, before such developments become widely known or reflected in reported net asset values. This could result in remaining investors bearing a disproportionate share of any losses or experiencing reduced liquidity as a result of redemption activity by better-informed investors. iCapital may also receive information from Underlying Managers pursuant to contractual arrangements, due diligence activities, or participation on advisory committees or boards. Such information may not be shared with Fund investors due to confidentiality obligations, regulatory restrictions, or internal policies. As a result, iCapital may possess material information regarding an Underlying Fund or Underlying Manager that is not disclosed to Fund investors, and iCapital's decisions regarding the Funds' investments may be influenced by information that investors cannot independently evaluate or verify.

If a Fund and/or iCapital acting on behalf of a Fund arranges a Side Letter entitling an Investor to withdraw from the Fund, any election to withdraw by such Investor may increase any other Investor's pro rata Interest.

### **No Guarantee Qualified Matching Service Will be Available**

In certain limited circumstances iCapital may make available a qualified matching service ("**Qualified Matching Service**") from a third party to assist with transfers of Investor Interests. However, there is no guarantee that a Qualified Matching Service will be available when an Investor desires to sell their Interests in the future. In addition, transfers of Interests are generally prohibited without the consent of a Fund's board or general partner (as applicable), which may be granted or withheld in their sole discretion, regardless of the availability of a Qualified Matching Service. Lastly, with respect to Private Access Funds, there is no guarantee that the constituent documents of the Underlying Funds will allow for transfers of Interests without the consent of the applicable general partner or other managing person of the Underlying Funds.

### ***Repayment of Distributions***

A Private Access Fund may be required to repay an Underlying Fund or to pay creditors of an Underlying Fund distributions previously received by it, where applicable. A Private Access Fund may also be required to pay an Underlying Fund the amounts required to be withheld by such Underlying Fund for tax purposes or taxes arising from the Private Access Fund participating in the Underlying Fund. A Private Access Fund may require Investors to return to the Private Access Fund all or part of any distribution by the Private Access Fund to the Investors in order to satisfy all or any portion of the Private Access Fund's indemnification and other obligations, whether to an Underlying Fund or otherwise. Similarly, Investors may be required to repay or pay such amounts to the Private Access Fund if the Private Access Fund is unable otherwise to meet its obligations.

### ***Leverage***

Certain Private Access Funds may borrow money for the purpose of satisfying permitted withdrawals, meeting temporary liquidity requirements, making distributions to Investors, paying organizational or operating expenses, and/or making required capital contributions or other payments to Underlying Funds, and such borrowings will be an obligation of the Private Access Fund. The Private Access Fund may provide

collateral to the banks or other entities<sup>32</sup> from which it borrows by pledging some or all of the assets of the Private Access Fund (the “**Private Access Fund Assets**”) and/or the subscriptions to the Private Access Fund. In such event, the Private Access Fund may also be required to delegate the rights to issue drawdown notices and to receive capital contributions from a third party.

Borrowing money and providing collateral exposes a Private Access Fund to the risk of default, insolvency, negligence, misconduct, or fraud of such banks or other entities, whereby the Private Access Fund will not reacquire the ownership of such Private Access Fund Assets when repaying such loans. A Private Access Fund will also be unable to reacquire such Private Access Fund Assets if the Private Access Fund defaults on such loans.

A Private Access Fund’s failure or inability to reacquire such Private Access Fund Assets from the banks in whose name the Private Access Fund Assets are pledged in support of a loan could thrust the Private Access Fund into protracted litigation and, potentially, result in the complete loss of such Private Access Fund Assets. While iCapital will cause the Private Access Fund to borrow money only from banking entities or affiliates of iCapital on no worse than arms-length terms that they believe to be creditworthy, there can be no absolute certainty that such banks or entities will return such Private Access Fund Assets to the Private Access Fund upon the repayment of such loans. In addition, Investors may be required to provide such information and execute and deliver such documents as iCapital may reasonably request in connection with such borrowings. If an Investor fails to pay required capital contributions or other payments to the Private Access Fund to repay such borrowings, the other Investors will bear a disproportionate percentage of such borrowing, including the costs of such borrowing.

Underlying Funds may utilize leverage at the Underlying Fund level when making portfolio investments or leveraged capital structures on investments. The use of leverage by the Underlying Funds may increase the volatility of the Underlying Fund’s, and in turn the Private Access Fund’s, returns and risk of loss. The use of leverage exposes investments to a higher level of investment risk, including the risk that cash flows will be insufficient to meet required payments of principal and interest. Private Access Funds will be subject to these risks to the extent they incur indebtedness directly or indirectly.

### ***Risk of Lack of Diversification***

Private Access Funds generally only intend to invest in one or a handful of Underlying Funds. Accordingly, the assets of Private Access Funds are subject to greater risk of loss than if they were more widely diversified. Poor performance on the part of an Underlying Fund will cause poor performance of the related Private Access Fund. If a Private Access Fund is not able to raise enough capital, it will also invest in the Underlying Funds less than originally contemplated.

### ***Potential Adverse Effects of Being Treated as a Single Investor in an Underlying Fund***

Typically, Private Access Funds will hold a single interest in an Underlying Fund, and each Investor’s indirect investment in the Underlying Fund will not be represented by a separate interest in the Underlying Fund. Therefore, particularly in an open-ended Private Access Fund, to the extent an Underlying Fund has a performance fee, the performance-based fee made in respect of the Private Access Fund’s investment in the Underlying Fund will be based on the performance of the Private Access Fund’s investment as a whole and not upon the performance of a particular Investor’s indirect investment in the Underlying Fund. Similarly, certain withdrawal-related provisions of an open-ended Underlying Fund may be based on the withdrawal by the Private Access Fund from the Underlying Fund as a whole and not upon the withdrawal by a

<sup>32</sup> Including affiliates of iCapital on no worse than arms-length terms

particular Investor from the Private Access Fund. Accordingly, an Investor capital account balance will differ from what it would be had the Investor been a direct investor in the Underlying Fund.

An Investor may not be able to make a withdrawal from the Private Access Fund at times and in the amounts that a direct investor in the Underlying Fund would have been able to withdraw. As a result, additional investments in a Private Access Fund by new or existing Investors and withdrawals from the Private Access Fund which will generally require additional capital contributions or withdrawals to or from the Underlying Fund, as the case may be, may in certain circumstances create distortions in the economic benefits and detriments of an investment in the Private Access Fund for different Investors. Similarly, an existing Investor's benefit of the high-water mark of the Underlying Fund may effectively be diluted by new capital contributions to the Private Access Fund made by other Investors or by a withdrawal from the Underlying Fund in connection with withdrawals from the Private Access Fund by other Investors.

### ***Competition for Investments***

The Private Access Fund will compete with other entities for the acquisition of investments in private investment funds. Such competition may come from other fund of funds, groups such as institutional investors, investment managers, industrial groups, and others. There may be intense competition for investment opportunities, and such competition may result in less favorable investment terms than would otherwise be the case. The Private Access Fund may be unable to find a sufficient number of attractive opportunities to meet its investment objectives. There can, therefore, be no assurance that investments of the Private Access Fund will meet all the investment objectives of the Private Access Fund, or that the Private Access Fund will be able to invest all of its available capital.

### ***Disqualification of Certain "Bad Actors" from Rule 506 Offerings***

Certain Funds will be offered to eligible Investors without registration under the Securities Act by reason set forth in Section 4(a)(2) of Rule 506 of Regulation D under the Securities Act ("**Rule 506**") which exempts from registration transactions not involving a public offering. Such Funds would be disqualified from relying on Rule 506 for any offer or sale of Interests if certain "bad actors" are involved in such offering, unless the disqualification could not have been identified by the Fund in the exercise of reasonable care or has been waived by the SEC staff.

While iCapital has implemented certain procedures to prevent any "**Covered Person**" subject to a "**Disqualifying Event**" (as defined in Rule 506(d) and Rule 506(d)(1) of Regulation D, respectively) from participating in the offering of Interests or investing in offerings under Rule 506, there is a risk that a Fund will be required to terminate its offering of Interests in the event that an affiliate, an Investor holding twenty percent (20%) or more of the Fund's voting equity securities, or anyone else who otherwise qualifies as a Covered Person becomes subject to a disqualifying event.

### ***Lending to Private Access Funds***

In certain circumstances, affiliates of iCapital, including Institutional Capital Network, Inc., the operating company of iCapital, makes loans to Funds managed by iCapital in order to facilitate the operation of those funds to pay various costs inclusive of legal, organizational, operating, or other administrative costs. Such loans are typically made on a short-term, unsecured basis, accruing interest rates at the level of an arms-length transaction.

## **Tax Risk Considerations**

Risks associated with taxes are unique to each Private Access Fund investment strategy and goals. Investors in Private Access Funds should refer to the PPM of the individual Private

Access Fund for a comprehensive review of the tax risk associated with their investment. Listed below is a selection of risks that are generally associated with an investment in a Private Access Fund.

### ***U.S. Federal Income Tax Reform***

The tax consequences of an investment in a Private Access Fund are based on existing law, which is subject to change at any time, potentially with retroactive effect. For example, the Inflation Reduction Act of 2022 (“**Inflation Reduction Act**”) added a 15% alternative minimum tax on large corporations and a 1% excise tax on repurchases of stock by publicly traded corporations and certain affiliates. The recently enacted One Big Beautiful Bill Act made significant other changes to the Code, including permanent reductions to tax rates and disallowance of deductions, that will materially impact funds and their investors. Moreover, future U.S. tax legislation and administrative guidance could materially affect the tax consequences of an Investor’s investment in a Private Access Fund, the Private Access Fund’s investment in an Underlying Fund, and an Underlying Fund’s investments or holding structures.

Prospective Investors should consult their own tax advisors regarding changes in tax laws before investing in any iCapital Fund.

### ***Structure of the Underlying Funds***

The U.S. federal income tax treatment of Underlying Funds and U.S. or non-U.S. entities in which Underlying Funds invest may not be as intended by such entity. Because a Private Access Fund will not control Underlying Funds or their investments, there can be no assurances regarding the U.S. federal income tax treatment of such entities. If any such entity is treated as other than intended for such purposes, an Underlying Fund, the Private Access Fund that invests in it, and/or Investors could be subject to substantial adverse U.S. federal income tax consequences.

### ***Structuring of Investments***

Underlying Funds may structure and hold investments in such a manner where in relevant circumstances they deem appropriate to consider multiple factors. As a result, no assurance can be provided that an Underlying Fund’s investments will be structured or held in a manner addressing the interests of such Underlying Fund’s investors, including a Private Access Fund.

### ***Underlying Fund Investment Risk***

Private Access Funds, as investors in Underlying Funds, are subject to all the risks relating to the Underlying Funds’ investments as described in the Underlying Fund PPMs and therefore Investors will be subject, indirectly, to all such risks. Prior to investing in a Private Access Fund, a prospective Investor should carefully read an Underlying Fund’s PPM.

### ***Taxes in Excess of Distributions; “Phantom” or “Dry” Income***

Investors will be taxed on their share of taxable income from a Private Access Fund, regardless of whether the Private Access Fund makes any distributions. Such taxable income is commonly referred to as “phantom” or “dry” income. In the event of such income, an investor would need to satisfy its tax obligations arising from its investments in a Private Access Fund from other sources. Moreover, Investors may be allocated taxable income from a Private Access Fund for a tax year, even though they only receive distributions in such tax year intended to be treated as a return of capital. No assurance can be provided that an Investor will not be allocated material “phantom” taxable income from a Private Access Fund.

### ***Qualified Dividend Income***

Subject to certain elections, qualified dividend income (“**Qualified Dividend Income**”) is generally taxable to non-corporate taxpayers at reduced U.S. federal income tax rates. An Investor’s Qualified Dividend Income may include the Investor’s allocable share of certain dividends received by a Private Access Fund from U.S. corporations and qualified foreign corporations. In order for Investors to qualify for the lower tax rate with respect to their allocable share of qualified dividends, however, a Private Access Fund must be treated as holding the shares of stock producing the dividend for at least 61 days during the 121-day period beginning on the date that is 60 days before the date such shares become ex-dividend. For preferred stock, the required periods are increased from 61 days to 91 days and from 121 days to 181 days if the dividends are attributable to periods totaling more than 366 days; if the preferred dividends are attributable to periods totaling less than 367 days, the 61-day holding period discussed herein applies. A dividend is not Qualified Dividend Income to the extent that a Private Access Fund is under an obligation (whether pursuant to a short sale or otherwise) to make related payments with respect to positions in substantially similar or related property. If a Private Access Fund realizes Qualified Dividend Income, it will report to its Investors their respective shares of such income. Notwithstanding the above, an Investor’s allocable share of Qualified Dividend Income will not qualify for the reduced rate to the extent such Investor elects to include such dividend income as investment income for purposes of the investment interest expense deduction discussed above. An Investor’s foreign tax credit may be limited to the extent it relates to Qualified Dividend Income taxed at the reduced rates of tax.

### ***Dividends-Received Reduction***

A portion of income from a Private Access Fund allocable to corporate Investors may qualify for the “dividends-received deduction.” The dividends-received deduction applies to certain dividends received from certain corporations.

### ***Medicare Tax***

A 3.8% Medicare contribution tax generally is imposed on the net investment income of U.S. individuals, estates and trusts whose income exceeds certain threshold amounts. For U.S. individuals, this threshold generally will be exceeded if an individual has adjusted gross income that exceeds \$200,000 (\$250,000 if married and filing jointly/\$125,000 if married and filing separately). For this purpose, net investment income generally is expected to include an Investor’s distributive share of a Private Access Fund’s income and net gains, as well as net capital gains attributable to a sale of the Investor’s Interests, over deductions properly allocable to such income and net gains. Prospective Investors that are U.S. individuals, estates or trusts are urged to consult their own tax advisors regarding the applicability of the Medicare tax in their particular circumstances.

### ***Anti-Deferral Rules***

Under various “anti-deferral” provisions of the Code (e.g., the provisions applicable to “controlled foreign corporations” and “passive foreign investment companies”), investments by an Underlying Fund in certain foreign corporations may cause Investors to (i) recognize taxable income prior to a Private Access Fund’s receipt of distributable proceeds; (ii) pay an interest charge on receipts that are deemed as having been deferred; (iii) recognize ordinary income that, but for the “anti-deferral” provisions, would have been treated as long-term or short-term capital gain; and (iv) become subject to certain reporting requirements with respect to such investments.

### ***Filing Obligations in Non-U.S. Jurisdictions and in State and Local Jurisdictions; Non-U.S. Taxes***

Investors may be required to file tax returns in non-U.S. jurisdictions and in state and

local jurisdictions in which certain entities in which an Underlying Fund invests are residents or operate as a result of an investment in a Private Access Fund. Moreover, Investors may be subject to significant levels of non-U.S. taxation in connection with such activities, including potentially confiscatory levels of taxation, thereby reducing the earnings potential of their investment. Substantial non-U.S. withholding taxes may also apply to proceeds from non-U.S. entities in which an Underlying Fund may invest. It is possible that neither a Private Access Fund nor the Investors will be aware of such tax obligations and/or tax filing requirements in all cases or have sufficient information to comply with such tax obligations and tax filing requirements.

### ***Treatment of Taxes***

A Private Access Fund may directly or indirectly bear taxes, including withholding taxes, and any associated penalties and interest. A Private Access Fund is under no obligation to ensure that such amounts will be borne equitably by the Investors. No assurance can be provided that withholding and other taxes imposed on the Private Access Fund will be borne by the Investor to which such taxes relate, in which case all Investors will bear such taxes. For example, an Underlying Fund may under-withhold with respect to some Investors and over-withhold with respect to others. A Private Access Fund has no control over the timing of an Underlying Fund's withholding with respect to the Private Access Fund's interest in such Underlying Fund and therefore cannot control whether such withholding is borne appropriately by Investors.

### ***Passive Foreign Investment Company Considerations***

An Underlying Fund may invest directly or indirectly in a non-U.S. corporation that is classified as a "passive foreign investment company" for U.S. federal income tax purposes (a "**PFIC**"). Generally, a non-U.S. corporation will be classified as a PFIC if either (i) 75% or more of its gross income constitutes "passive income" (generally, interest, dividends, royalties, rent and similar income, and gains on disposition of assets that generate such income), or (ii) 50% or more of its assets (by value) produce passive income. Under the PFIC rules, taxable U.S. Investors may under certain circumstances be required to pay tax at ordinary income rates plus an additional interest charge in respect of distributions from, and gains attributable to, the sale or other disposition of stock of, a direct or indirect investment by an Underlying Fund that constitutes a PFIC. In lieu of the foregoing treatment, if a "qualified electing fund" ("**QEF**") election is made with respect to a PFIC owned directly or indirectly by an Underlying Fund, taxable U.S. Investors generally would be required to include in income each year their respective shares of the PFIC's ordinary earnings and net capital gain, even if not distributed. Alternatively, in the case of certain marketable stock in a PFIC, an election may be made to be taxed on an annual mark-to-market basis, which would result in ordinary income and, subject to certain limitations, loss. There is no assurance that a QEF election or mark-to-market election can or will be made with respect to any PFIC owned directly or indirectly by an Underlying Fund. The application of the PFIC rules is complex, and future U.S. Treasury Regulations may further affect the treatment of PFICs held by tax partnerships.

### ***Controlled Foreign Corporations***

An Underlying Fund may invest directly or indirectly in a non-U.S. corporation that is classified as a "controlled foreign corporation" (a "**CFC**") for U.S. federal income tax purposes. Generally, a non-U.S. corporation will be classified as a CFC if U.S. persons (including tax partnerships) that each own 10% or more of the voting power or value of the corporation (each, a "**U.S. Shareholder**") collectively own more than 50% of the voting power or value of the corporation. If an Underlying Fund invests in a CFC, Investors who indirectly hold at least 10% of the CFC generally would be subject to current U.S. tax (generally at ordinary income tax rates) on (i) certain types of "subpart F income" of the CFC (e.g., dividends, interest, certain rents and royalties, gain from the sale of property producing such income and certain income from sales and services), (ii) certain "net CFC tested income" or "NCTI," formerly referred to as

“global intangible low-taxed income” or “GILTI,” and (iii) in certain circumstances, earnings of the CFC that are invested in certain U.S. property (as determined for U.S. federal income tax purposes). In addition, gain on the sale of the CFC’s stock by a U.S. Shareholder (during the period that the corporation is a CFC and thereafter for a five-year period) will be classified as dividend income to the extent of the CFC’s undistributed earnings and profits attributable to the stock sold. Non-corporate Investors may be eligible for a reduced rate on their respective shares of such dividend income (currently, a maximum rate of 20%, the same rate applicable to capital gains) if the CFC is a “qualifying corporation” (i.e., the CFC is eligible for the benefits of one of several tax treaties listed by the IRS). Further, if a Private Access Fund sells its interest in an Underlying Fund, or if an Investor sells its interest in the Private Access Fund, all or a portion of the gain attributable to the CFC may be classified as ordinary income (not dividend income) to the extent that a sale of the CFC’s stock would have resulted in dividend income. The application of the CFC rules is complex, and future U.S. Treasury Regulations may further affect the treatment of CFCs held by tax partnerships.

### ***Foreign Currency Gain or Loss***

An Investor’s distributive share of any profit or loss realized by a Private Access Fund on the conversion of non-U.S. currency into U.S. dollars generally will be treated as ordinary income or loss rather than capital gain or loss. Further, if a Private Access Fund invests in a debt investment or effectively becomes the obligor under a debt instrument or enters into certain other transactions, any of which is denominated in terms of a currency other than its functional currency, fluctuations in the value of that currency relative to its functional currency generally will result in foreign currency gain or loss. Any foreign currency gain or loss realized by a Private Access Fund generally will be treated as ordinary income or loss rather than capital gain or loss, and any Investor will be subject to tax on its allocable share of such income or loss.

### ***United States Foreign Tax Credits***

Subject to applicable limitations, an Investor that is subject to U.S. federal income taxation generally should be entitled to elect to treat foreign taxes withheld from such Investor’s share of a Private Access Fund’s dividend and interest income as foreign income taxes eligible for credit against such Investor’s U.S. federal income tax liability. Capital gains recognized by a Private Access Fund generally will be considered to be from sources within the United States, which would effectively limit the amount of foreign tax credit allowed to an Investor. Complex tax rules could limit the availability or use of foreign tax credits, depending on each Investor’s particular circumstances. Because of these limitations, Investors may be unable to claim a credit for the full amount of their proportionate shares of any foreign taxes paid by or allocable to a Private Access Fund. Investors that do not elect to treat their shares of foreign taxes as creditable generally may claim a deduction against U.S. federal taxable income for such taxes (subject to applicable limitations on losses and deductions). Because the availability of a credit or deduction depends on the particular circumstances of each Investor, Investors are advised to consult their own tax advisors.

### ***Other Tax Issues Related to Non-U.S. Investments***

A Private Access Fund may be deemed to make investments that subject it or the Investors directly or indirectly to taxation and/or tax-filing obligations in non-U.S. jurisdictions, including withholding taxes on dividends, interest and proceeds. In particular, non-U.S. investments may cause some of the income or gains of a Private Access Fund to be subject to withholding or other taxes of non-U.S. jurisdictions and could result in taxation on net income attributed to the jurisdiction if the Private Access Fund were considered to be conducting a trade or business. Such non-U.S. taxes and/or tax filing obligations may be reduced or eliminated by applicable income tax treaties, although prospective Investors should be aware that a Private Access Fund may not be entitled to claim reduced withholding rates on non-U.S. taxes or may choose not to assert any such claim. The tax consequences to Investors may depend

in part on the activities and investments of the Private Access Fund. Accordingly, the Private Access Fund will be limited in its ability to avoid adverse non-U.S. tax consequences resulting from the Private Access Fund's underlying investments. Furthermore, some Investors may not be eligible for certain or any treaty benefits. Investors may bear substantial non-U.S. taxes.

### **Other Tax Risks**

An investment in a Private Access Fund involves complex U.S. federal, state, and local and foreign income tax considerations that will differ for each Investor. Prospective Investors are advised to seek the advice of a qualified expert on matters of U.S. federal, state, local, and foreign taxation of a Private Access Fund and ownership of Interests. In judging whether to invest in a Private Access Fund, a prospective Investor should consider the tax consequences thereof which include, but are not limited to:

- the possibility of adverse changes or interpretations in applicable tax laws;
- the possibility that an Investor may be required to file tax returns and pay tax in state, local and/or non-U.S. jurisdictions as a result of a Private Access Fund's direct or indirect operations (including through its investment in Underlying Funds);
- the possibility that Interests could decline in value with an Investor realizing a capital loss if a Private Access Fund is liquidated or an Investor disposes of its Interests, with limitations on the deductibility of any such capital loss;
- the possibility of substantial taxation of Underlying Funds, a Private Access Fund, or Investors, including imposition of state, local, and non-U.S. taxes (including withholding taxes); alternative minimum taxes and the net investment income tax; and the possibility that the allocations of Underlying Funds' or a Private Access Fund's income, gain, loss, deduction, and credit to Investors will not be respected.

It is possible that an audit of a Private Access Fund's or an Underlying Fund's income tax returns by the U.S. Internal Revenue Service ("**IRS**") or other tax authority, if conducted, may result in a material increase in taxable income or a decreased loss to an Investor than what was initially reported to the Investor by the Private Access Fund. Such an audit may also result in an audit of an Investor's personal income tax returns. Investors will not be indemnified for any taxes, penalties, and interest that arise in connection with any audit. An Investor must report each Private Access Fund item of income, gain, loss, deduction, or credit for U.S. federal income tax purposes consistent with such item's treatment on the Private Access Fund's U.S. federal income tax returns.

Pursuant to the tax rules that govern the process for U.S. federal income tax audits of partnerships (the "**BBA Rules**"), tax audits of partnerships are conducted at the partnership level, and unless a partnership qualifies for and affirmatively elects an alternative procedure, any adjustments to the amount of tax due (including interest and penalties) will be payable by the partnership. Under the elective alternative procedure, a partnership would issue information returns to persons who were partners in the audited year, who would then be required to take the adjustments into account in calculating their own tax liability, and the partnership would not be liable for the adjustments. If a Private Access Fund or an Underlying Fund does not or cannot make such an election, Investors could bear taxes, penalties and interest in excess of the amounts that would have been due had the corresponding entity elected the alternative procedure.

In the event of an audit, these rules (and similar rules enacted in other jurisdictions,

such as any applicable states, municipalities, and foreign countries) and any elections thereunder, may significantly affect the amount and timing of tax (and associated interest and penalties) that is required to be borne by Investors as well as the manner in which such amounts are allocated among Investors (including former Investors) of a Private Access Fund. A Private Access Fund is under no obligation to ensure that such amounts will be borne equitably by Investors, and current and former Investors may be required to indemnify a Private Access Fund for any tax costs that are allocable to them. No assurance can be provided that a relevant entity in the structure can or will make an election under the alternative procedure. Many issues and the overall effect of the BBA Rules on a Private Access Fund are uncertain, and prospective Investors should consult their own tax advisors regarding all aspects of the BBA Rules as it affects their particular circumstances. The foregoing principles generally will apply to entities treated as partnerships for U.S. federal income tax purposes in which a Private Access Fund invests directly or indirectly, including an Underlying Fund.

## **Regulatory Reform & Legislation**

### ***Financial Regulatory Reform and Future Changes in Applicable Law***

Future legislative, judicial or administrative action could adversely affect a Fund's or an Underlying Fund's ability to implement its investment program or conduct its operations. The regulatory environment for private investment funds and their managers is constantly evolving, and changes to existing laws and regulations or new laws and regulations could materially and adversely affect the Funds and their investors. The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**"), among other things, expanded the regulation of derivative transactions and of the participants in the over-the-counter derivatives markets in the United States, required registration of many U.S. advisers to "private funds" and subjected such registered advisers to heightened disclosure, recordkeeping and reporting obligations with respect to the private funds they advise. The Dodd-Frank Act established comprehensive regulation of the U.S. over-the-counter derivatives markets and provides for the designation of certain financial institutions as "systemically important," which institutions are subject to substantive regulation relating to various aspects of their operations, including, among other things, leverage limits and enhanced prudential standards.

While many of the Dodd-Frank Act reforms have already been implemented, certain reforms are still pending and there is uncertainty as to whether and how such legislation and reforms will be implemented, applied or amended in the future. Such actions may prove detrimental to the Funds. Further, the private fund industry has been subject to increased legislative and regulatory scrutiny resulting in additional regulations. The SEC has adopted various rulemakings and interpretations that address the standards of conduct and disclosure obligations applicable to investment advisers and broker-dealers. In addition, several states have taken actions to potentially introduce new conduct standards for investment advisers and broker-dealers operating in these states. The SEC's amended rules for investment adviser marketing became effective in November 2022, and these rules impose more prescriptive and onerous requirements in relation to marketing and impact the marketing of investment advisory functions for registered investment advisers, including iCapital and applicable Underlying Managers. The SEC has adopted rules and amendments to Form PF for SEC-registered investment advisers that add new required disclosures to the Form, require advisers to file reports within short timeframes for certain significant events and require separate reporting for certain fund structures.

The SEC has also adopted rules regarding cyber-security which require investment advisers to adopt and implement formal cyber-security policies, report significant cyber-security incidents to the SEC and provide enhanced disclosure of cyber-security risks and incidents to investors. Compliance with these cyber-security

requirements may increase compliance costs for iCapital and the Underlying Managers and may require significant investments in information technology and security infrastructure. The SEC has adopted amendments that require investment advisers to private funds, as well as all other advisers and other entities that handle customer information, to adopt policies and procedures to address the requirements related to the safeguarding and disposal of customer information as well as rapid notification to affected individuals for unauthorized access to or use of customer information. Certain of the foregoing rules and amendments have significantly increased reporting, disclosure, and compliance obligations and costs for the Underlying Managers, resulting, as permitted under applicable law and fund and other governing documents, in increased expenses payable by investors in the Underlying Funds in respect of these obligations.

The private fund industry may continue to be subject to increased legislative and regulatory scrutiny. This scrutiny may continue to increase the exposure of iCapital and the Funds to potential liabilities and to legal, compliance and other related costs. Increased regulatory oversight can also impose administrative burdens on iCapital and the Funds, including, without limitation, responding to investigations and implementing new policies and procedures. Such burdens may divert iCapital's or an Underlying Manager's time, attention and resources from portfolio management activities. There is a material risk that regulatory agencies in the U.S., Europe, or elsewhere will propose or adopt additional burdensome laws (including tax laws) or regulations, or changes to the interpretation or enforcement thereof, which are specifically targeted at the private fund industry, that could adversely affect iCapital and the Funds. In addition, governmental and regulatory authorities in other jurisdictions, including the European Union and the United Kingdom, have adopted and continue to propose new laws and regulations that may affect iCapital and the Funds, as well as Underlying Funds and Underlying Managers. These include, among other things, regulations relating to alternative investment fund managers, derivatives trading and clearing, securitization, data protection and privacy, and sustainable finance. Compliance with these evolving regulatory requirements may increase compliance costs, limit investment strategies, and adversely affect iCapital operations and returns, as well as those of Underlying Managers. There can be no assurance that the current regulatory environment will remain unchanged or that future regulatory developments will not have a material adverse effect on the Underlying Funds and their investors. It is uncertain what effect, if any, changes to applicable laws and regulations or their interpretation will have on iCapital or Fund investors.

### ***SEC Investigations and Regulatory Proceedings***

There can be no assurance that iCapital, the Funds, or any of their respective affiliates will avoid regulatory examination and possibly enforcement actions in the future. If the SEC, the Commodity Futures Trading Commission (“**CFTC**”), or any other governmental authority, regulatory agency, self-regulatory organization, or similar body were to take issue with past or future practices of any of the aforementioned parties, then such parties or their respective affiliates may be at risk for regulatory sanction. Even if an investigation or proceeding did not result in a sanction, or the sanctions imposed against such parties or their respective affiliates were small in monetary terms, such parties or their respective affiliates may be subject to adverse publicity relating to the investigation, proceeding, or imposition of any such sanction. Such regulatory scrutiny may arise from a variety of activities, including but not limited to investment advisory practices, trading activities, valuation methodologies, marketing materials, personal trading by personnel, political contributions, custody of client assets, or compliance with anti-money laundering laws and regulations. There can be no assurance that the Underlying Managers or Underlying Funds will comply with all applicable laws or that assets entrusted to such parties will be protected. Further, any such investigations, enforcement actions, or proceedings could be costly, distracting, and time-consuming for such parties, their respective affiliates, or their management, as applicable, and could divert their attention away from their core investment activities. The constitutive agreements of Underlying Funds typically include broad exculpation and indemnification provisions for the benefit of their

Underlying Managers and related investment management and other personnel, which may limit an investor's right to maintain an action against such indemnified persons to recover losses or costs incurred as a result of actions or failures to act of any Underlying Manager or other indemnified person.

### ***Anti-Money Laundering, Sanctions, and other Anti-Corruption Legislation***

iCapital and the Funds are subject to anti-money laundering, embargo and trade sanctions, and similar laws, regulations, requirements (whether or not with force of law) and regulatory policies, including but not limited to, the USA PATRIOT Act, the Bank Secrecy Act, the Cayman Islands Proceeds of Crime Act (as revised), the Cayman Islands Anti-Money Laundering Regulations (as revised), and any equivalent relevant legislation in applicable jurisdictions (collectively, "AML Laws") in a number of jurisdictions, and many jurisdictions are currently in the process of changing or creating their respective AML Laws. The Funds and iCapital (or their respective service providers or delegates) are permitted in accordance with the applicable governing documents to take such actions as considered necessary in relation to an investor's holding or redemption proceeds, as a result of AML Laws, including, but not limited to, disclosing certain information relating to an investor to financial intermediaries, foreign financial intelligence units, or governmental, regulatory or other authorities or taking other related actions in the future. Such disclosed information may include, without limitation, confidential information such as financial information concerning an investor's investment in a Fund, and any information relating to any shareholders, principals, partners, beneficial owners (direct or indirect) or controlling persons (direct or indirect) of such investor.

Failure by an investor to assist a Fund in meeting its obligations pursuant to applicable AML Laws may therefore result in pecuniary loss to such investor. Further, due to the commingled structure of the Funds, an investor may be compulsorily redeemed or have payment of its redemption proceeds delayed or held due to the failure by another investor to meet AML obligations of a Fund relating to applicable AML Laws. In some instances, the AML Laws may conflict with other laws or regulations of an applicable jurisdiction, such as data protection and privacy laws and regulations. If a Fund is unable to obtain or provide information in respect of its investors due to such conflicting requirements, iCapital may determine to take any actions permitted by the relevant Fund agreements or required by applicable law. These actions may include freezing such investors' investment in the Fund or compulsorily redeeming or withdrawing such investors from the Fund. Any such action by iCapital could have a material adverse effect on such investors or the Fund. Economic sanctions laws in the United States and other jurisdictions may prohibit iCapital and the Fund, as well as the Underlying Funds and the Underlying Managers, and their respective affiliates from transacting with certain countries, territories, individuals and companies.

Furthermore, with respect to Funds organized in the Cayman Islands or otherwise subject to the Cayman Islands Monetary Authority (the "**Authority**"), the Authority has a discretionary power to impose substantial administrative fines upon such Funds in connection with any breaches of prescribed provisions of the Anti-Money Laundering Regulations (As Revised) of the Cayman Islands, as amended and revised from time to time, and upon any director or officer of such Funds who either consented to or connived in the breach, or to whose neglect the breach is proved to be attributable. To the extent any such administrative fine is payable by a Fund, such Fund will bear the costs of such fine and any associated proceedings. If any person in the Cayman Islands knows or suspects or has reasonable grounds for knowing or suspecting that another person is engaged in criminal conduct or money laundering or is involved with terrorism or terrorist financing and property and the information for that knowledge or suspicion came to their attention in the course of business in the regulated sector, or other trade, profession, business or employment, the person will be required to report such knowledge or suspicion to (i) the Financial Reporting Authority of the Cayman Islands ("**FRA**"), pursuant to the Proceeds of Crime Act (As Revised) of the Cayman Islands if the disclosure relates to criminal conduct or money laundering, or (ii) a police officer of the rank of constable or higher, or the FRA

pursuant to the Terrorism Act (As Revised) of the Cayman Islands if the disclosure relates to involvement with terrorism or terrorist financing and property. Such a report shall not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise.

In the United States, the U.S. Department of the Treasury's Office of Foreign Assets Control ("**OFAC**") administers and enforces laws, Executive Orders and regulations establishing U.S. economic and trade sanctions, which prohibit, among other things, transactions with, and the provision of services to, certain foreign countries, territories, entities and individuals. These lists are amended from time to time and compliance with such sanctions requires ongoing monitoring of sanction developments and screening of counterparties and beneficial owners. These types of sanctions may significantly restrict or completely prohibit certain investment activities outside the United States and if any Fund were to violate any such laws or regulations, it may face significant legal and monetary penalties. Additionally, violations of sanctions laws by a Fund could result in reputational harm, regulatory scrutiny, and could require divestiture of certain investments at disadvantageous times or prices.

The U.S. Foreign Corrupt Practices Act ("**FCPA**") and other anti-corruption laws and regulations, as well as anti-boycott regulations, may also apply to and restrict the activities of the Funds. These laws generally prohibit improper payments or offers of payments to foreign government officials or others for the purpose of obtaining or retaining business. Anti-corruption laws have been enforced aggressively in recent years and are expected to continue to be enforced. If any Fund were to violate any such laws or regulations, such Fund may face significant legal and monetary penalties, disgorgement of profits, and injunctive relief, and may be required to make changes to its business practices. The U.S. government has indicated that it is particularly focused on FCPA enforcement, which may increase the risk that the Funds become the subject of such actual or threatened enforcement. Additionally, iCapital and the Funds, as well as Underlying Funds and Underlying Managers, may be subject to similar anti-corruption and anti-bribery laws in other jurisdictions, including the U.K. Bribery Act 2010, which has broad extraterritorial reach and applies to both public and private sector bribery. Violations of the U.K. Bribery Act or similar laws in other jurisdictions could result in significant penalties and reputational damage. The regulatory environment relating to anti-money laundering, sanctions, and anti-corruption laws is constantly evolving, and changes to existing laws and regulations or new laws and regulations could materially and adversely affect the ability of iCapital and the Funds to conduct their business and could result in increased compliance costs. There can be no assurance that the policies and procedures implemented by the Funds and iCapital to comply with applicable AML Laws will be effective in preventing violations or detecting potential violations in a timely manner.

### ***Lack of Regulation of Alternative Investments***

Certain Funds and Underlying Funds are not subject to many provisions of the federal securities and commodities laws that are designed to protect investors in pooled investment vehicles offered to the public in the United States. The interests in certain Funds and Underlying Funds are not offered pursuant to registration statements effective under the Securities Act. In addition, certain Funds and Underlying Funds are not subject to the periodic information and reporting provisions of the Securities Exchange Act of 1934, as amended, nor in most cases will those Funds and Underlying Funds be registered as investment companies under the Investment Company Act. Accordingly, investors in such cases will not have the benefit of the protections afforded by the Investment Company Act to investors in registered investment companies, including protections relating to fund governance, custody of assets, affiliated transactions, and disclosure requirements. Similarly, the Underlying Managers of Underlying Funds that trade in commodity interests may be exempt from registration and the disclosure, reporting and record-keeping requirements of the Commodity Exchange Act of 1936 (the "**Commodity Exchange Act**"), as amended. Moreover, certain Underlying Managers may not be registered as investment advisers under the Advisers Act. Underlying Managers that are not registered under the

Advisers Act are not subject to the same regulatory requirements and oversight as registered investment advisers, including requirements relating to custody, recordkeeping, advertising, and compliance policies and procedures.

Accordingly, only a relatively small amount of publicly available information about certain Underlying Funds or Underlying Managers may be available when assessing an Underlying Fund, its investment portfolio, or the valuations thereof provided by such Underlying Managers. Weaknesses or differences in the valuation policies or procedures of Underlying Funds or their Underlying Managers and administrators could have a material impact on such Underlying Funds' performance. Certain net asset values reported by an Underlying Manager prior to the calculation of final net asset values will typically be estimates only, subject to revision pursuant to the Underlying Fund's annual audit. In addition, Underlying Funds organized outside the United States may be subject to less comprehensive regulation or different regulatory requirements than Underlying Funds organized in the United States. Such offshore Underlying Funds may not be subject to the same regulatory, accounting, reporting, and disclosure requirements applicable to Underlying Funds organized in the United States and may be domiciled in jurisdictions with less developed regulatory frameworks. Investors in offshore Underlying Funds therefore may have fewer legal rights and remedies than investors in Underlying Funds organized in the United States. Changes in laws, regulations, or regulatory interpretations could increase the regulatory requirements applicable to Underlying Funds or Underlying Managers, which could increase compliance costs, limit investment strategies, or adversely affect the Underlying Funds' operations and returns. There can be no assurance that the current regulatory environment will remain unchanged or that future regulatory developments will not have a material adverse effect on the Underlying Funds and their investors.

### ***European Union Investment Fund Managers Directive and the United Kingdom Alternative Investment Fund Managers Regulation***

#### ***AIFM Regulations***

The EU Alternative Investment Fund Managers Directive 2011/61/EU (as amended, the "**AIFMD**"), as transposed into national law within the member states of the European Economic Area ("**EEA**"), and the UK Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773) (as amended) ("**AIFM Regulations**") impose requirements on non-EEA and non-UK alternative investment fund managers ("**AIFM**") that market alternative investment funds ("**AIF**") to professional investors within the United Kingdom and EEA. Following the withdrawal of the United Kingdom from the European Union ("**Brexit**"), the UK is no longer required to follow the changes introduced by AIFMD and has its own regulatory framework for AIFMs and AIFs, which may diverge from the EEA requirements over time. Non-UK and non-EEA AIFMs (i.e., Underlying Managers) marketing AIFs (i.e., Underlying Funds) into the UK or EEA must comply with the applicable national private placement regimes of each jurisdiction in which they pre-market or market, which may impose additional or different requirements.

The AIFMD and the AIFM Regulations impose certain disclosure and reporting requirements in relation to the AIFs marketed in the UK or EEA (and, potentially, the investments held by them), compliance with which may involve additional costs. In particular, to the extent an AIF is pre-marketed or marketed to investors domiciled or having their registered office in the EEA or the UK: (i) the AIF and the non-UK AIFM and non-EEA AIFM will be subject to certain notification or approvals, reporting, disclosure and other compliance obligations under the AIFMD and the AIFM Regulations (e.g. the reporting requirements include, among other things, periodic reporting to regulators on the principal markets and instruments in which AIFs trade, principal exposures, risk concentrations, and liquidity management arrangements, as well as disclosure to investors regarding investment strategy, fees, leverage, risk profile, and liquidity arrangements); (ii) the AIF and the non-UK AIFM and non-EEA AIFM may become subject to additional regulatory or compliance obligations arising

under national law in certain EEA jurisdictions or the UK; (iii) the non-UK AIFM and non-EEA AIFM are required to make detailed information relating to the AIF and its investments available to regulators and third parties; and (iv) the AIFMD and the AIFM Regulations also restrict certain activities of the AIF in relation to EEA or UK portfolio companies, including, in some circumstances, the AIF's ability to recapitalize, refinance or potentially restructure a portfolio company within the first two years of ownership, and (v) the AIF may be restricted or prohibited from investing in securitization positions which do not comply with the EU's risk retention criteria where the securities/instruments of such securitizations were issued on or after 1 January 2019, as prescribed under the EU Securitisation Regulation (Regulation (EU) No 2017/2402).

The EU is implementing a Directive to amend AIFMD ("**AIFMD II**"). AIFMD II imposes obligations including: (i) minimum substance considerations that EU regulators will need to take into account during the AIFM authorization process; (ii) enhanced requirements around delegation, including additional reporting requirements in relation to delegation arrangements; (iii) new requirements applying to AIFMs managing funds that originate loans; (iv) increased investor pre-contractual disclosure requirements, notably around fees and charges; and (v) a prohibition on non-EU AIFMs and alternative investment funds established in jurisdictions identified as "high risk" countries under the European Anti-Money Laundering Directive (as amended) or the revised EU list of non-cooperative tax jurisdictions. The final text of AIFMD II was published in the Official Journal of the European Union in March 2024, with AIFMD II due to be implemented by EEA Member States by 16 April 2026.

It is possible that AIFMD II may require additional costs, expenses or resources, as well as restricting or prohibiting certain activities, including in relation to loan-originating funds and managers or funds established in jurisdictions outside the EU identified as having anti-money laundering or tax failings. These requirements therefore may increase compliance costs for Underlying Funds and Underlying Managers and may require changes to existing fund structures, investment strategies, or liquidity arrangements.

Following Brexit, the UK regulatory framework may diverge from the EEA framework, and the Underlying Funds and the Underlying Managers may be required to comply with different or additional requirements in the UK and EEA, as applicable. Such regulatory divergence may result in increased compliance complexity and costs.

Additionally, changes to UK or EU law or regulation, or changes in the interpretation or application of existing law or regulation, could materially and adversely affect the ability of Underlying Funds or Underlying Managers to conduct their business or market Underlying Funds in the UK or EEA, which could limit the availability of certain investment opportunities to investors.

Failure to comply with the requirements of the AIFMD, AIFMD II, the AIFM Regulations, or applicable national private placement regimes could result in regulatory sanctions, fines, or restrictions on the ability of Underlying Managers to market Underlying Funds in the relevant jurisdictions. Any of the foregoing could have a material adverse effect on the Underlying Funds and their investors.

### ***European Market Infrastructure Regulation***

The Regulation (EU) No 648/2012 on OTC derivatives, central counterparties and trade repositories ("**EMIR**") governs the execution, collateralization and clearing of derivative contracts. EMIR applies primarily to "financial counterparties" ("**FCs**") such as EU-authorized investment firms, credit institutions, insurance companies, Undertakings for Collective Investment in Transferable Securities ("**UCITS**") and alternative investment funds, and "non-financial counterparties" ("**NFCs**") which are entities established in the EU that are not financial counterparties. NFCs whose aggregate positions in over the counter ("**OTC**") derivative contracts exceed EMIR's prescribed clearing threshold ("**NFC+s**") are generally subject to more stringent requirements under EMIR than NFCs whose aggregate positions in OTC derivative contracts do not exceed such clearing threshold (including because such contracts may be excluded if they are entered into in order to reduce risks directly relating to

the NFC's commercial activity or treasury financing activity). FCs are similarly divided into FC+s and FC-s depending on whether they exceed specified clearing thresholds.

EMIR imposes a number of requirements on FCs and NFCs, including: (i) a requirement to clear certain classes of OTC derivatives through a central counterparty (“**CCP**”); (ii) risk mitigation requirements for OTC derivatives that are not centrally cleared, including requirements relating to timely confirmation, portfolio reconciliation and compression, dispute resolution procedures, daily mark-to-market valuation, and the exchange of collateral (variation margin and, in some cases, initial margin); (iii) reporting requirements to trade repositories; and (iv) record-keeping requirements. These obligations may increase the costs associated with entering into derivative transactions and may affect the availability and pricing of certain derivative instruments.

### **EMIR 3.0**

On 24 December 2024, significant amendments to EMIR came into force through Regulation (EU) 2024/2987 (“**EMIR 3.0**”). EMIR 3.0 introduced several key changes, including:

- (i) **Active Account Requirement:** EMIR 3.0 introduced a new “active account requirement” (“**AAR**”), which requires certain FC+s and NFC+s that exceed the clearing threshold in specified categories of derivatives (interest rate derivatives denominated in euro or Polish zloty, and short-term interest rate derivatives denominated in euro) to maintain an active account at an EU CCP and to clear a “representative number” of trades through that account. The first group of in-scope counterparties became subject to this requirement from 25 June 2025.
- (ii) **Changes to Clearing Threshold Calculation:** Under EMIR 3.0, the mechanism for calculating whether an NFC exceeds the clearing threshold has been amended so that only trades entered into by the NFC (at entity level rather than group level) and only those which are not cleared through an EU-authorized or recognised CCP are included in the calculation. ESMA has also proposed lower clearing thresholds for various asset classes.
- (iii) **Permanent Margin Exemption for Equity Options:** EMIR 3.0 introduced a permanent exemption from the initial and variation margin requirements for single-stock equity options and equity index options.
- (iv) **Implementation Period for NFC- Entities Becoming NFC+:** EMIR 3.0 introduced a four-month implementation period for NFC- entities that become NFC+ entities to establish the necessary arrangements for daily valuations and the margin obligation.
- (v) **Intragroup Exemptions:** Under EMIR 3.0, the intragroup exemption from clearing and margining requirements for transactions between EU and non-EU entities is no longer dependent on the issuance of an equivalence determination. Instead, an exemption may be available provided the third country counterparty is not established in a “blacklisted” jurisdiction (broadly covering high-risk jurisdictions for money laundering, terrorist financing, and non-cooperative tax jurisdictions).
- (vi) **Pension Scheme Exemption Extended:** EMIR 3.0 extended the existing EU pension scheme exemption from clearing to also cover transactions with non-EU pension schemes that are authorised under national law and have been exempted from the clearing obligation under that law.
- (vii) **Post-Trade Risk Reduction Services Exemption:** EMIR 3.0 introduced an exemption from the clearing obligation for transactions resulting from post-trade risk reduction services, subject to certain conditions.

- (viii) Reporting Changes: For NFC+ entities with EU parents that benefit from the intragroup exemption from reporting, the EU parent is now required to report net aggregate derivative positions on a weekly basis to the competent authority.

To the extent that the Underlying Funds enter into OTC derivatives transactions that are subject to mandatory clearing under EMIR, they will be required to clear such transactions through an authorized or recognized CCP. The use of CCPs involves additional costs and risks, including that the CCP may default or become insolvent, which could result in losses to the Underlying Funds. Additionally, CCPs impose margin requirements that may require the Underlying Funds to post cash or other eligible collateral, which could affect liquidity and the ability of the Underlying Funds to pursue their investment strategies.

For OTC derivatives that are not subject to the clearing obligation, EMIR requires the exchange of variation margin and, in certain cases, initial margin between counterparties. These margin requirements may increase the costs of trading and may affect the availability of certain derivative instruments. Initial margin posted to a counterparty must generally be segregated and held by a third-party custodian, which introduces additional operational complexity and Counterparty Risk. Certain guarantees can now be accepted by EU CCPs as eligible collateral from NFC entities.

In addition, Directive 2014/65/EU on markets in financial instruments and Regulation (EU) No 600/2014 of 15 May 2014 on markets in financial instruments (“**MiFID II**”) requires certain derivative contracts between FCs and NFC+s in sufficiently liquid OTC derivatives to be executed on a trading venue that meets the requirements of the MiFID II regime.

### **UK EMIR**

Following Brexit, the United Kingdom has adopted its own “onshored” version of EMIR, known as UK EMIR (“**UK EMIR**”), which applies to entities subject to UK jurisdiction. UK EMIR was originally substantially aligned with EMIR, but the two regimes have begun to diverge over time following the introduction of EMIR 3.0, which the UK has not adopted.

Underlying Funds and Underlying Managers that transact in derivatives may be required to comply with both EMIR and UK EMIR, depending on the counterparties with which they transact and the jurisdictions in which they operate. Such dual compliance may result in increased operational complexity and costs.

Failure to comply with the requirements of EMIR or UK EMIR could result in regulatory sanctions, fines, or other penalties. In addition, changes to EMIR, UK EMIR, or related regulatory requirements could materially affect the ability of Underlying Funds to enter into derivative transactions or could increase the costs associated with such transactions, which could have a material adverse effect on the Underlying Funds and their investors.

### **MiFID II**

The package of EU market infrastructure reforms known as MiFID II came into effect in January 2018. MiFID II increased regulation of trading platforms and firms providing investment services in the EU. On 28 March 2024, significant amendments to MiFID II entered into force, with Member States required to transpose the MiFID II amendments by 29 September 2025. The EU Listing Act (Directive (EU) 2024/2811), which entered into force on 4 December 2024, introduced further amendments to MiFID II including the reversal of the strict research unbundling regime.

Among its many market infrastructure reforms, MiFID II materially changed market transparency requirements, enhanced protections afforded to investors, and increased operational complexity for participants in European capital markets. The broad nature of the MiFID II reforms impact Underlying Managers’ product

development, client servicing and distribution models. In particular, additional disclosures are required to be made in respect of costs and fees charged to certain investors.

MiFID II introduced significant changes to the regulation of financial markets in the EU, including: (i) enhanced pre- and post-trade transparency requirements for equity and non-equity instruments; (ii) requirements for certain derivative transactions to be executed on regulated trading venues; (iii) restrictions on the use of “dark pools” and other non-transparent trading mechanisms; (iv) requirements relating to algorithmic and high-frequency trading; (v) enhanced investor protection requirements, including product governance obligations and suitability and appropriateness assessments; (vi) requirements relating to the unbundling of research costs from execution costs; and (vii) enhanced regulatory reporting requirements.

These requirements may increase the costs of trading and may affect the execution quality and liquidity available to Underlying Funds. Additionally, MiFID II’s transparency requirements may affect the ability of Underlying Managers to execute large orders without moving the market, which could have a negative impact on execution quality and investment returns.

MiFID II also imposes product governance obligations on manufacturers and distributors of financial instruments, which may affect the manner in which interests in Underlying Funds are marketed and distributed to investors in the EU. These obligations include requirements to identify a target market for each financial instrument and to ensure that the instrument is distributed only to investors within that target market. Failure to comply with these obligations could restrict the ability of Underlying Managers to market Underlying Funds to certain investors.

#### **UK MiFID**

Following Brexit, the United Kingdom has retained much of the MiFID II framework, but has made, and continues to make, significant modifications as part of the UK Wholesale Markets Review, resulting in increasing divergence from the EU regime. Underlying Funds and Underlying Managers may be required to comply with different or additional requirements in the UK and EU, as applicable, which may result in increased compliance complexity and costs. Changes to MiFID II or the UK MiFID framework, or changes in the interpretation or application of existing requirements, could materially affect the ability of Underlying Funds or Underlying Managers to conduct their business or execute their investment strategies, which could have a material adverse effect on the Underlying Funds and their investors.

#### **EU Securitisation Regulation**

To the extent the Fund is actively marketed to investors domiciled or having their registered office in the EEA, the EU Securitisation Regulation (Regulation (EU) 2017/2402) (“**EU Securitisation Regulation**”), together with the relevant rules and official guidance, may prohibit the Underlying Funds from acquiring securitization positions which do not comply with the EU’s risk retention criteria, where the securities / instruments of such securitizations were issued on or after 1 January 2019. The EU’s risk retention criteria for securitizations may not be aligned with the criteria for securitizations under the laws of non-EU jurisdictions, where such laws exist, including under U.S. law. This could result in the Underlying Funds being prohibited from acquiring positions in certain securitizations or similar structures, whether originated in the EU or otherwise, notwithstanding that such transactions would otherwise be permitted in accordance with the Underlying Fund’s investment strategy/restrictions.

Under the EU Securitisation Regulation, “institutional investors” (including alternative investment fund managers marketing funds such as the Underlying Funds) are required, before investing in a securitisation position, to verify that: (i) the originator, sponsor or original lender retains on an ongoing basis a material net economic interest

of not less than 5% in the securitisation; (ii) the originator, sponsor or securitisation special purpose entity has made available certain prescribed information to enable the institutional investor to conduct appropriate due diligence; and (iii) the originator or original lender has applied the same credit-granting criteria to exposures that have been securitised as to non-securitised exposures.

In addition, institutional investors are required to conduct their own due diligence before investing in a securitisation position, including a risk assessment, and to establish written procedures to monitor the performance of their securitisation exposures and the underlying exposures on an ongoing basis. Failure to comply with these requirements could result in regulatory sanctions, reputational harm, and increased capital requirements for investors subject to prudential regulation.

The EU Securitisation Regulation also establishes a framework for “simple, transparent and standardised” (“**STS**”) securitisations, which are subject to more favourable regulatory capital treatment for certain investors. However, STS securitisations must meet a detailed set of criteria, and there may be a limited supply of STS-compliant securitisation positions available for investment. Underlying Funds that are unable to invest in STS securitisations may face competitive disadvantages relative to investors that can access such positions.

In addition, the EU Securitisation Regulation imposes due diligence and disclosure obligations on originators, sponsors and securitisation special purpose entities. If the originators, sponsors or special purpose entities of securitisations in which the Underlying Funds invest fail to comply with their obligations under the EU Securitisation Regulation, the Underlying Funds may be unable to acquire or retain positions in such securitisations, which could limit investment opportunities and have a material adverse effect on the Underlying Funds.

Changes to the EU Securitisation Regulation or related regulatory requirements, or changes in the interpretation or application of existing requirements, could further restrict the ability of Underlying Funds to invest in securitisations or could increase the costs and complexity associated with such investments. Any of the foregoing could have a material adverse effect on the Underlying Funds and their investors.

### ***EU Sustainability-Related Disclosures***

On June 22, 2020, the Official Journal of the European Union published a classification system that establishes a list of environmentally sustainable economic activities and sets out four overarching conditions that an economic activity has to meet in order to qualify as environmentally sustainable (Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, “**Taxonomy Regulation**”). The Taxonomy Regulation, amongst other things, introduces mandatory disclosure and reporting requirements and supplements the framework set out in the Sustainable Financial Disclosure Regulation (Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (“**SFDR**”), which requires certain disclosures in relation to how sustainability risks and negative impacts on environmental and social factors are taken into account in investment decisions and for financial products which have a sustainable investment objective or which promote environmental or social characteristics. The disclosure requirements in the SFDR are supplemented by Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards (“**RTS**”) specifying the details of the content and presentation of the information in relation to the principle of ‘do no significant harm’, specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports.

Compliance with frameworks of this nature may create an additional compliance burden and increased legal, compliance, governance, reporting and other costs to the Underlying Funds or the Underlying Managers because of the need to collect certain information to meet the disclosure requirements. In addition, where there are uncertainties regarding the operation of the framework, a lack of official, conflicting or inconsistent regulatory guidance, a lack of established market practice or data gaps or methodological challenges affecting the ability to collect relevant data, the Underlying Funds or the Underlying Managers may be required to engage third party advisors or service providers to fulfil the requirements, thereby exacerbating any increase in compliance burden and costs. To the extent that any applicable jurisdictions enact similar laws or frameworks, there is a risk that the Underlying Funds may not be able to maintain alignment of a particular investment with such frameworks or may be subject to additional compliance burdens and costs, which might adversely affect the investment returns of the Underlying Funds.

### ***Data Privacy Regulation***

The legislative and regulatory framework for privacy and data protection continues to evolve globally, with many jurisdictions enacting new laws or strengthening existing regulations. These developments create an increasingly complex and fragmented compliance landscape for organizations handling personal data. While some jurisdictions, such as the EU, have established comprehensive frameworks, other regions, including the United States, Asia, the Middle East and Latin America, have implemented distinct regulatory regimes with varying requirements. Governments are continuing to focus on privacy, cybersecurity, data protection and data security and it is possible that new privacy or data security laws will be passed or existing laws will be amended in a way that is material to iCapital, the Funds, the Underlying Managers and the Underlying Funds. Personal data may be subject to a variety of U.S. federal and state laws, as well as international laws and regulations. For organizations established in the EU, EEA and the UK, General Data Protection Regulation (EU) 2016/679 (the “**GDPR**”) and the UK General Data Protection Regulation impose stringent obligations.

These regulations govern personal data processing, data security, and individual rights, including the right to access, rectify and erase data. The GDPR also carries significant penalties for noncompliance, with fines of up to 20 million euros or 4% of global annual revenue. Additionally, the European Directive on Privacy and Electronic Communications 2002/58/EC regulates electronic communications, including requirements for consent in cookie usage and marketing communications. Canada’s Personal Information Protection and Electronic Documents Act applies to organizations engaged in commercial activities and mandates data protection measures, consent requirements, and individual privacy rights. In the United States, data privacy is governed by a mix of federal and state regulations. The California Consumer Privacy Act and the California Privacy Rights Act (“**CPRA**”) provide consumers with enhanced rights over their personal data. These laws require businesses to disclose data collection practices, offer opt-out mechanisms for data sharing, and honor consumer requests to delete or correct information. The CPRA introduced additional provisions, including data minimization, purpose limitation and the right to opt out of automated decision-making processes. It also created a new category of “sensitive personal information” and established the California Privacy Protection Agency as an enforcement body. Non-compliance can result in regulatory fines and an increased risk of data breach litigation. Other U.S. states have enacted or are considering comprehensive privacy legislation, creating a patchwork of state-level requirements that may impose differing compliance obligations on iCapital, the Funds, the Underlying Managers and the Underlying Funds. Beyond these jurisdictions, numerous other countries have enacted comprehensive data protection laws, and governments worldwide continue to introduce new regulations and amend existing privacy laws, creating a challenging compliance environment for businesses.

The costs of compliance as well as the consequences of noncompliance with global privacy and data security requirements may adversely affect iCapital, the Funds, the

Underlying Managers and the Underlying Funds. Further, given that the scope, interpretation, and application of these laws and regulations are often uncertain and may be conflicting, it is possible that these obligations may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other laws or regulations of an applicable jurisdiction, such as anti-money laundering laws and regulations. If a Fund is unable to provide information to an Underlying Fund due to such conflicting requirements, the Underlying Manager may determine to take any actions permitted by the relevant Underlying Fund agreements or required by applicable law. These actions may include freezing the Fund's investment in the Underlying Fund or compulsorily withdrawing the Fund from the Underlying Fund. Any such action by the Underlying Manager could have a material adverse effect on the Fund.

## **Environmental, Social, and Governance**

As a technology-driven firm, iCapital's parent, iCapital, Inc., uses digital investment workflows to reduce paper usage and environmental impact. The firm also implements energy-efficient systems and adopts simple but effective measures such as eliminating bottled water and promoting proper recycling.

In August 2025, iCapital Inc. became a signatory to the United Nations-supported international network Principles for Responsible Investment (“**PRI**”), reinforcing our commitment to be aligned with globally recognized standards for responsible investment. To ensure this commitment translates into action, iCapital has a dedicated Environmental, Social, and Governance (“**ESG**”) professional overseeing strategy implementation and integration across the business.

## **Misconduct by Employees or Third-Party Service Providers**

Misconduct by employees or third-party service providers of the Underlying Managers or iCapital could cause significant losses to the Underlying Funds or the Funds, including losses as a result of the actions or omissions of prime brokers, custodians, sub-custodians, administrators, transfer agents, auditors, valuation firms and other agents or their affiliates. Employee and service provider misconduct may include failure to record transactions properly; improperly performing custodial, administrative, recordkeeping, or other responsibilities; improperly using, releasing, corrupting, destroying, or disclosing confidential or highly restricted data; binding the Underlying Funds or Funds to transactions that present unacceptable risks and unauthorized activities or concealing unsuccessful activities (which, in either case, may result in unknown and unmanaged risks or losses); making intentional or inadvertent deviations from expected practices; withholding or misrepresenting information; failing to comply with applicable laws and regulations; or becoming insolvent, all of which could result in litigation, serious financial harm, regulatory fines, penalties, reputational damage, remediation costs, legal fees, and other expenses. Any such activity by employees or service providers may adversely and materially affect the Underlying Funds and Funds, and there can be no assurance that the measures that iCapital, the Underlying Managers or their respective affiliates expect to implement to prevent and detect employee misconduct and to select reliable third-party providers will be effective in all cases.

## **Risks of Artificial Intelligence**

Artificial intelligence (“**AI**”) and machine learning technology, including generative AI and related technologies (collectively, “**AI Technology**”), have advanced significantly in recent years and present a variety of risks to the Underlying Managers, iCapital, the Underlying Funds, the Funds and their investments. The investment and financial services industries have seen rapid adoption of AI Technology, but because these technologies continue to evolve, the full scope of risks they pose remains difficult to evaluate. The Underlying Managers' and iCapital's ability to use, manage and aggregate data may be limited by the effectiveness of their policies, systems and practices that govern how data is acquired, validated, used, stored, protected, processed and shared, and failure to manage data effectively may limit an Underlying Manager's or iCapital's ability to manage current and emerging risks associated with AI Technology. Data management challenges may result in incomplete, inaccurate or

inconsistent data, which could lead to incorrect decisions, reputational harm, increased operational risk, regulatory sanctions, or an inability to operate effectively.

While an Underlying Manager or iCapital may restrict certain uses of third-party and open-source AI tools, the Underlying Manager's or iCapital's employees and agents may use these tools, which poses risks relating to the protection of proprietary data. Such AI Technology usage may involve the input of confidential or sensitive information, including material nonpublic information, whether by third parties who may breach confidentiality obligations, or by employees, agents or affiliates of the Underlying Managers or iCapital who may violate policies, contractual commitments, or applicable legal requirements governing the handling of confidential, proprietary, or personally identifiable information. When data is entered into AI Technology platforms, there is a risk that such information could be incorporated into training datasets or otherwise become accessible to other users or applications, potentially compromising the confidentiality of sensitive information. AI tools may also introduce security vulnerabilities, including susceptibility to hacking, data breaches, adversarial attacks designed to manipulate AI outputs, and model poisoning where training data is intentionally corrupted to compromise the AI system's integrity.

The deployment of AI Technology carries inherent risks stemming from potential errors in data inputs, flawed outputs or signals, deficiencies in underlying models, cybersecurity vulnerabilities, and the evolving regulatory environment. AI tools may produce inaccurate, misleading or incomplete responses (sometimes referred to as "hallucinations") that could lead to errors in decision-making, portfolio management or other business activities, which could have a negative impact on the Underlying Manager or iCapital or on the performance of an Underlying Fund or Fund. Because AI Technology typically depends on historical data, algorithmic processing, and pattern recognition methodologies, its outputs may reflect inherent biases, generate inaccurate results, or provide incomplete analyses. AI systems may also exhibit biases based on the data on which they are trained. The lack of transparency in how certain AI systems, particularly complex machine learning models, reach decisions (often referred to as the "black box" problem) may make it difficult to identify, understand, or challenge the basis for AI-generated outputs or decisions. AI Technology generally requires the aggregation and processing of substantial volumes of data, and it may be neither feasible nor practical to audit all information fed into such systems or to verify that the datasets used are complete and contain all pertinent information. Inaccuracies, errors, or other deficiencies arising from the use of AI Technology could materially and adversely affect the Underlying Managers, iCapital, the Underlying Funds, the Funds and their investments.

Use of AI tools may result in allegations or claims related to violation of third-party intellectual property rights, unauthorized access to or use of proprietary information and failure to comply with open-source software requirements. The legal landscape governing intellectual property ownership, licensing arrangements, and data privacy in connection with AI Technology remains unsettled and continues to develop. As a result, the Underlying Managers, iCapital, the Underlying Funds, and the Funds may face exposure to claims alleging intellectual property infringement, misappropriation of proprietary information, or violations of privacy rights, as well as potential investigations or inquiries from regulatory authorities. AI tools may also be used in criminal or negligent ways including, but not limited to, the creation of sophisticated phishing attacks, deep-fake technology used to impersonate individuals in positions of authority, automated exploitation of system vulnerabilities, market manipulation through AI-driven trading strategies, and the generation of fraudulent documents or communications.

The evolving regulatory landscape in the United States creates uncertainty regarding compliance obligations and may impose restrictions on the use of AI. AI similarly faces an uncertain regulatory landscape in many foreign jurisdictions, and numerous countries and regulatory bodies have enacted, or are in the process of developing, legislation and regulations governing AI Technology. Ongoing and future regulatory actions with respect to AI generally or AI's use in any industry in particular may alter, perhaps to a materially adverse extent, the ability of an Underlying Manager or iCapital to utilize AI in the manner it has to-date, and may have an adverse impact on the ability of an Underlying Manager or iCapital to continue to operate as intended. New or proposed regulations addressing AI Technology and comparable systems may result in increased compliance burdens and costs for the Underlying

Managers and iCapital. The cost of compliance with such regulatory requirements may be substantial, and failure to comply could result in significant fines, penalties, legal liability, operational restrictions, or reputational damage. Each of the risks described above, individually or in combination, could result in material adverse consequences for the Underlying Managers, iCapital, the Underlying Funds, and the Funds.

### **Inflation and Deflation Risk**

Inflation risk is the risk that the value of assets or income from the underlying investments in which the Underlying Funds and Funds invest will be worth less in the future as inflation decreases the value of payments at future dates. As inflation increases, the real value of such underlying investments could decline. Periods of elevated inflation may erode the purchasing power of investment returns, particularly with respect to fixed income securities and other instruments that generate nominal cash flows. Rising inflation often prompts central banks and monetary authorities to increase interest rates, which can adversely affect the value of existing bonds and other rate-sensitive investments held by the Underlying Funds and Funds. Additionally, inflationary environments may compress profit margins and negatively impact the earnings and valuations of portfolio companies, potentially reducing the returns realized by the Underlying Funds and Funds. Inflation can also lead to increased volatility across asset classes, as market participants reassess valuations and risk premiums in light of changing economic conditions. In such environments, traditional hedging strategies may prove less effective, and correlations among asset classes may shift in unpredictable ways, making portfolio risk management more challenging for the Underlying Managers. Furthermore, inflation may not affect all sectors, industries, or geographic regions uniformly, which could result in divergent performance among the investments held by the Underlying Funds and Funds.

Deflation risk is the risk that prices decline over time. Deflation may have an adverse effect on the creditworthiness of issuers and may make issuer default more likely or materially impair the ability of distressed issuers to restructure, which may result in a decline in the value of such underlying investments. During deflationary periods, revenues and asset values may fall while debt burdens remain fixed or increase in real terms, placing significant stress on borrowers and potentially leading to higher default rates. Deflation may also reduce consumer and business spending, leading to economic contraction that negatively impacts equity valuations and the operating performance of portfolio companies. In a deflationary environment, central banks may implement unconventional monetary policies, such as negative interest rates or quantitative easing, which can distort asset prices, reduce yields, and create uncertainty regarding future policy direction. Such policies may also affect the liquidity and functioning of financial markets in ways that are difficult to predict. iCapital and the Underlying Managers may face challenges in identifying attractive investment opportunities during prolonged deflationary periods, and the returns generated by the Underlying Funds and Funds may be adversely affected as a result. Both inflation and deflation can be influenced by a variety of factors, including fiscal and monetary policy decisions, supply chain disruptions, geopolitical events, energy prices, labor market conditions, and global economic trends. The timing, duration, and magnitude of inflationary or deflationary periods are inherently unpredictable, and iCapital and the Underlying Managers may not be able to anticipate or effectively respond to such economic conditions. There can be no assurance that any strategies employed by iCapital or the Underlying Managers to mitigate inflation or deflation risk will be successful, and the Underlying Funds and the Funds may experience material losses due to adverse inflationary or deflationary conditions.

### **Developments from Mass Communication**

The proliferation of digital platforms and social networks such as Facebook, X (formerly Twitter), and Instagram, message boards such as Reddit, online forums, blogs, podcasts, video-sharing platforms, and other internet channels have become widespread within the U.S. and globally. As a result, individuals and organizations now have the ability to rapidly and broadly disseminate information or misinformation without relying on traditional media intermediaries. Information often spreads rapidly across large segments of the U.S. and global population, frequently without any independent verification as to its accuracy, which has led to the spread of misinformation and disinformation. The speed at which information travels

through these channels, combined with the use of algorithms designed to maximize engagement, can amplify sensationalized or misleading content, making it difficult to distinguish factual reporting from false or manipulated narratives.

The spread of information, misinformation or disinformation regarding the Underlying Managers, iCapital, the Underlying Funds, the Funds or their respective affiliates could result in material and adverse effects on any of the foregoing. Negative publicity, whether accurate or not, could harm the reputation, brand, or business relationships of the Underlying Managers, iCapital, the Underlying Funds, the Funds or their respective affiliates, and could lead to decreased investor confidence, withdrawal of capital, loss of business partners, or difficulty in attracting new investors or investment opportunities. Responding to false or misleading information may require significant time, resources, and management attention, and there can be no assurance that corrective efforts will be effective in mitigating reputational or financial harm.

Further, certain administrators of or other service providers to social networks, message boards, app stores, websites, and other internet outlets have taken actions to ban, block, verify, or censor the content disseminated on their networks. Such actions, or similar actions taken by government regulators or courts, could negatively affect the Underlying Managers, iCapital, the Underlying Funds, the Funds or their respective affiliates. Similarly, the failure of platform operators to moderate harmful, defamatory, or misleading content could expose portfolio companies to ongoing reputational damage or create liability risks. The emergence of artificial intelligence tools capable of generating realistic but fabricated text, images, audio, and video content (commonly referred to as “deepfakes”) has heightened the risks associated with mass communication. Such technology can be used to create convincing false statements attributed to executives, fabricate corporate announcements, or manufacture evidence of events that never occurred.

The dissemination of AI-generated misinformation could materially harm the Underlying Managers, iCapital, the Underlying Funds, and the Funds, and distinguishing authentic content from fabricated material may become increasingly difficult as these technologies advance. In addition, certain securities could become the subject of speculation, including speculation stemming from posts on websites, applications, social networks, or message boards. In recent years, coordinated campaigns by retail investors communicating through social media platforms and online forums have driven substantial price movements in certain securities, often disconnected from the underlying fundamentals of the issuers. Such campaigns may target securities based on high short interest, low market capitalization, or perceived vulnerability to a “short squeeze,” and may involve strategies intended to manipulate market prices or create artificial demand. Such speculation could result in volatility in the prices of such securities, and the Underlying Managers and iCapital may have limited ability to predict, monitor, or respond to such speculative activity. Any resulting price volatility may impair the ability of the Underlying Managers or iCapital to execute investment strategies, value portfolio holdings accurately, or exit positions at favorable prices. There can be no assurance that the Underlying Managers or iCapital will be able to anticipate, prevent, or mitigate adverse effects of mass communication developments on the Underlying Funds, the Funds or their respective investments.

### **Compensation to Third Parties**

iCapital may retain and compensate financial intermediaries, including investment advisers and placement agents (collectively, “**Financial Intermediaries**”), for the purpose of marketing and selling interests in the Funds. iCapital or its affiliates may enter into placement agent or other agreements with a Financial Intermediary pursuant to which iCapital or its affiliates compensates them for referring investors to a Fund or an Underlying Fund by payment of management fees, placement fees, introduction fees, revenue-sharing arrangements, expense reimbursements or other forms of compensation. The structure and amount of such compensation may vary by Financial Intermediary. iCapital, its affiliates or a Fund may also make payments for record-keeping, processing and other investor services to Financial Intermediaries whose clients are invested in the Funds. These payments may be significant to the Financial Intermediary and are in addition to any amounts an investor may directly or indirectly pay its Financial Intermediary. Any such compensation arrangement may incentivize

Financial Intermediaries to recommend interests in the Funds to investors over other investment products when such Financial Intermediaries would not do so in the absence of such compensation, even if such other products are more suitable. Further, certain management personnel of iCapital and its affiliates are involved with soliciting Financial Intermediaries to participate in the iCapital network and performing diligence on those with whom iCapital may launch Funds. iCapital addresses these conflicts by providing in its Code of Ethics that all supervised persons have a duty to act in the best interests of each Fund and by providing training to supervised persons with respect to conflicts of interest and how such conflicts should be resolved under iCapital's policies and procedures. Compensation for management personnel of iCapital and its affiliates is not based on any transaction-based compensation received by iCapital or its affiliates.

Before investing in any Fund, a prospective investor should consult with its financial representative and carefully review any disclosure as to the services it provides, what payments it receives from iCapital, its affiliates or the Fund, and how the financial representative is compensated.

**Item 9: Disciplinary Information**

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iCapital does not believe that there have been any legal or disciplinary events that are material to our advisory business or the integrity of our management.

## Item 10: Other Financial Industry Activities and Affiliations

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iCapital provides numerous financial services and, in some cases, has business relationships with third parties that may raise conflicts of interest. Such conflicts are further described in in “**Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**” of this Brochure and in the offering documents of iCapital Private Access Funds.

### Broker-Dealers

iCapital Markets LLC is a broker-dealer registered with the SEC, member FINRA and SIPC, and registered in fifty-three (53) U.S. States and Territories. It was formed through a merger in November 2023 of three affiliated SEC registered broker-dealers: iCapital Securities, LLC, SIMON Markets LLC, and Axio Financial LLC. It is primarily engaged in distributing to institutional accounts of various securities including iCapital Private Access Funds and financial products issued or sponsored by third parties that include business development companies, private funds, real estate investment trusts, annuities, and structured investments. It is an indirect, wholly owned subsidiary of iCapital, Inc. Additional information about iCapital Markets is available on FINRA’s website.

### Investment Adviser and Relying Advisers

The affiliated entities below are registered investment advisers and/or are relying advisers under the Advisers Act. Additional information about these advisers is available on the SEC’s website.

- Alaia Capital LLC (“**Alaia**”) provides advisory services to the m+ funds and is an indirect wholly-owned subsidiary of iCapital, Inc.
- AlphaKeys Fund Advisor, L.L.C. (“**AlphaKeys**”) is a relying investment adviser of iCapital Advisors, LLC, and is an indirect wholly-owned subsidiary of iCapital, Inc.
- iCapital Fund Advisors LLC (“**iCFA**”) advises the iDirect Multi-Strategy Fund and is an indirect wholly-owned subsidiary of iCapital, Inc.
- iCapital Global Alternatives, LLC (“**iCGA**”), formerly known as Citi Global Alternatives, LLC, (“**CGA**”) is a relying investment adviser of iCapital Advisors, LLC, and is an indirect wholly-owned subsidiary of iCapital, Inc.
- iCapital Registered Fund Adviser LLC (“**iCRFA**”) provides advisory services to the iDirect Private Markets Fund, which is its only client. KKR IKPMF Alternative Holdings LLC, a wholly owned subsidiary of Kohlberg Kravis Roberts & Co. (together with its affiliates, “**KKR**”); Vista Adviser SPV, LLC, an indirect subsidiary of Vista Holdings Group, LP (together with its affiliates, “**Vista**”); and Warburg Pincus Prosvasi Manager LLC, a wholly owned subsidiary of Warburg Pincus LLC (together with its affiliates, “**Warburg Pincus**”) each capitalized and owns eight percent (8%) of iCRFA. iCRFA Holding LLC (“**iCRFA Holding**”), a wholly owned subsidiary of iCapital Network, capitalized and owns seventy-six percent (76%) of iCRFA. iCRFA Holding is solely responsible for the management and day-to-day operations of iCRFA and holds one hundred percent of its voting interests.
- iCapital UK Services Limited (“**iCUKS**”) provides advisory services and is an indirect wholly-owned subsidiary of iCapital, Inc.
- iDirect Private Credit Advisors LLC (“**iDPCA**”) provides advisory services to the iDirect Multi-Strategy Fund and is an indirect wholly-owned subsidiary of iCapital, Inc.

- Outcome Driven Strategies LLC (“**ODS**”) provides advisory services to separately managed accounts primarily consisting of structured investments through a joint venture with Cornerstone Advisory, LLC (“**Cornerstone**”), whereby Cornerstone and Axio Advisors LLC, an indirect wholly-owned subsidiary of iCapital, Inc., each owns fifty percent (50%) interest, respectively.

### **Commodity Pool Operators**

The affiliated entities below are registered as either commodity pool operators or exempt commodity pool operators to funds that they sponsor. All the non-exempt entities listed below are members of the National Futures Association (the “**NFA**”). The NFA and CFTC each administer a comparable regulatory system covering futures contracts, swaps and various other financial and derivative instruments in which certain iCapital funds invest.

#### ***Commodity Pool Operators***

- AlphaKeys Fund Advisor, L.L.C.
- iCapital AI GP LLC
- iCapital AI Manager LLC
- iCapital Global Alternatives, LLC
- iCapital Registered Fund Adviser LLC

#### ***Exempt Commodity Pool Operators***

- iCapital Strategies LLC

### **Insurance Producers**

iCapital Annuities and Insurance Services LLC (“**iCAIS**”) is registered with the various states in which registration is required to provide insurance service producer services through the distribution of annuities. It is an indirect wholly owned subsidiary of iCapital, Inc.

### **International Entities**

Certain iCapital affiliates provide financial services outside the United States. Each entity is an indirect wholly owned subsidiary of iCapital, Inc.

- iCapital Hong Kong Limited (“**iCapital Hong Kong**”) is licensed for Dealing In (Type 1) and Advising on Securities (Type 4) with the Securities & Futures Commission in Hong Kong.
- iCapital Network Canada Ltd. (“**iCapital Network Canada**”) is a registered investment fund manager, portfolio manager and exempt market dealer where required in certain Canadian provinces and territories. These registrations allow it to manage the business and affairs of Canadian investment funds, provide advice to clients (including Canadian investment funds) and distribute securities (including of iCapital funds) to eligible clients on a discrete prospectus-exempt basis in Canada.
- iCapital SG PTE. LTD (“**iCapital SG**”) is registered with the Monetary Authority of Singapore with a Capital Markets Services license to deal in capital markets products (in units of collective investment schemes) for or in relation to accredited investors and/or institutional investors.
- Institutional CN (Europe) – Empresade Investimento, S.A. (“**iCN Europe**”) is

registered with the Portuguese Securities Market Commission as a Financial Intermediary passporting its Reception and Transmission of Stock Orders (“**RTO**”) license through Europe and the European Economic Area.

### **Equity Investors**

iCapital and its affiliates have business relationships with certain equity investors in iCapital, Inc., the ultimate parent of iCapital. These equity interests combined with these business relationships may raise conflicts of interest for iCapital and these equity investors.

#### ***Employees***

Employees of iCapital, Inc. and its affiliates hold equity iCapital, Inc. This gives employees financial interest in the success of iCapital, Inc. and its affiliates as well as the potential to profit if iCapital, Inc.’s value increases. At the same time, personal financial investments could potentially influence the professional decisions of employees and potentially cause them to prioritize their personal gains over the best interests of iCapital and its affiliates.

#### ***Distributors***

Certain investors in iCapital, Inc. are financial services companies that distribute iCapital Private Access Funds to their clients, and as a result of their investments in iCapital’s parent company may be incentivized to direct their clients to invest in iCapital Private Access Funds.

#### ***Sponsors of Underlying Funds***

Certain investors in iCapital, Inc. are also sponsors or general partners of Underlying Funds. iCapital and its affiliates have an incentive to prioritize and present any iCapital Private Access Funds that invest in such Underlying Funds in a favorable light as compared to other iCapital Private Access Funds.

#### ***Administrative and Custodial Services***

iCapital has and may continue to engage with certain of its equity investors to provide services to the Funds, including administration, custodial, or other services. iCapital manages these conflicts by identifying them in the applicable Fund offering documents and if applicable, through its diligence process and procedures, and by negotiating on an arms-length basis the terms of any service providers to the iCapital Private Access Funds.

## Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

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### Code of Ethics

iCapital has adopted a Code of Ethics that sets forth the standards of conduct expected from its personnel to ensure compliance with regulatory standards and promote ethical conduct. Among other things, the Code of Ethics establishes various procedures with respect to investment transactions in accounts in which access persons (“**Access Persons**”)<sup>33</sup> of iCapital or an Access Person’s immediate family members (“**Related Persons**”) have a beneficial interest, or accounts over which Access Persons have investment discretion.

iCapital’s Code of Ethics was adopted to address and mitigate potential conflicts of interest and ensure the propriety of Access Persons’ and principals’ trading activity. iCapital’s Code of Ethics prohibits insider trading and provides instructions to Access Persons when coming into possession of material nonpublic information.

The foundation of the Code of Ethics is based on the underlying principles that:

- (i) Access Persons must at all times place the interests of the client first;
- (ii) Access Persons should not take inappropriate advantage of their position;
- (iii) Access Persons must comply with all securities laws;
- (iv) Access Persons must make sure that all personal securities transactions are conducted consistent with the Code of Ethics; and
- (v) Access Persons are prohibited from:
  - a. employing any device, scheme, or artifice to defraud a client or prospective client;
  - b. engaging in any transaction, practice, or course of business that operates as a fraud or deceit upon a client or prospective client;
  - c. making any untrue statement of a material fact to a client or omitting to state a material fact necessary to make a statement made not misleading; and
  - d. engaging in any act, practice, or course of business that is fraudulent, deceptive, or manipulative.

Access Persons and Related Persons must obtain written authorization from the co-CCOs or their designee prior to making a personal investment in private investment vehicles or initial public offerings. The Code of Ethics also provides that the co-CCOs (or designee) will monitor access person investments in securities (including equities, fixed income, and other financial instruments) and in accounts over which access persons exercise control and have a beneficial interest.

Sub-Advisers of the Direct Investment Funds, which have investment and trading authority on behalf of said funds, are required to have their own codes of ethics to monitor their Access Persons’ personal trading. Furthermore, occasionally a Sub-Adviser may request a list of companies in which any of iCapital’s related persons has a material financial or control interest (e.g., board membership) so that such Sub-Adviser may include such company on its own restricted list if required by such Sub-Adviser’s Code of Ethics. iCapital’s Code of Ethics is

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<sup>33</sup> Any partner, officer, director (or other person occupying a similar status or performing similar functions), or employee of an investment adviser, or other person who provides investment advice on behalf of the investment adviser and is subject to the supervision and control of the investment adviser.

available upon request.

### **Participation or Interest in Client Transactions**

iCapital serves as the investment adviser to the Funds. Access Persons and Related Persons may make investments in the Funds and iCapital may waive or reduce fees in respect of any such investment.

Each Underlying Manager or Sub-Adviser to an Underlying Fund Manager, as applicable, is responsible for making investment decisions for any Fund it manages. Neither iCapital nor the Funds have any discretion or control over an Underlying Manager's or Sub-Adviser's decisions.

### **Conflicts of Interest**

iCapital and its related entities engage in a broad range of activities, including investment activities for their own account and for the account of other investment funds, and providing transaction-related, investment advisory, management, and other services to funds. In the ordinary course of conducting its activities, the interests of a Fund may conflict with the interests of iCapital, other Funds, and/or their respective affiliates. Certain of these conflicts of interest and a description of how iCapital addresses such conflicts of interest can be found below.

#### ***Distribution Activities***

iCapital Markets LLC, an affiliate of iCapital and an SEC registered broker-dealer, may act as a distributor or placement agent for certain Private Access Funds. In doing so, iCapital Markets promotes these funds to third party broker-dealers, investment advisers, and other institutional investors that, in turn, purchase interest in Private Access Funds for their customers and themselves.

iCapital Markets generally is compensated for its distribution/placement agent activities by receiving a portion of the management fee paid to iCapital. Such distribution/placement fees are typically a percentage of the aggregate capital commitments of a Private Access Fund to its respective Underlying Fund. The existence of such distribution/placement fees could create a potential conflict of interest because the prospect of receiving such compensation creates an incentive for iCapital Markets to place Investors in the Private Access Funds from which it receives a distribution/placement fee – and in some instances a higher distribution/placement fee – over other investment vehicles from which it does not receive a placement fee.

#### ***Third Party Distributors***

iCapital may retain third party distributors or placement agents and financial intermediaries for the purpose of marketing and selling Interests in Funds. Any such arrangement may create a conflict of interest because it incentivizes placement agents and financial intermediaries to recommend the interests in iCapital Funds to Investors where they might not otherwise make such a recommendation or recommend the interests to Investors over another investment. iCapital's policies and procedures provide that its Access Persons have a duty to act in the best interests of each Investor, including with respect to the retention of placement agents, and by providing training to Access Persons with respect to conflicts of interest and how such conflicts are to be resolved under the iCapital's policies and procedures.

#### ***Brokerage Class Trail Fees***

Investors in one or more of the Private Access Funds may elect to be treated as a Brokerage Limited Partner (“**BLP**”)<sup>34</sup> or elect to invest in a class that provides for an

<sup>34</sup> An Investor that provides capital to a limited partnership but does not participate in its management.

additional shareholder servicing fee. These fees or “trails” are paid to the Investor’s financial representative, usual over the lifetime of the investment. Investors who invest in these share classes pay more than Investors that invest in share classes that do not have these fees. The existence of such a fee may incentivize an Investor’s financial representative to recommend a Fund over other investments from which a financial representative would not receive additional compensation.

### ***Due Diligence Reports***

iCapital, either directly or indirectly through one or more affiliates, receives cash compensation from Underlying Managers or the Private Access Fund for creating due diligence reports that are provided to broker-dealers, investment advisers, and other institutional investors, but not retail investors. This compensation arrangement provides an incentive for iCapital to portray Underlying Managers and/or the Private Access Fund more favorably than if it did not receive this fee. iCapital addresses this potential conflict through its due diligence processes as more fully described in “**Item 8 ‘Methods of Analysis, Investment Strategies, and Risk of Loss.’**”

### ***Model Portfolios***

iCapital provides certain sample or model portfolios (“**Model Portfolios**”) on the iCapital Marketplace. Each Model Portfolio is constructed by iCapital Advisors and is provided for informational and educational purposes only.

When selecting an Alternative Investment for inclusion in an iCapital Model Portfolio, iCapital selects from a limited universe of Alternative Investments, without considering or canvassing the universe of alternative investments that could be used in the model portfolio. iCapital only considers Alternative Investments available to accredited investors for which iCapital or an affiliate serves as investment adviser and/or for which iCapital Markets receives compensation for distribution services. iCapital has an incentive to select Alternative Investments for which it receives higher fees and iCapital generally receives higher fees if either it or an affiliate serves as the investment adviser, or if iCapital Markets provides distribution services.

### ***Investor Servicing Fee***

iCapital may be entitled to receive an Investor Servicing Fee from an Underlying Fund or Underlying Manager as described in “**Item 5: Fees and Compensation.**”

### ***Fees Payable to Third Parties***

iCapital, its affiliates, and its Private Access Funds may make payments in connection with record-keeping, processing, and other investor services to financial intermediaries and registered investment advisers whose clients are invested in iCapital Private Access Funds. These payments, which may be significant to the financial intermediary, may create an incentive for a financial intermediary to recommend an iCapital Private Access Fund over other funds or investment products. These payments are in addition to any amounts an Investor may directly or indirectly pay its financial intermediary.

### ***Performance Data***

The governing documents of each Fund provide that the values of the Private Access Fund’s assets shall generally be calculated by the Private Access Fund’s administrator based on estimates provided by the applicable Underlying Fund Manager or its Sub-Adviser. The general partner (or its affiliates, as applicable) of each Private Access Fund may also benefit from any overvaluation of an Underlying Fund’s investments if the management fee for those Private Access Funds is based on the NAV of a Private Access Fund’s investment in the Underlying Fund.

### ***iCapital Architect***

Financial professionals may pay iCapital a fee for the use of the iCapital Architect tool and, if they purchase interest in a Fund or other financial product available through iCapital, iCapital will also receive compensation for the sale of such product. iCapital mitigates these potential conflicts of interest through disclosure including through methodologies that detail the assumptions and calculations underlying the iCapital Architect tool. iCapital Architect is not available to retail investors.

### ***iCapital Insight***

iCapital, through its iCapital Insight team, makes product-specific educational materials available to financial professionals for a fee. Certain product-specific education materials relate to financial products and funds made available on the iCapital platform. As a result, iCapital and its affiliates may receive compensation for the education materials and the purchase of a corresponding product. iCapital may also be incentivized to display such products in a more positive light. iCapital does not mandate the use of iCapital Insight; the decision to require the completion of iCapital Insight educational materials lies with the home office of the employer (broker-dealer or registered investment adviser) of the financial professional.

### ***Tangible Markets***

iCapital's investment in and partnership with Tangible Markets ("**Tangible Markets**") – a liquidity solutions provider for private market positions held via wealth management channels – allows a selection of iCapital Private Access Funds to be offered on Tangible Markets' Liquidity Hub, where select investors in such funds may be given the opportunity to explore secondary liquidity options to adjust portfolio durations, rebalance portfolios, and free up cash for other opportunities. iCapital may also refer investors and/or their representatives and may make available additional funds through Liquidity Hub in the future, and as a result, iCapital's broker-dealer affiliate, iCapital Markets, may receive referral compensation.

iCapital does not recommend or advise on the suitability or best interest of any transaction that may be made available through Liquidity Hub, nor is iCapital providing any other service to such investors or their representatives, including performing diligence on any potential transaction through Tangible Markets.

### ***Gifts & Entertainment Policy***

iCapital expects that its employees will use good business judgment when offering gifts and/or entertainment opportunities to existing or prospective customers or vendors of iCapital, or other third parties with whom iCapital has a business relationship. iCapital has established limitations on gifts and entertainment in accordance with regulatory requirements and believes that its policy is reasonably designed to protect iCapital's reputation and to reinforce iCapital's professional and ethical standards.

iCapital does not permit its employees to offer a gift, entertainment opportunity or any other benefit to obtain business or gain an improper business advantage for iCapital. iCapital realizes that the mere offer of a gift or an entertainment opportunity can raise legal and regulatory issues for iCapital and its employees, even if no benefits ultimately are provided. iCapital emphasizes to its employees that it is the responsibility of every employee who offers a gift or entertainment opportunity to avoid even the appearance of impropriety. iCapital considers various factors relating to gifts and entertainment including, but not limited to, the nature and associated cost of the gift or entertainment opportunity (including the appropriateness of any related venue), the intended recipient or attendees, and the underlying purpose for which the gift or entertainment opportunity is being offered.

**Privacy Policy**

iCapital is committed to maintaining the confidentiality, integrity and security of our Investors' personal information. It is iCapital's policy to collect only information necessary or relevant to our business and use only legitimate means to collect such information. iCapital does not disclose any non-public, personal information about our Investors to anyone except in connection with servicing and processing transactions, as consented to by an Investor, when necessary to ensure the appropriate provision of our products and services, and/or as required or otherwise permitted by law. iCapital restricts access to non-public, personal information about our Investors to its personnel suppliers or other market stakeholders (such as providers of a common financial service you have subscribed to) with a legitimate business need for the information, and to competent legal authorities, when applicable and appropriate. iCapital maintains security practices, physical, electronic and procedural safeguards designed to guard each Investor's non-public, personal information. Upon request, iCapital will provide further information regarding our written privacy policies and procedures.

## Item 12: Brokerage Practices

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iCapital does not make any trading decisions on behalf of its clients. However, there may be limited situations where we are allocated a listed security and need to place trades through a broker-dealer, in which case iCapital will coordinate with the fund administrator to facilitate these trades.

Further, in respect of each Direct Investment Fund and certain Fund of Funds, iCapital has selected a Sub-Adviser that has been delegated trading authority on behalf of the applicable fund. In selecting broker-dealers to effect portfolio transactions for a Direct Investment Fund or relevant Fund of Funds, the applicable Sub-Adviser will not be obligated to seek the lowest available transaction cost, but may take into account such factors as the Sub-Adviser considers appropriate and consistent with its obligation to seek best execution as outlined in the Sub-Adviser's order execution policy, including, without limitation, the financial stability and reputation of the brokerage firm and its research, and brokerage services as a broker-dealer. A Sub-Adviser may use "soft dollar" credits generated by a Direct Investment Fund's or relevant Fund of Fund's securities transaction with broker-dealers to pay for research and execution products or services that fall within the safe harbor created by Section 28(e) of the Securities Exchange Act, as amended. Refer to the applicable PPM for additional details regarding a Sub-Adviser's brokerage policies.

### **Item 13: Review of Accounts**

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The Funds' and Underlying Funds' performance, as applicable, and the Underlying Funds' conformity with the investment objectives and guidelines are reviewed on a periodic basis by iCapital's teams responsible for research, education, and monitoring.

Investors in Funds will generally receive monthly or quarterly statements from iCapital or the Funds' administrators detailing their account information including the account's beginning and ending equity, the account's performance for that period, and/or the Fund's NAV, as applicable. iCapital may provide certain Investors in the Fund access to more frequent and detailed information as determined by iCapital.

## **Item 14: Client Referrals and Other Compensation**

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### **Custodial Services**

iCapital has entered into collaboration and services agreements with several investor custodians and may potentially collaborate with other investor custodians in the future (herein collectively referred to as “**Investor Custodian**”) pursuant to which iCapital or the applicable Private Access Fund compensates the applicable Investor Custodian for providing certain administrative services in respect of Investors who custody their investment in one or more iCapital Funds with such Investor Custodian.

At the discretion of iCapital, the Private Access Fund may bear the fees payable to the Investor Custodians with respect to such arrangements. Such fees are typically calculated as a percentage of the NAV that the relevant Investor has in the applicable Private Access Fund. Such fees will be borne by all Investors in the Fund regardless of whether such Investors are receiving any services from such Investor Custodian. Further, iCapital’s affiliates, including Institutional Capital Network, Inc., have committed to an annual marketing spend with certain Investor Custodians through which it will promote the iCapital Platform to the Investor Custodian’s platform of registered investment advisers and broker-dealers. The existence of such compensation arrangements could create a potential conflict of interest. Any such compensation arrangement could create an incentive for an Investor Custodian or any third-party registered investment adviser or broker-dealer to recommend the interests in the Private Access Fund to Investors where they might not otherwise make such recommendation.

### **Other Partnerships**

iCapital routinely collaborates with and enters into agreements with various service providers wherein iCapital may provide access to its technologies, Alternative Investments, analytics, or other services, through which iCapital may offer compensation to or be compensated by said service providers. Compensation arrangements may either be in the form of fixed fees or percentage-based fees, depending on the service or product being offered.

### **iCapital Products**

iCapital Architect is a portfolio construction tool that offers financial professionals at broker-dealers and registered investment advisers the ability to analyze alternative and structured investments. Users of iCapital Architect will pay a subscription fee for the use of iCapital Architect.

iCapital Insight is an education platform that can be accessed by institutional third parties. Institutional users pay annual subscription fees to access iCapital Insight. In addition, product sponsors pay an annual rate per product for iCapital to provide educational materials on the sponsor’s products.

### **Reimbursements**

In certain instances when iCapital personnel attend events hosted by general partners, the general partners may reimburse iCapital for related travel, lodging, or meal expenses.

## Item 15: Custody

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Unless an Investment Adviser has custody of only certain privately offered securities as defined in Rule 206(4)-2(b)(2) of the Advisers Act, an Investment Adviser with custody of client funds and securities must maintain them with only entities allowed under the amended rule which non-exhaustively includes banks, savings, and loan associations and registered broker-dealers (“**Qualified Custodians**”). While the Funds’ assets are held by banks that are considered Qualified Custodians, iCapital does maintain access to certain of the Funds’ accounts through its control of each Fund’s general partner or equivalent governing body.

Generally, the Funds’ Investors will not receive statements directly from the Qualified Custodians. Instead, the Funds are subject to an annual audit, and the audited financial statements are distributed to each Investor. Such audited financial statements generally will be prepared in accordance with generally accepted accounting principles and distributed within one hundred eighty (180) days of each Fund’s fiscal year end. However, advisers to Fund of Funds, which most of the Funds are categorized as, comply with the custody rule in the following ways:

- (i) having each Fund audited at least annually by an independent registered public accounting firm which is registered with the public company accounting oversight board; and
- (ii) distributing audited financial statements prepared in accordance with generally accepted accounting principles to all investors (or members or other beneficial owners) within 180 days of the end of the fiscal year of the Fund.

For a Fund that is a fund-of-fund-of-funds (“**Fund-of-Fund-of-Funds**”), iCapital will generally distribute the audited financial statements to Investors within 260 days of the end of the fiscal year. For a Fund that is a Fund of Funds, iCapital will generally distribute the audited financial statements to Investors within 180 days of the end of the fiscal year. For a Fund that is neither a Fund-of-Fund-of-Funds nor a Fund-of-Funds, iCapital will distribute the audited financial statements to Investors within 120 days of the end of the fiscal year.

## **Item 16: Investment Discretion**

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iCapital has discretionary authority to make investment decisions for the Funds in accordance with each Fund's governing documents, including the limited partnership agreement, as well as investment adviser agreements and iCapital's internal policies and procedures. This discretionary authority allows for the determination of securities and amount of securities bought or sold for a Fund, the broker-dealer used for transacting, and the commission rates, if applicable, paid to the broker-dealer effecting a transaction.

The investment guidelines governing the Firm's management of the Funds are specified under the limited partnership agreement, where investment limits are intended to minimize investment risk and maximize return.

## **Item 17: Voting Client Securities**

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With respect to the Private Access Funds, iCapital does not anticipate owning any equity securities granting us the right to vote proxies. Investors in any Private Access Fund will not be Limited Partners of the Underlying Fund and will have no voting rights in the Underlying Fund. For purposes of exercising any voting rights under the Underlying Funds' constituent documents, iCapital intends to vote in the best interest of each Fund and cause a Private Access Fund to vote its interest in the Underlying Fund as a single interest; provided that, in limited circumstances, it may permit pass-through voting to the Investors in its sole discretion.

In respect of the Direct Investment Funds and those Fund of Funds which have a Sub-Adviser, iCapital has delegated the obligation to vote all proxies which are solicited in respect of such Funds' investments to the Sub-Adviser and any such proxies shall be voted in accordance with the Sub-Adviser's proxy voting procedures.

However, iCapital has established a Proxy Voting Policy in the event that it is required to vote a proxy for certain investments. iCapital will vote proxies as it deems necessary or appropriate, on a case-by-case basis. Prior to voting, the co-CCOs will determine whether a material conflict of interest exists and will either resolve the conflict or refer the proxy vote to an outside service for its independent consideration. Upon request, we will provide an Investor with a copy of our proxy voting policies and procedures and information on how the proxies were voted.

**Item 18: Financial Information**

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Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about the Firm's financial condition. iCapital has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of bankruptcy proceedings.

**Item 19: Requirements for State-Registered Advisers**

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Not applicable

