IMPACT FINANCE

IMPACT FINANCE FUND

Société en commandite par actions,

Société d'investissement à capital variable - Fonds d'Investissement Spécialisé

Luxembourg

PRIVATE PLACEMENT MEMORANDUM

December 2023

Disclaimer

This is a confidential document that is not to be made available to third parties and in particular must not be made available to the public nor be made available in jurisdictions where this would be contrary to local laws and regulations. This document is supplied for the exclusive use of the recipient. Under no circumstances should it be copied or distributed to any person other than the recipient's investment, accounting, legal, tax or other advisors.

Investment in Impact Finance Fund is restricted to Professional Investors within the meaning of the article 2 of the Luxembourg law of 13 February 2007 relating to specialised investment funds, as amended, and with respect to Swiss investors, those who qualify as Qualified Investors within the meaning of article 10 para. 3, 3bis or 3ter of the Swiss Collective Investment Schemes Act ("CISA").

VISA 2023/175135-7150-0-PC
L'apposition du visa ne peut en aucun cas servir
d'argument de publicité
Luxembourg, le 2023-12-27
Commission de Surveillance du Secteur Financier

Important information

This Private Placement Memorandum (the “PPM”) for Impact Finance Fund, a company organised as a *société en commandite par actions, société d’investissement à capital variable – fonds d’investissement spécialisé* (“Impact Finance Fund” or the “Fund”), is provided only to those persons who have explicitly expressed interest in investing in shares of Impact Finance Fund (the “Shares”). Shares will only be offered to investors who qualify as (i) Professional Investors as defined in the Luxembourg law dated 13 February 2007 on specialised investment funds, as amended (the “Law”) and with respect to Swiss investors, as (ii) Qualified Investors within the meaning of article 10 para. 3, 3bis or 3ter of the Swiss Collective Investment Schemes Act ("CISA").

This PPM comprises information relating to Impact Finance Fund which is registered under the Law. Such registration does not, however, imply approval by any Luxembourg authority of the contents of this PPM or of the portfolio of assets held by Impact Finance Fund. Any representation to the contrary is unauthorised and unlawful. This PPM does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation would be unlawful. The Shares are transferable subject to certain conditions. The Shares described in this PPM have not been registered for offer or sale to the public under the securities laws of any country or jurisdiction.

The general partner of Impact Finance Fund (the «General Partner») is responsible for the information contained in the PPM. To the best of the knowledge and belief of the General Partner (who has taken all reasonable care to ensure that such is the case) the information contained in the PPM is at its date in accordance with the facts and does not omit anything likely to affect the import of such information. The General Partner accepts responsibility accordingly.

If you are in any doubt about the contents of the PPM you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

The most recent annual report of Impact Finance Fund is available, once published, at the registered office of Impact Finance Fund and will be sent to Investors upon request. Such report shall be deemed to form part of the PPM. Statements made in the PPM are based on the law and practice currently in force in Luxembourg and are subject to changes therein.

No person has been authorised to give any information or to make any representations in connection with the offering of Shares other than those contained in this PPM and the report referred to above, and, if given or made, such information or representations must not be relied on as having been authorised by Impact Finance Fund. The delivery of this PPM (whether or not accompanied by any report) or the issue of Shares shall not, under any circumstances, create any implication that the affairs of Impact Finance Fund have not changed since the date hereof.

The distribution of this PPM and the offering of Shares in certain jurisdictions may be restricted. Persons into whose possession this PPM comes are required by Impact Finance Fund to inform themselves and to observe any such restrictions. This PPM does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. Prospective subscribers are not to construe this PPM as legal or tax advice. Each subscriber should consult his own advisers for advice concerning the various legal, tax and economic considerations relating to the purchase of Shares. No representations or warranties of any kind are intended or should be inferred with respect to the economic return or the tax consequences from a purchase of Shares.

None of the Shares have been or will be registered under the United States Securities Act of 1933, as amended (the "1933 Act") or the Investment Fund Act of 1940 or any other applicable legislation in the United States for offer or sale as part of their distribution and the Fund has not and will not be registered under the United States Investment Company Act of 1940 or any other applicable legislation in the United States. Accordingly, none of the Shares may be offered or sold, directly or indirectly, in the United States of America or in any of its territories or possessions (the "United States"), or to any US Person except that the Fund may, in compliance with the National Securities Markets

Improvement Act of 1996, privately place its Shares in the United States with an unlimited number of US qualified purchasers, provided that such offer or sale is exempt from registration under the United States Securities Act of 1933 and provided that the Fund qualifies for an exemption from the requirement to register under the United States Investment Company Act of 1940.

Impact Finance Fund will not knowingly offer or sell Shares to any Investor to whom such offer or sale would be unlawful, or might result in Impact Finance Fund incurring any liability to taxation or suffering any other pecuniary disadvantages which Impact Finance Fund might not otherwise incur or suffer or would result in Impact Finance Fund being required to register in any jurisdiction. Shares may not be held by any person in breach of the law or requirements of any country or governmental authority including, without limitation, exchange control regulations. Each Investor must represent and warrant to Impact Finance Fund that, amongst other things, he is able to acquire Shares without violating applicable laws. Power is reserved in the articles of incorporation of Impact Finance Fund (the "Articles"), to compulsorily redeem any Shares held directly or beneficially in contravention of these prohibitions.

This PPM may be translated into other languages. In the event of any inconsistency or ambiguity in relation to the meaning of any word or phrase in any translation, the English text shall prevail to the extent permitted by the applicable laws or regulations, and all disputes as to the terms thereof shall be governed by, and construed in accordance with, the laws of Luxembourg.

Investment in Impact Finance Fund should be regarded as a long-term investment only for investors who qualify as (i) Professional Investors and, with respect to Swiss investors, as (ii) Qualified Investors, and who are aware of the risks involved and have the ability and willingness to accept them, including the potential total loss of their investment; there can be no guarantee that the objective of Impact Finance Fund will be achieved.

Your attention is drawn to the "Risk Warnings" in section **9.9** on page 49.

In addition, Impact Finance Fund's investments are subject to market fluctuations and the risks inherent in all investments and there can be no assurances that appreciation will occur. It will be the policy of the General Partner to maintain a diversified portfolio of investments so as to minimise risks as further set forth in the core of this PPM.

Potential subscribers and purchasers of Shares in Impact Finance Fund should inform themselves as to (a) the possible tax consequences, (b) the legal requirements and (c) any foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their citizenship, residence or domicile and which might be relevant to the subscription, purchase, holding and disposal of Shares in Impact Finance Fund.

Any information requested by a prospective subscriber and provided by Impact Finance Fund is qualified in its entirety by the information contained herein. The delivery of this PPM and any sale made hereunder shall not under any circumstances create an implication that there has been no change in the matters discussed herein since the date hereof. Any distribution, reproduction or copy of all or any part of this document or the divulgence of its contents, other than as specifically set forth herein, is unauthorised.

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1. DIRECTORY

Registered Office 5, allée Scheffer L-2520 Luxembourg	**Initiator and Investment Advisor** Impact Finance Management S.A. Chemin de la Gravière 6 1227 Les Acacias Switzerland
General Partner Impact Finance Investment S.à r.l. 5, allée Scheffer L-2520 Luxembourg Grand Duchy of Luxembourg	**Legal Counsel** Arendt & Medernach S.A. 41A, avenue J.F. Kennedy L-2082 Luxembourg Grand Duchy of Luxembourg
Auditors Deloitte Audit 560, rue de Neudorf L-2220 Luxembourg Grand Duchy of Luxembourg	**Depositary** CACEIS Bank Luxembourg Branch 5, allée Scheffer L-2520 Luxembourg Grand Duchy of Luxembourg
Administration Agent CACEIS Bank Luxembourg Branch 5, allée Scheffer L-2520 Luxembourg Grand Duchy of Luxembourg	**Investor relations** Benjamin Firmenich Impact Finance Investment S.à r.l. 5, allée Scheffer L-2520 Luxembourg Grand Duchy of Luxembourg

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GLOSSARY OF TERMS

The following definitions apply throughout this PPM unless the context otherwise requires:

"Administration Agent"	CACEIS Bank Luxembourg Branch
"AML/CTF"	Anti-Money Laundering and Counter Terrorist Financing
"Application Form"	Document signed or to be signed by an Investor who desires to subscribe to Shares and by which this Investor irrevocably applies for Shares
"Articles"	The articles of association of Impact Finance Fund as amended from time to time
"Auditors"	Deloitte Audit
"Board of Managers"	The board of managers of the General Partner
"Business Day"	Any day (except Saturday and Sunday), on which banks are open for business in Luxembourg
"Capitalisation Shares"	The capitalisation shares issued by the Fund as further described under section 4.1 **"**Share Capital"
"CHF"	The lawful currency of Switzerland
"Class"	A class of Shares of Impact Finance Fund
"Class Junior Shares"	Class of junior shares as described in section **4.1 "**Share Capital"
"Class Senior Shares"	Class of senior shares as described in section **4.1 "**Share Capital"
"CSSF"	Commission de Surveillance du Secteur Financier, the Luxembourg supervisory authority for the financial sector
"Distribution Shares"	The distribution shares issued by the Fund as further described under section **4.1** "Share Capital"
"Depositary"	CACEIS Bank Luxembourg Branch
"Developed Countries"	Such countries that qualify as developed countries according to the classification of the World Bank
"Developing and Transition Countries"	Such countries that qualify as developing and transition countries according to the classification of the World Bank
"ESG"	Environmental, Social, and Corporate Governance, refers to the three central factors in measuring the sustainability and societal impact of an investment in a company or business.
"EU"	The European Union
"Euro" or "EUR"	The lawful currency of the European Union
"Fund"	Refers to Impact Finance Fund
"General Partner"	Impact Finance Investments S.à r.l., as further described under section **2.3**
"Gross Asset Value" or "GAV"	The aggregate value of the total assets of Impact Finance Fund from time to time
"High Watermark"	The high watermark as described in section **6.3** "Performance Fee"
"Hurdle Rate"	The hurdle rate(s) as described in section **6.3** "Performance Fee"
"Impact Finance Fund"	Société en commandite par actions, société d'investissement à capital variable – fonds d'investissement spécialisé, as further described under section **2.2**

"Impact Investing"	Refers to the new asset class that pursue the idea of investing in businesses that can generate financial returns as well as an intentional social and/or environmental impact. The impact of the investments is clearly tracked and reported.
"Invested Portfolio"	All investments of Impact Finance Fund to the exception of cash and money market investments with financial institutions
"Investor"	An investor who desires to subscribe or has subscribed to Shares
"Law"	The Luxembourg law of 13 February 2007 relating to specialised investment funds, as amended
"Management Fee"	The fee which the General Partner receives from the Fund as further described in section **6.1** Management Fee
"Management Share"	The share held by the General Partner as general partner with the rights attached as described in the Articles
"Managers"	The managers of the General Partner
"Mémorial"	The Mémorial C, Recueil des Sociétés et Associations, the former official journal of Luxembourg
"Net Asset Value" or "NAV"	The net asset value of Impact Finance Fund pursuant to the provisions set out in the section **5.1** Calculation of Net Asset Value
"Net Asset Value per Share"	The net asset value per Share of any Class determined in accordance with the relevant provisions described in section **5.1** Calculation of Net Asset Value
"PEP"	Politically exposed person
"Performance Fee"	Performance fee to which the General Partner is entitled, as further described in section **6.3**
"PPM"	This private placement memorandum, as amended from time to time
"Qualified Investors"	Qualified Investors within the meaning of article 10 para. 3, 3bis or 3ter of the Swiss Collective Investment Schemes Act ("CISA"), including: – regulated financial intermediaries such as banks, securities traders, fund management companies and asset managers of collective investment schemes, as well as central banks; – regulated insurance institutions; – public entities and retirement benefits institutions with professional treasury operations; – companies with professional treasury operations; – high-net-worth individuals who have declared in writing that they wish to be deemed Qualified Investors (opting-in), subject to additional conditions determined by the Swiss Federal Council (as set forth in article 6 of the Ordinance on Collective Investment Schemes of November 22, 2006, CISO); – investors who have concluded with the placing agent a written discretionary management agreement which meets the conditions set forth in the CISA and unless they have declared in writing that they do not wish to be deemed as Qualified Investors.
"Reference currency"	The currency in which all the assets of Impact Finance Fund is valued
"RESA"	The *Recueil Electronique des Sociétés et Associations*, the electronic official journal of Luxembourg
"Risk Ratio"	Risk ratios described in section **4.4 "**Risk Ratio"
"SFDR"	Regulation (EU) 2019/2088 of the European Parliament and the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector

"Shareholders"	All the shareholders of Impact Finance Fund, except for the General Partner
"Shares"	Any shares in Impact Finance Fund from any Class subscribed by any Shareholder, except the Management Share
“Small and Medium Enterprises” or “SMEs”	Small and Medium Enterprises, are companies with sales between USD 1,500,000 and USD 50,000,000
"Subscription Documents"	The PPM and any subscription agreement or form
“Sustainable Development Goals" or "SDGs"	The Sustainable Development Goals are a collection of 17 global goals set by the United Nations in 2015. A comprehensive description of the 17 SDGs and their related targets can be found in paragraph 54 of United Nations General Assembly Resolution A/RES/70/1 of 25 September 2015
“Tranche"	A tranche or sub-class in which each Class of Shares may be sub-divided as further detailed in section **4.1** “Junior and Senior Shares”
"UCI"	Undertaking for collective investment
"US"	United States of America
"USD"	The lawful currency of the United States of America
"Valuation Date"	Any date on which the Net Asset Value is determined, being the last Business Day of each calendar month, or any other date as determined by the General Partner

All references herein to time are to Central European Time (CET) unless otherwise indicated.

Words importing the singular shall, where the context permits, include the plural and vice versa.

Impact Finance Fund qualifies as an alternative investment fund under the Luxembourg law of 12 July 2013 (the "**AIFM Law**") implementing the Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers.

To the extent Impact Finance Fund has chosen not to appoint an external alternative investment fund manager under the AIFM Law, Impact Finance Fund qualifies as an internally managed alternative investment fund manager.

Considering its current volume of assets under management determined in compliance with Article 2 of the Commission Delegated Regulation (EU) n° 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU, Impact Finance Fund only requires to be registered with the CSSF under the registration regime provided for by Article 3 of the AIFM Law.

2. STRUCTURE OF IMPACT FINANCE FUND

2.1. Executive summary

Impact Finance Fund serves investors that care about the impact of their investment and want a financial product with monthly liquidity. It focuses on supporting Small and Medium Enterprises of the food and agribusiness sector that have already tested products and proven markets. The impact of the business model of companies on all stakeholders is a key parameter to enter the portfolio. The Fund brings to portfolio companies appropriate financing and strategic support to boost their performance and their positive social and environmental impact.

Name of the Fund		Impact Finance Fund
General Partner		Impact Finance Investment S.à r.l.
Investment Advisor		Impact Finance Management S.A.
Share classes		Classes Senior Shares: Share class A – EUR (Capitalisation Shares and Distribution Shares) Share class B – CHF (Capitalisation Shares and Distribution Shares) Share class C – USD (Capitalisation Shares and Distribution Shares) Share class E – EUR (Capitalisation Shares and Distribution Shares) Share class F – CHF (Capitalisation Shares and Distribution Shares) Share class G – USD (Capitalisation Shares and Distribution Shares) Class Junior Shares: Share class D – USD (Capitalisation Shares) The minimum initial subscription amount for A, B and C shares is set at EUR 125,000 or the equivalent in CHF and USD. The minimum subscription amount for E shares is EUR 3,500,000. The minimum subscription amount for F shares is CHF 3,500,000. The minimum subscription amount for G shares is USD 3,500,000. The minimum subscription amount for D shares is set at USD 500,000.
Structure		Open-end fund
Target Fund Size		USD 500,000,000
NAV calculation		Monthly
Reference currency		USD
Investment philosophy		Impact Finance Fund provides financing to Small and Medium Enterprises with positive social and environmental impact in their growth phase. It acts as a strategic partner to accelerate and grow their business and impact.
Targets of investment		Small and Medium Enterprises with a yearly turnover from USD 1,500,000 to USD 50,000,000 or assets between USD 1,000,000 and USD 50,000,000. All selected SMEs must bring market-based solution to reach the Sustainable Development Goals.
Stage of targets		Growth phase
Sectors of investment		Small-scale producers, integrated farming, circular industry, financial inclusion and agroforestry
Risk diversification	▪	▪ Geographical: worldwide but with a focus on Latin America ▪ Value chain ▪ Role in the value chain

Financial instruments (list not exhaustive)	▪	▪ Short, medium and long term loans and promissory notes ▪ Mezzanine debt
Investment size		Between USD 1,000,000 and 10,000,000
Board of Managers of the General Partner	▪	▪ Cédric Lombard (Chairman) ▪ Benjamin Firmenich (Vice Chairman) ▪ Nicolas Muller – Independent ▪ Roberto Navas – Independent ▪ Melchior de Muralt – Independent
Investment Committee		The Investment Committee is in charge of validating all the new investment to be done by the Fund, its composition and procedure are approved by the Board of Managers of Impact Finance Investment S.à r.l.
Risk and Valuation Committee		The Risk and Valuation Committee is in charge of revising the quality and the fair valuation of the Fund's portfolio on a quarterly basis, its composition and procedure are approved by the Board of Managers of Impact Finance Investment S.à r.l.
Fees	▪	▪ A Management Fee of a max. 2.50% p.a. on the Net Asset Value for Share Class A, B, and C ▪ A Management Fee of a max. 1.6% p.a. on the Net Asset Value for Share Class D, E, F and G ▪ With respect to Class Senior Shares only, a Risk Premium of 0.7% p.a. of their respective NAV to be allocated to the Class Junior Shares ▪ Performance Fee: as detailed under section **6.3**.
Distribution policy		No distribution of dividends (from interest or any other income)
Auditors		Deloitte Audit
Depositary		CACEIS Bank Luxembourg Branch
Administration agent		CACEIS Bank Luxembourg Branch
Legal Counsel		Arendt & Medernach S.A.

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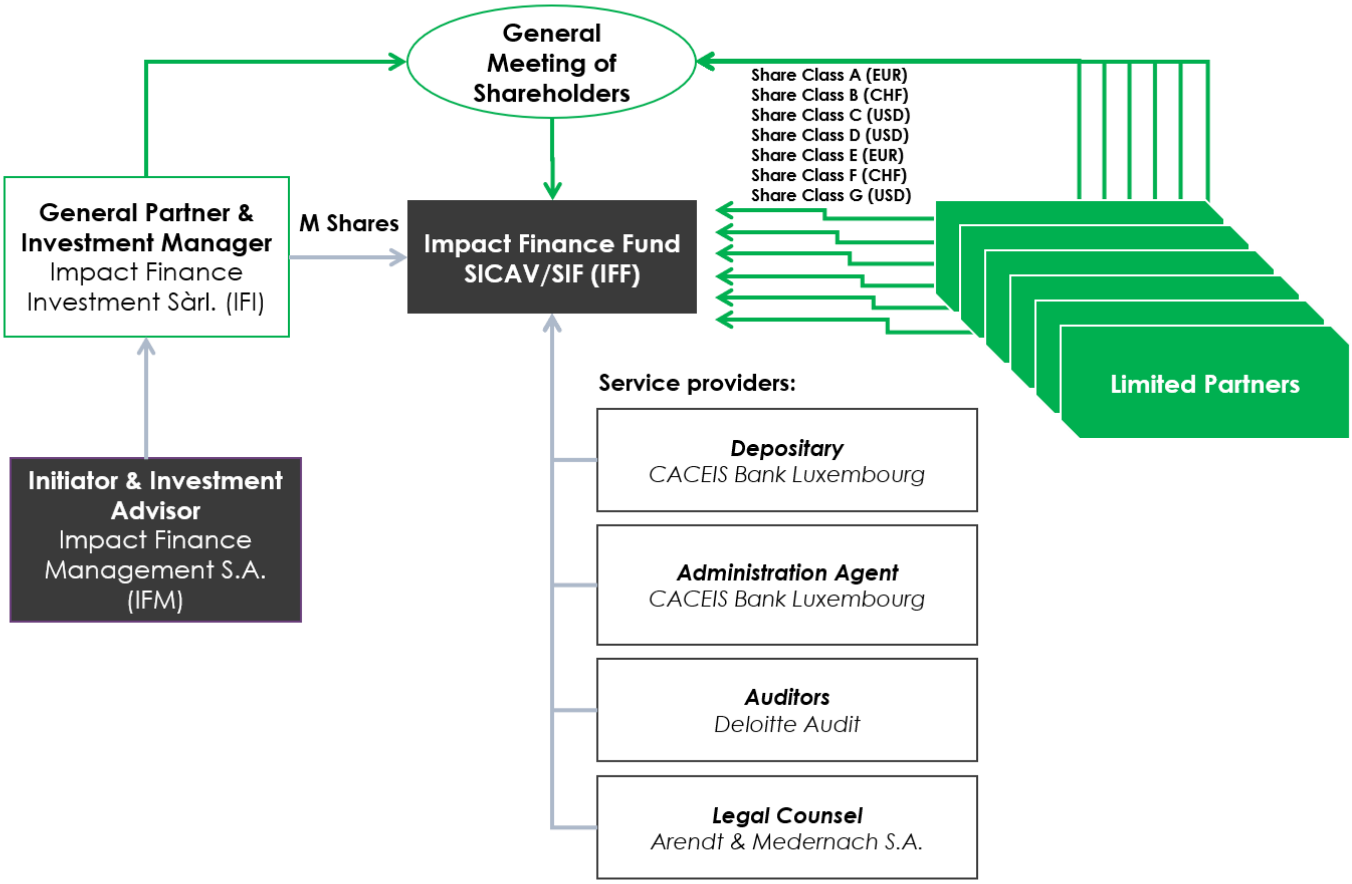


Figure 1 - Impact Finance Fund - Organizational structure

2.2. Impact Finance Fund

Impact Finance Fund is an open-end investment company with variable capital (*société d'investissement à capital variable* - SICAV) organised as a single undertaking for collective investment under the legal form of a partnership limited by shares (*société en commandite par actions* - SCA) under the laws of the Grand Duchy of Luxembourg and qualifying as a specialised investment fund (*fonds d'investissement spécialisé* - FIS) authorised under the Law.

As a *société en commandite par actions*, Impact Finance Fund has two different types of shareholders:

1. the General Partner, managing general partner (*associé-gérant-commandité*), who, by operation of law, is indefinitely and jointly and severally liable for any obligations of Impact Finance Fund. The General Partner, who is responsible for the management of Impact Finance Fund, may only be removed as manager by an amendment of the Articles.
2. the Shareholders whose liability is limited to the amount of their investment in Impact Finance Fund. Impact Finance Fund may have an unlimited number of Shareholders.

Any resolution of a General Meeting of Shareholders of Impact Finance Fund creating rights or obligations of Impact Finance Fund vis-à-vis third parties and any amendment of the Articles of Impact Finance Fund must be approved by the General Partner.

The share capital of Impact Finance Fund is represented by the Management Share held by the General Partner and the following Classes of Shares held by the Shareholders:

- Class A Shares (the "Class A") in EUR;
- Class B Shares (the "Class B") in CHF;
- Class C Shares (the "Class C") in USD;
- Class D Shares (the "Class D") in USD;
- Class E Shares (the "Class E") in EUR;
- Class F Shares (the "Class F") in CHF; and
- Class G Shares (the “Class G”) in USD.

All Shares will be issued in registered form only. Shareholders shall receive a confirmation of their shareholding.

Fractions of Shares up to four (4) decimal places will be issued if so decided by the General Partner. Such fractions of Shares shall not be entitled to vote but shall be entitled to participate in the net assets and any distributions attributable to the relevant Class on a pro rata basis.

All Shares must be fully paid-up; they are of no par value and carry no preferential or pre-emptive rights. Each entire Share of Impact Finance Fund is entitled to one vote at any general meeting of shareholders, in compliance with Luxembourg law and the Articles.

The General Partner is authorised to create additional Classes from time to time in accordance with the provisions and subject to the requirements of Luxembourg law and the Articles. Each further Class may have different characteristics, though all Classes participate in the same portfolio of assets.

Impact Finance Fund was incorporated on 4 July 2011 in Luxembourg, under the laws of the Grand Duchy of Luxembourg, for an unlimited period with an initial capital of USD 46,652 divided into the fully paid up Management Share, and thirty-six Shares fully paid up. The capital of Impact Finance Fund shall be equal at all times to the net assets of Impact Finance Fund. The minimum capital of Impact Finance Fund, as prescribed by the Law, is EUR 1,250,000 (one million two hundred fifty thousand Euros).

Impact Finance Fund is registered with the *Registre de Commerce et des Sociétés*, *Luxembourg* under number B 162030. The Articles have been deposited with the *Registre de Commerce et des Sociétés*, *Luxembourg* and have been published in the *Mémorial* on 14 July 2011.

Under Luxembourg law and the Articles, Impact Finance Fund is authorised to issue an unlimited number of Shares, all of which are without par value. No additional Management Shares may be issued.

The Reference Currency of Impact Finance Fund is the USD and all the financial statements of Impact Finance Fund will be presented in USD. Any assets of Impact Finance Fund not expressed in USD shall, for the purpose of Impact Finance Fund's financial statements, be converted into USD.

2.3. The General Partner

Impact Finance Fund is managed by Impact Finance Investment S.à r.l. (the "General Partner"), a private limited liability company (*société à responsabilité limitée*), with registered office at 5, allée Scheffer, L-2520 Luxembourg, Grand Duchy of Luxembourg, that was incorporated on 28 June 2011 in Luxembourg, under the laws of the Grand Duchy of Luxembourg, for an unlimited period, with an initial capital of EUR 13,000 divided into 130 fully paid up shares all subscribed by the Initiator.

Impact Finance Investments S.à r.l. is registered with the *Registre de Commerce et des Sociétés*, *Luxembourg* under number B 162044. The Articles have been deposited with the *Registre de Commerce et des Sociétés*, *Luxembourg* and have been published in the *Mémorial* on 14 July 2011, and amended for the last time on 11 August 2014.

The General Partner is responsible for the day-to-day management of the affairs of Impact Finance Fund, for all investment management of the assets of Impact Finance Fund, as well as for the administration and the marketing activities related to Impact Finance Fund. The General Partner retains legal decision-making power and has the exclusive authority with regard to any decision not specifically delegated or attributed to another entity or service provider and supervises the Depositary, the Administration Agent, the Investment Advisor and any other service providers in the performance of their duties.

2.4. The Board of Managers of the General Partner

The Board of Managers of the General Partner consists of four (4) members listed below. Additional members may be added or an existing member replaced, based upon a majority vote of the shareholders of the General Partner and subject to prior written CSSF approval. The members of the Board of Managers are as follows as at the date of this PPM:

Cédric Lombard, (Executive Chairman)

Cédric is a Swiss entrepreneur dedicated in impact investing since 1998. After completing his Master's in International Relations from the Graduate Institute for International Relations in Geneva, he successfully entered the microfinance field, working on an observation mission on behalf of the United Nations Conference on Trade and Development (UNCTAD) in microfinance institutions (MFIs) in Peru and Bolivia and a microfinance program built Geneva. He then worked for UNCTAD on the Virtual Market for Microfinance which was later renamed Mix Market. In 2001, Cedric co-founded BlueOrchard Finance S.A., the first investment management company specializing in microfinance. Under his management until the end of 2014, the portfolio grew from USD 8m to 80m. In 2005 Cedric co-founded Symbiotics S.A., a microfinance investment bank, where he was mainly responsible for the investments and successfully built a portfolio of USD 450m. In 2008 he opened Symbiotics' first regional office in Mexico. He developed the assessment methodologies for both companies, including a social responsibility rating for Symbiotics. Cédric co-founded Impact Finance Management S.A. in 2010, and opened Impact Finance Colombia S.A.S. in Colombia in 2013, where he resides half of his time. Cédric is a member of the Board of Managers since the creation of the General Partner in

2011. He is the Executive Chairman of the Board of Managers and the Vice-Chairman of the Risk & Valuation Committee.

Benjamin Firmenich, (Executive Vice-Chairman)

Benjamin is an environmental science and social impact analysis specialist. After having graduated from the University of Geneva with a Master's in Political Sciences and from Wageningen University with a Master's in Environmental Sciences, Benjamin worked for Wetlands International in Indonesia to assess the total economic value of a mangrove ecosystem and took part in an emission-modelling project at the Energy Research Centre of the Netherlands. He also provided a scientific consultation for a river dam sediment valorization project for EDMS, a civil engineering company in Geneva. Benjamin joined Impact Finance Management S.A. in 2010 and was soon in charge of investor relations and contributed to the company's proprietary Impact Monitoring Tool. Since 2017, he is the Executive Vice-Chairman of the Board of Managers and Vice-Chairman of the Investment Committee.

Nicolas Muller (Independent member)

Nicolas is an Independent Director of multiple investment companies and a specialized consultant since 2014. He has considerable expertise in the overall fund industry. He brings valuable insights as well as complementary and in-depth perspectives in legal, financial, regulatory and relationship management. Nicolas is the Coordinator of the Undertakings for Collective Investments at the Commission de Surveillance du Secteur Financier (CSSF) in Luxembourg. Through his career has worked with several companies in Luxembourg in particular FundGlobam S.A., Duff & Phelps (Luxembourg) Management Company Sàrl (former Kinetic Partners), Société Générale, UBS and Mazars. He is the Anti-Money Laundering/Counter-Terrorism Financing (AML/CTF) Compliance Officer (Responsable du Contrôle) of Impact Finance and member of the Board of Manager since 2021.

Roberto Navas, (Independent member)

Roberto is a lawyer strong of 20 years of experience in wealth management, private banking, financial modelling and portfolio management with financial assets, including direct investments, private equity, derivatives and non-traditional assets. He specializes in value investing and has completed his studies at Columbia University. Roberto has held various roles in GNB Sudameris Bank, an important bank in Latin America with presence in Colombia, Peru and Paraguay. He currently is the general manager of two Colombian family offices, Inversiones Brembo SA and Asiri SAS. He is a member of the Boards of Directors of several companies and foundations which among these organizations are, SunColombia, Cellvoz, UNA Legal, Fundación Solidaridad por Colombia and Fundación Cosme y Damian. Through these foundations and family businesses, he has contributed to strategic and family philanthropy processes as well as promoting financial investments with high social and environmental impact. He is a member of Impact Finance's Investment Committee since 2018 where he has provided and shared invaluable insights and knowledge. Since 2021 Roberto is a member of the Board of Managers and the Chairman of the Investment Committee.

Melchior De Muralt, (Independent member)

Melchior is a leader of the sustainable finance arena in Geneva. He is a managing partner at de Pury, Pictet, Turrettini since 2001, where he supports and advises private and institutional clients. He co-founded and has been the Vice-Chairman of BlueOrchard Finance, a leader in impact investing of which Pury, Pictet, Turrettini (PPT) was the reference institutional shareholder for 20 years, until the company has been acquired by Schroeder's. He is the Chairman of the Cadmos Shareholder Engagement Funds. He is a member of the International Committee of the Red Cross (ICRC). Previously, he was in charge of Swiss institutional clients at Lombard Odier. Melchior has been a key founder of Ethos Asset Management, a pioneer in sustainable finance in Switzerland. He holds a Doctorate in Political Science from the University of Lausanne. Melchior is a member of the Board of Manager and member of the Investment Committee since 2022.

Removal of the General Partner

The General Partner may be removed from its capacity as managing general partner (*associé-gérant- commandité*) upon a resolution of the general meeting of Shareholders, with no consent of the General Partner, representing a majority of seventy-five percent (75%) of the votes cast where at least fifty (50%) of the voting rights are represented, on the occurrence of the following events:

- Any action by the General Partner which has been determined by an arbitrator or competent court in a final decision to constitute a fraud and which is not remedied within sixty (60) Business Days after notification to or the coming to the General Partner's attention; or
- The determination by an arbitrator or competent court that the General Partner, or any person to whom the General Partner has delegated any part of its duties, has/have wilfully or through gross negligence committed a breach of one or more provisions of this PPM or the Articles, and which is not remedied within sixty (60) Business Days after notification to or the coming to the General Partner's attention.

Upon the removal of the General Partner, a new managing general partner (*associé-gérant- commandité*) of Impact Finance Fund shall be appointed in a general meeting of Shareholders with the majority requirements set out here above, which shall substitute, subject to prior written CSSF approval, the General Partner as managing general partner (*associé-gérant-commandité*) of Impact Finance Fund. In such a situation, the Initiator may require that the replacing managing general partner does not use the term «impact» in its corporate name and therefore that Impact Finance Fund changes its name accordingly.

2.5. The Initiator and Investment Advisor

The initiator of Impact Finance Fund, is a Swiss investment advisor specialised in impact investing called Impact Finance Management S.A. (IFM).

Impact Finance Management S.A. is a public liability company (*société anonyme*), with registered offices at chemin de la Gravière 6, 1227 les Acacias, Switzerland, that was incorporated on 2 July 2010 in Geneva, Switzerland, under Swiss law, for an unlimited period. The two main shareholders of the initiator are Cédric Lombard and Benjamin Firmenich and the nominal capital held by the swiss company since 2016 is of CHF 1,152,000.

The General Partner has appointed Impact Finance Management S.A. as investment advisor (the "Investment Advisor"), pursuant to an investment advisory agreement dated 1st September 2013 made under Luxembourg law which may be amended from time to time.

The aforementioned agreement may be terminated by the parties at any time upon three months' written notice, which notice shall be provided by means of a registered letter (without prejudice to the termination with immediate effect in the conditions detailed in the investment advisory agreement).

The Investment Advisor assists the General Partner with all the tasks related to the field operations and the execution of the decisions taken by the General Partner. The Investment Advisor is responsible to deploy the adequate workforce and adequate geographic presence for its advisory activities to be held at the satisfaction of the General Partner. The later will constantly monitor and supervise its activity.

Recommendations made by the Investment Advisor are of a purely advisory and non-binding nature and investment and divestment decisions lie with the General Partner; the Investment Advisor shall not, in any case, make investment decisions on behalf of Impact Finance Fund or have the power to make investments on behalf of Impact Finance Fund.

2.6. The Depositary

Under a depositary and paying agency agreement dated as of 1 October 2014 as amended from time to time (the “Depositary and Paying Agency Agreement”), Caceis Bank Luxembourg Branch in such capacity (the “Depositary”) has been appointed for the safekeeping of assets of the Impact Finance Fund and to ensure a supervisory duty on the assets of the Fund (as detailed below), in accordance with applicable lawsas well as domiciliary and paying agency services for Impact Finance Fund.

CACEIS Bank, Luxembourg Branch is acting as a branch of CACEIS Bank, a public limited liability company (société anonyme) incorporated under the laws of France, having its registered office located at 1-3, place Valhubert, 75013 Paris, France, registered with the French Register of Trade and Companies under number 692 024 722 RCS Paris.

CACEIS Bank is an authorised credit institution supervised by the European Central Bank (“**ECB**”) and the Autorité de contrôle prudentiel et de résolution (“**ACPR**”). It is further authorised to exercise through its Luxembourg branch banking and central administration activities in Luxembourg.

The Depositary’s general duty of supervision is a two-fold duty:

• the Depositary shall know at all times how the assets of the Fund have been invested and where they are maintained;

• the Depositary shall supervise any third parties with which the assets of the Fund have been deposited.

The Depositary liability in relation to its supervisory functions shall not be affected by the fact that it has entrusted all or some of the assets in its custody to a third party.

In performing its obligations under the depositary agreement, the Depositary shall in particular observe and comply with (i) Luxembourg Law and any other applicable laws and regulations for the time being in force, (ii) the depositary agreement (including any operating procedures agreed to from time to time between the Depositary and the Fund), and (iii) the terms of this PPM. Furthermore, in carrying out its role as depositary, CACEIS must act solely in the interest of the Shareholders.

In accordance with the depositary agreement, the Depositary is entitled to receive a fee calculated in accordance with normal banking practice in Luxembourg. Such fees are expressed in a percentage of the month end net assets value of the Fund and payable monthly and to a flat transaction fee on all operations relating to receipt or delivery of securities.

Each party may terminate the depositary agreement by giving at least three (3) months' notice to the other party. The depositary agreement may also be terminated upon the serving of a thirty (30) days’ prior written notice under the conditions and terms of the depositary agreement.

The Depositary may not be removed by the Fund until the Fund has appointed a replacement depositary. The duties of the Depositary, shall continue after its removal for such period as may be necessary to allow the transfer of all assets of the Fund to the succeeding depositary.

2.7. The Administration Agent

Caceis Bank Luxembourg Branch has furthermore been appointed by Impact Finance Fund as administration agent (the “Administration Agent”) in accordance with the administrative, registrar and transfer agency agreement dated as of 1 October 2014 (the “Administrative, Registrar and Transfer Agency Agreement”).

The Administration Agent is responsible for the processing of the calculation of the Net Asset Value, the maintenance of records and other general administrative functions.

The Administration Agent is also responsible for establishing the annual report of Impact Finance Fund.

In consideration for its services, the Administration Agent shall be paid a fee payable monthly in arrears out of the assets of Impact Finance Fund in accordance with common practice in Luxembourg.

The Administrative, Registrar and Transfer Agency Agreement may be terminated by either party upon ninety (90) Business Days’ prior written notice.

The Administration Agent is independent from the General Partner.

2.8. Auditors

Deloitte Audit has been appointed as Auditors of Impact Finance Fund and will audit Impact Finance Fund's annual financial statements as required by the Law.

IMPACT FINANCE

3. INVESTMENT OBJECTIVES AND POLICIES

3.1. Investment Strategy of Impact Finance Fund

The Market for Impact Investing

As a response to the current planetary and humanitarian challenges, there is a growing demand from investors seeking a dual advantage comprising of a positive financial performance and a positive impact for societies and the environment. For impact investing to be pertinent and real, transparency is key. Impact Finance Fund provides its investors with a better understanding of how their invested assets are generating positive social and environmental impact as the investments have a story to tell. The Impact Finance Fund has built a strong and collaborative relationship with the companies and entrepreneurs to ensure that their positive goals are met for all stakeholders. Impact Finance Fund is committed to accompanying and supporting their investees to ensure the best economic and impact results.

The impact investment market is gathering momentum especially in emerging and frontier countries. There are multiple factors underpinning the need for impact investing as it is a tool to address the major global challenges such as climate change, pollution and population growth. At Impact Finance we support companies whose activities support the livelihood of their communities while engaged in preserving and restoring the ecosystems. The companies invested through Impact Finance are committed to being regenerative businesses

Rationale for Impact Finance Fund

For the last two decades, impact investing has shown it was more than a trend, but a real necessity for the investment community to realize the externalities of their action in the present and the future beyond their pure net financial risk/return profile. Impact investment must be viewed from a long-term perspective considering their broader impact on stakeholders. Impact investing is based on an increasing demand of investors for transparency and positive consequences. In our different social activities, when we act as a citizen, a consumer, an employee, a donor, and obviously as a saver or an investor we want to be informed and ensure that what we do is responsible, what we consume contribute to sustainability and what we consume is healthy.

Since Impact Finance started the core driver of its work has been focused on building a portfolio addressing key challenges and on reporting in the best way possible on the Fund's positive impact. The open-ended structure of the Fund permits the generation of a well-balanced portfolio between short-term and long-term investments. Since inception in 2011, the Fund disbursed more than 300 million USD to 100 small and medium entreprises (SMEs).

Investment strategy of Impact Finance Fund

The Impact Finance Fund is an impact investing fund, its aim is to effectively contribute to solving pressing social and environmental problems and is thus at the forefront of sustainable investments.

There are multiple global challenges that the world is facing which need to be addressed to reverse growing inequalities in societies and decrease pressure on the ecosystems. Impact Finance focuses on three major, global and urgent challenges to address, and in helping companies to do business more consciously and sustainably as we are all part of the natural ecosystem:

- Increasing inequalities
- Overexploitation of natural resources
- Climate change

All these challenges can be summarized into the concept of Regenerative Businesses which basically aim at two things at the time: human well-being and planetary health. The aim of regenerative businesses is to have a net positive impact on the people and the planet. Building on a more than 10 years of research and experience in financing companies in Latin America and Europe, Impact Finance has defined five investment verticals which are the core sectors of regenerative businesses which the fund is focused on:

- Small-scale Producers: Inclusive companies working directly with small-scale producers in a win-win collaboration..
- Integrated farming: Farming companies that combine the use of modern technologies with natural practices to increase productivity while minimizing the use of chemicals and negative impact on the environment.. Also, these companies focus on creating job opportunities in rural areas, prioritizing jobs for women..
- Agroforestry: : Companies combining agriculture and forestry to create sustainable and productive land-use practices, with a focus on the regeneration of ecosystems..
- Circular Industry: Companies working to create innovative solutions for waste recovery. The optimization of flows of materials and energy derived in the circular industry helps to reduce the use of natural resources.
- Financial Inclusion: Companies providing innovative financial intermediation to entrepreneurs excluded from traditional financing services.

Impact Finance believes that these verticals have a significant market potential and therefore, by carefully selecting and financing companies that fit to these verticals, the Impact Finance Fund supports business-driven solutions to these challenges.

In pursuing this investment strategy, the Fund has sustainable investment as its objective and falls within the scope of Art. 9.2 of the SFDR. Detailed information about the Fund's sustainable investment objective is available in Annex I to this Private Placement Memorandum.

Effective Management of sustainability risk

The Fund strives to ensure the effective management of potential sustainability risks associated with its investments to do no significant harm to any area of environmental or social concern. Toward that end, the Fund has implemented and maintains a specific investment process and investees selection criteria (as described below under sections 3.2 "Investment Guidelines" and 3.3 "Investment Process") making a sustainability risk rating of each potential investment. Furthermore, each company financed by the Fund shall reach an acceptable sustainability rating for each three factors (i.e. environment, social and corporate governance) under the Kharmax Monitoring System.

ESG criteria and positive impact

The Fund intends to deliver a positive impact and it expects from portfolio companies the highest standards in terms of corporate social responsibility. To do so, it has developed two levels of analysis.

First, an ESG screening focused on ensuring that the companies the Fund finances are doing their best to do no harm. Since 2011, Impact Finance has put in place an internally developed monitoring tool called Kharmax Monitoring System to collect and store ESG data of portfolio companies and rate them.

Second, an assessment of the intended positive impact of each vertical. We have decided to focus on 5 of the 17 Sustainable Development Goals defined by the United Nations.

SDG # 8, Decent Work and Economic Growth is at the heart of our investment objective, it aims to promote inclusive and sustainable economic growth, full and productive employment as well as decent work for all. Each vertical is additionally linked to two supplementary specific SDGs.;

SDG # 10, Reduced Inequality focuses on reducing all types of inequalities, starting with economic inequality, but as well as gender, racial, geographic and intergenerational.

SDG # 12, Responsible Consumption and Production is mostly focused on the way product are produced by minimizing waste and maximizing natural resource efficiency allowing to the lower possible negative impact on the environment and ensuring healthy products for consumers and sustainable production for our borrowers.

SDG # 13, Climate Action is focused on the actions taken to limit the GHGs (Greenhouse Gases) emissions and to capture them as well as efforts to minimize climate change and its negative impact;

SDG # 15, Life on Land is focused on protecting, restoring and promoting sustainable use of terrestrial ecosystems, sustainably managing forests, combating desertification and recovering biodiversity.

Each vertical is related to three SDGs:

- Small-scale producers: SDG # 8, SDG # 10 & SDG # 15
- Integrated farming: SDG # 8, SDG # 10 & SDG # 12
- Agroforestry: SDG # 8, SDG # 13 & SDG # 15
- Circular industry: SDG # 8, SDG 12 & SDG 13
- Financial inclusion: SDG #8, SDG # 10 & SDG # 12

Methodology and indicators in terms of ESG and impact are reported yearly to the investors in the Fund's impact

report and published on www.impact-finance.com.

3.2. Investment Guidelines

Investment targets

Impact Finance Fund has defined the following investment criteria to ensure robust risk management and assessment for any project:

- Duly registered legal entity;
- Activity entering in the scope of Impact finance Fund investment strategy and verticals;
- Minimum B sustainability rating;
- Yearly sales or assets of minimum USD 2,000,000;
- A minimum existing track record in related activities of at least five years;
- Good governance and corporate practices (e.g. balance of power, presence of independent members, transparent and regular reporting);
- Strong and reliable management team.

Geographical Scope

Impact Finance Fund can invest in all countries worldwide but is focused on Latin America. The country diversification is subject to the risk diversification considerations set out in Table 1 below.

Value chain scope

Impact Finance Fund can invest in all value chains if they are related to the Fund's 5 verticals. Value chains are defined as the process or activities by which a product becomes "saleable on the market" including the production of its different component, logistics, marketing and retail. The value chain of avocadoes for example does not have the same production and market risks as the value chain of strawberries. We will strive to maintain a good balance between the different value chains to better manage the risk. The value chain diversification is subject to the risk diversification considerations set out in Table 1 below.

Role in the value chain scope

Impact Finance Fund can invest across the different roles in each value chain. The different roles are the following:

1. Producer;
2. Trader/processor;
3. Manufacturer;
4. Consumer brand owner/distributor;
5. Retailer.

The choice of that role always depends on the risks and opportunities of the specific value chain.

Financing Instruments

Impact Finance Fund offers a wide variety of products to the potential investees. Generally, the debt investments will be deployed progressively and match the financial projections of the companies invested in. This approach is expected to provide sound risk management as the financing will be deployed based on results and will be accompanied by control mechanisms for capital deployment and impact.

The size of the investments to a company will vary depending of the company' size and needs, between USD 1,000,000 and USD 10,000,000. However, this range is only indicative and may considerably vary over time as the Fund evolves in size.

The different debt strategies consist of the following length:

- Short-term debt (≤12 months)
- Medium-term debt (>12 months to <60 months);
- Long-term and mezzanine debt (≥60 months).

The Fund focuses mainly on debt with fixed returns. In case of mezzanine debt, royalties and/or variable interest rates based on company growth can be added to the fixed returns. In addition, in very specific and limited cases, it can invest in convertible notes or subordinated debt when it is judged as highly strategic for the Fund and/or if it is to protect the interests of the investors. The debt, aside promissory notes can take the form of term deposits or certificates of deposit. The Fund is also entitled to participate to syndicated loans or to offer credit guarantees and stand-by letters of credit if it is sensible for the investee and proves to lower the risk of the transaction.

Collaterals

Most of the debt operations are collateralized based on the type of operations they finance, mostly with sales contracts, with the inventory, with personal guarantees, with mortgages or with other type of guarantees when more suitable. Collaterals will be defined on a case-by-case basis, depending on the type of projects, the quality of the collateral offered and the feasibility of seizing it. The strategy to ensure the repayment of loans will be based on a close analysis and monitoring of the risk and generated cash flow as well as the development of a close relationship with the investees. In the event of default by an investee, the Fund will have the option to seize and thus to own the collateral during the liquidation period for settlement.

Liquidity management and other Investments

In addition to the targeted investment universe mentioned above, Impact Finance Fund can also invest in other instruments/platforms, mostly in order to manage Impact Finance Fund's liquidity and deploy hedging instruments to cover related risks. Such investments are expected to have a low risk profile. Alternatives include cash and money market investments with financial institutions and any other participation in liquid financial instruments (e.g. derivatives) or participations in other investment companies, as long as this serves Impact Finance Fund's liquidity and currency hedging strategy. Impact Finance Fund's portfolio mix in terms of maturity and repayment schedule will be designed, at the extent possible, in such way to maintain a regular cash flow and facilitate potential redemptions. Given the strong focus on the financing for operational scale-up in most of the cases, the financing requirements are expected to be in line with this approach. Impact Finance Fund shall not invest in total return swaps and securities financing transactions (i.e. repurchase transactions; securities or commodities lending/borrowing; buy-sell back/sell-buy back transactions; margin lending transactions) within the meaning of Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse.

Diversification Requirements and Investment Restrictions

The General Partner shall pursue the investment objectives and strategy of Impact Finance Fund in accordance with the following diversification principles:

Table 1 - Impact Finance Fund Risk Limits

Indicator	Limit
Cash, money market instruments and receivables of less than 3 months	At least 10% of the Gross Asset Value
The aggregate asset value of investments in one entity	Not more than 20% of the Gross Asset Value
The aggregate asset value of investments in a single country	Not more than 35% of the Gross Asset Value
The aggregate asset value of investments denominated in local currencies and not hedged	Not more than 15% of the Gross Asset Value

The above diversification guidelines shall only apply at the time when the relevant investment is disbursed and are not applicable when exercising subscription rights relating to Impact Finance Fund’s assets. If a breach of the diversification rules occurs as a result of the exercise of subscription rights or as a result of any events other than executing investments, the situation shall be remedied taking into consideration the Shareholders’ interests.

Target Size of the Fund

The target size of the Fund is USD 500,000,000 (“Fund’s Target Size”).

Such Fund’s Target Size may be amended by the General Partner from time to time as it deems relevant in the best interest of the Fund.

3.3. Investment Process

The investment process of the Fund is governed by two principles:

1. Separation of responsibilities between the portfolio management and the risk management

2. Simple and efficient process

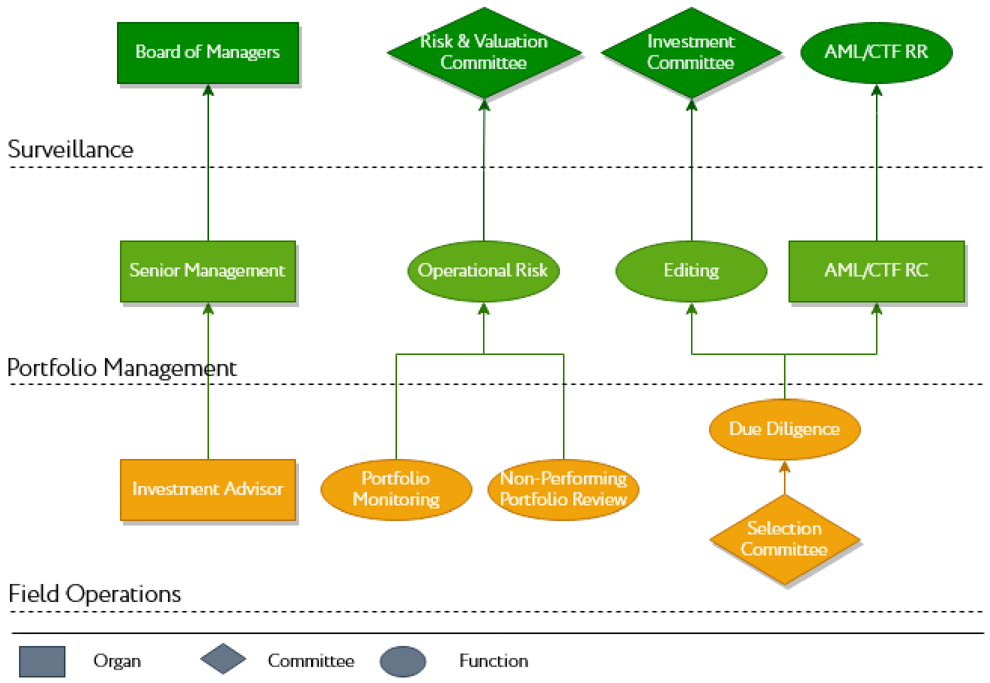


Figure 1 - Impact Finance Fund - Investment Process

There are three levels of activities: at the top the surveillance; in the middle the portfolio management; and at the bottom the field operations.

The Investment Advisor oversees the collection and the processing of the information in the field and transmits it to the Senior Management (as referred in the above figure). The initial due diligence and ongoing monitoring of portfolio companies systematically include:

- AML/CTF/PEP risk
- Country risk
- Counterparty risk
  - Organization (Shareholders, Governance, Management, Human Resources)
  - Economics (Assets, Liabilities, Income Statement, Cash Flow)
  - Value Chain (Supply, Product, Process, Market)
  - Sustainability risks (as defined in section 9.9. "Risk Warnings")
- Sustainability rating
- Impact assessment

The Senior Management (as referred in the above figure) is in charge of the day-to-day management of the Fund, and in particular of ensuring the quality of the information transmitted to the surveillance level. The surveillance level is in the hands of the Board of Managers and its two (2) committees, the Risk & Valuation Committee and the Investment Committee.

Remuneration of members of the Board of Managers and members of the Board Committees shall not favour excessive risk taking, not limited to but explicitly with respect to sustainability risks.

3.4. Borrowings

Impact Finance Fund may borrow the equivalent of up to ten percent (10%) of its Net Asset Value for temporary liquidity management purposes at market conditions from well-established credit institutions, usually with short term maturities.

Impact Finance Fund may also borrow long-term facilities from established financial providers focusing on impact investing, in order to leverage its activities up to fifty percent (50%) of the Net Asset Value.

The General Partner shall consult the general meeting of Shareholders for prior approval in respect of any decision to borrow more than ten percent (10%) of the Net Asset Value.

3.5. Currency and Interest Rate Hedging

Impact Finance Fund offers share classes in three different currencies to its Shareholders: CHF, EUR and USD. Impact Finance Fund's investments will be denominated both USD and in local currencies, wherever the rationale is strong to support such a choice.

In order to protect its present and future assets and liabilities against the fluctuation of currencies and hedge interest rate risks, Impact Finance Fund may invest in derivative instruments, including but not limited to financial futures contracts, options (on currencies and interest), forward contracts (including foreign exchange contracts), and swaps (foreign exchange swaps, interest rate swaps).

To the extent possible, investments in USD will be the first option considered by Impact Finance Fund. However, Impact Finance Fund will also consider investments in local currencies if, given the characteristics of the projects, investments in local currency are more adequate.

Impact Finance Fund will enter into currency hedging transactions for two distinct purposes:

(1) Portfolio hedging: When investments in Impact Finance Fund are made in currencies other than the Reference Currency, such currencies may be hedged into the Reference Currency of Impact Finance Fund with available hedging instruments for the maturity of the investment in question.

(2) Share class hedging: the Net Asset Value of each Class having a currency different from Impact Finance Fund's Reference Currency shall be hedged into the Reference Currency with available hedging instruments on a monthly basis, coinciding with the Valuation Date.

4. DEALING IN SHARES

4.1. Share Capital

Junior and Senior Shares

The Fund may issue successive Classes of Shares subject to the conditions described in section 4.2 "*Offering details*".

The Fund may offer distributing Shares and non-distributing Shares and the PPM shall indicate whether Shares confer the right to dividend distributions (Distribution Shares) or do not confer this right (Capitalisation Shares). Distribution Shares and Capitalisation Shares issued within the Fund will be represented by different Share Classes. Capitalisation Shares capitalise their entire earnings whereas Distribution Shares pay dividends.

For the time being, the following Shares will be issued, each evidencing a different level of risk:

1. Class Junior Shares (Class D Shares)
The junior class D Shares ("Class Junior Shares") will be Capitalisation Shares. Class Junior Shares will be issued in successive Tranches, bear, pro rata to their respective NAV, all the following unrealised or realised capital losses of the Fund until the NAV of Class Junior Shares has been fully depleted (as the case may be):

- The first net losses as regards debt investments, with respect to all provisions on principal;
- Any other unrealised or realised capital losses allocated to all Share Classes *pro rata* to their respective NAV;
- Write backs on unrealised investments and any realised or unrealised capital gains shall be allocated to the respective Tranches of Class Junior Shares in the order, priority and limits as set out below under section *"Allocation of Capital Gains and Write Backs".*

2. Class Senior Shares (Class A, B, C, E, F and G Shares)
Shareholders in the Class Senior Shares will have the possibility to subscribe either to Distribution Shares or Capitalisation Shares.

The Class Senior Shares will be composed of the following Classes:

- Capitalisation Shares:
  - Standard: A, B and, C Shares.
  - Institutional: E, F and, G Shares.
- Distribution Shares:
  - Standard: A, B and, C Shares.
  - Institutional: E, F and, G Shares.

The Class Senior Shares bear, pro rata to their respective NAV:

- The net losses as regards debt investments, with respect to all provisions on principal, only if the NAV of all Class Junior Shares has been reduced to zero;
- Any other unrealised or realised capital losses allocated to all Share Classes *pro rata* to their respective NAV;
- Write backs on unrealised Investments and any realised or unrealised capital gains shall be allocated to the Class Senior Shares in the order, priority and limits as set out below under section *"Allocation of Capital Gains and Write Backs".*

Allocation of capital gains and write backs

As of each Valuation Date, any year-to-date realised or unrealised capital gains or any year-to-date write backs on previously provisioned capital shall be allocated in the following order, priority and limits:

- First to Class Senior Shares *pro rata* to their respective NAV if related capital losses were borne by these shares in a context where Class Junior Shares were inexistent or their NAVs reduced to zero ; thereafter
- To each Tranche of Class Junior Shares *pro rata* to the number of Shares of each Tranche until all Class Junior Shares entirely recover the related capital loss; thereafter
- Any additional capital gain or write back will be allocated to all shares *pro rata* to their respective NAV.

Allocation of all other income

For each Valuation Date, after accruing the expenditure, interest and other income from investments shall be allocated to all Share Classes *pro rata* to their respective NAV.

4.2. Offering details

Minimum Initial and Subsequent Subscription Amounts

The minimum initial subscription amount for A, B and C shares is set at EUR 125,000 or the equivalent in CHF and USD for Share classes denominated in these other currencies, unless the General Partner decides otherwise.

The minimum subsequent subscription amount for A, B and C shares is set at EUR 25,000 or the equivalent in CHF and USD for Share classes denominated in these other currencies, unless the General Partner decides otherwise.

The minimum initial subscription amount for E shares is set at EUR 3,500,000, unless the General Partner decides otherwise.

The minimum initial subscription amount for F shares is set at CHF 3,500,000, unless the General Partner decides otherwise.

The minimum initial subscription amount for G shares is set at USD 3,500,000, unless the General Partner decides otherwise.

The minimum subsequent subscription amount for E, F and G shares is set at USD 100,000 or the equivalent in EUR and CHF for Share classes denominated in these other currencies, unless the General Partner decides otherwise. For the avoidance of doubt, all minimum initial and subsequent subscription amounts referred to above apply to both, Capitalisation Shares and Distribution Shares within the Class Senior Shares.

The minimum subscription amount for Class Junior Shares is set at USD 500,000, unless the General Partner decides otherwise.

Applications may be made prior to any Valuation Date (or on such other days as the General Partner may from time to time determine, at its sole discretion), provided that the Subscription Documents received by the Administration Agent are compliant to the notice requirements below. The General Partner may at its sole discretion discontinue the issue of new Shares in any Class at any time.

Subscription applications must refer to amounts and not to number of shares.

Prior Notice Requirements

Class Senior Shares

The Subscription Documents must be received by the Administration Agent by no later than 3:00 p.m. (Luxembourg time) the third Business Day preceding the Valuation Date failing which the application will be treated on the next Valuation Date. The General Partner may, at its sole discretion, waive the prior notice requirements with regard to any application for subscription, provided that all Investors are subject to equal treatment.

Class Junior Shares

The Subscription Documents must be received by the Administration Agent by no later than 3:00 p.m. (Luxembourg time) the tenth Business Day preceding the Valuation Date failing which the application will be treated on the next Valuation Date. The General Partner may, at its sole discretion, waive the prior notice requirements with regard to any application for subscription, provided that all Investors are subject to equal treatment.

Subscription Price Per Share

Class Senior Shares

- *Capitalisation Shares:*

The subscription price per Capitalisation Share of each Class is based on the Net Asset Value per Share of such Class, determined as at the relevant Valuation Date increased at the sole discretion of the General Partner by any applicable entry charge up to a maximum of 3% of the Net Asset Value in favour of any placing agent.

- *Distribution Shares:*

The initial subscription price per Share of each Distribution Shares will be the subscription price (*i.e.* applicable Net Asset Value) per Share applicable to the relevant Capitalisation Shares within the same Shares Class.

Thereafter, the subscription price per Distribution Share of each Class will be at the relevant Net Asset Value determined as at the relevant Valuation Date. The subscription price can, at the sole discretion of the General Partner, be increased by any applicable entry charge up to a maximum of 3% of the Net Asset Value in favour of any placing agent.

Class Junior Shares

The subscription price per Share of the Class Junior Shares is USD 1,000.00 and can be increased at the sole discretion of the General Partner by any applicable entry charge up to a maximum of 3% of such initial value in favour of any placing agent. Each Class Junior Share subscription will be accounted as a new Tranche of Class Junior Shares with its own Net Asset Value.

Subscription in kind

The General Partner may decide to issue Shares against contribution in kind in accordance with Luxembourg law. In particular, in such case, the assets contributed must be valued in a report issued by the Auditors. Any costs incurred in connection with a contribution in kind shall be borne by the relevant Shareholder.

Payment of Subscription Price

The full subscription price of the Shares subscribed must be received in cleared funds by the Depositary or its agent in the reference currency of the Class concerned no later than the second Business Day preceding the relevant Valuation Date.

Acceptance of Subscriptions

The General Partner reserves the right to accept or refuse any application to subscribe Shares in whole or in part.

Suspension of Subscriptions

The General Partner will suspend the subscription of Shares of any Class at least whenever the determination of the Net Asset Value of such Class is suspended.

Restrictions on Ownership

Shares are, in accordance with the requirements of the Law exclusively restricted to Investors who qualify as Professional Investors, and Qualified Investors.

Anti-money Laundering and Counter Terrorist Financing Provisions

Pursuant to Luxembourg law and circulars of the Luxembourg regulator, professional obligations have been outlined to prevent the use of UCIs for money laundering purposes. As a result of such provisions, the registrar of a Luxembourg UCI must ascertain the identity of the subscriber unless the subscription order has come through another professional of the financial sector subject to identification requirements equivalent to those required by Luxembourg law. Accordingly, the Administration Agent may require subscribers to provide a certified copy of their passport, identity card or driving licence and for subscribers who are corporate or legal entities, an extract from the registrar of companies or articles of incorporation or other official documentation. In any case, the Administration Agent may require, at any time, additional documentation relating to an application for Shares. Such information shall be collected for compliance reasons only and shall not be disclosed to unauthorised persons. The Subscription Documents will contain additional procedures that must be followed by each potential investor in order to be compliant with regulations aimed at the prevention of money laundering applicable to Impact Finance Fund.

In case of refusal by an Investor to provide the documents required, the application for subscription will not be accepted.

The Fund is subject to the obligation to file information on the natural persons considered as their beneficial owners (as defined in the Luxembourg law of 12 November 2004 on the fight against money laundering and terrorist financing) in the register of beneficial owners in Luxembourg established pursuant to the Luxembourg law of 13 January 2019. Any person considered as a beneficial owner of the Fund is legally required to provide the necessary information for filing with the register of beneficial owners.

The Fund is also required to apply precautionary measures regarding the assets of the Fund pursuant to the Luxembourg law of 12 November 2004 on the fight against money laundering and terrorist financing. The Fund shall identify, assess and understand, using a risk-based approach, the extent to which its activities, transactions, products, services and delivery channels present potential risks to placement, layering or integration of criminal proceeds into the financial system.

How to Subscribe

In addition to this PPM, each potential investor shall receive a set of Subscription Documents and instructions for subscribing. In order to subscribe for Shares, you must complete the applicable Subscription Documents, and return the original Subscription Documents to the Administration Agent with a copy to the General Partner.

4.3. Redemptions

Redemption Procedure

Subject to the restrictions provided in this PPM, any Shareholder may apply for the redemption of some or all of his Shares or of a fixed amount. Shares will be redeemed on a “first-in, first-out” basis. If the value of a Shareholder's holding on the relevant Valuation Date is less than the fixed amount which the Shareholder has applied to redeem, the Shareholder will be deemed to have requested the redemption of all of his Shares.

Prior Notice Requirements

The application for redemption must be received by the Administration Agent by no later than 5:00 p.m. (Luxembourg time) at least ninety (90) days before the relevant Valuation Date failing which the application will be treated on the next Valuation Date. The General Partner may, at its sole discretion, waive these prior notice requirements for any application for redemption, provided that all Shareholders are subject to equal treatment.

Minimum Holding Amount

The minimum holding amount is set at EUR 125,000 or the equivalent in CHF and USD for Share classes denominated in these other currencies, unless the General Partner decides otherwise. Following a transfer of shares, the minimum holding amount will not have necessarily to be respected, to the condition that the transferee qualifies as Professional Investor and Qualified Investor.

Redemption Price per Share

The Redemption Price per Share of each Class is based on the Net Asset Value per Share of such Class determined as at the relevant Valuation Date.

Payment of Redemption Proceeds

Redemption proceeds are normally paid in the reference currency of the relevant Class within thirty (30) Business Days after the relevant Valuation Date.

Redemptions in kind

In exceptional circumstances, the General Partner may request that a Shareholder accepts redemption in kind i.e. receives a portfolio of stocks from the relevant Class of equivalent value to the appropriate cash redemption payment. In such circumstances, the Shareholder must specifically accept the redemption in kind. He may always request a cash redemption payment in the reference currency of the Class. Where the Shareholder agrees to accept redemption in kind he will, as far as possible, receive a representative selection of the Class' holdings pro rata to the number of Shares redeemed and the General Partner will make sure that the remaining Shareholders do not suffer any loss there from. The value of the redemption in kind will be certified by a certificate drawn up by the Auditors of Impact Finance Fund. The specific costs for such redemptions in kind, in particular the costs of the special audit report, will have to be borne by the Shareholder or by a third party, but will not be borne by Impact Finance Fund.

Compulsory Redemption of Shares

If the General Partner becomes aware that a Shareholder is not a Professional Investor or Qualified Investor or is no more a Professional Investor or Qualified Investor or is holding Shares for the account of a person who does not meet the Shareholder eligibility requirements specified in this PPM, or is holding Shares in breach of any law or regulation or otherwise in circumstances having, or which may have, adverse regulatory, tax or fiscal consequences for Impact Finance Fund or a majority of its Shareholders, or otherwise be detrimental to the interests of Impact Finance Fund, the General Partner may compulsorily redeem such Shares in accordance with the provisions of the Articles. Shareholders are required to notify Impact Finance Fund and the Administration Agent immediately if they cease to meet the Shareholder eligibility requirements specified in this PPM, or hold Shares for the account or benefit of any person who does not or has ceased to meet such requirements, or hold Shares in breach of any law or regulation or otherwise in circumstances having, or which may either have adverse regulatory, tax or fiscal consequences for Impact Finance Fund or be detrimental to the interests of Impact Finance Fund.

If the General Partner becomes aware that a Shareholder has failed to provide any information or declaration required by the General Partner within 10 (ten) days of being requested to do so, the General Partner may compulsorily redeem the relevant Shares in accordance with the provisions of the Articles.

<u>Large Redemptions</u>

If, on any Valuation Date, redemption requests relate to more than ten percent (10%) of the Net Asset Value of the Impact Finance Fund, the General Partner may decide that part or all of such requests for redemption will be deferred for such period as the General Partner considers being in the best interest of Impact Finance Fund. All of such deferred redemption requests will be dealt with on the basis of the Net Asset Value determined as at the next Valuation Date following such deferral period, with priority over subsequent redemption requests received for this succeeding Valuation Date but subject always to the ten percent (10%) limit. In the case of a deferral of only a part of the redemption requests, the limitation will be applied pro rata to all redeeming Shareholders so that the proportion redeemed of each holding so requested is the same for all Shareholders.

<u>Lack of Liquidity</u>

In exceptional circumstances relating to a lack of liquidity of certain investments made by Impact Finance Fund and the related difficulties in determining the Net Asset Value of the Shares, the payment of redemption proceeds may be postponed and/or the issue and redemptions of Shares suspended by the General Partner. Although the General Partner will seek to select investments the liquidation of which is possible within a reasonable time frame, there is no assurance that the liquidity of the investments will always be sufficient to meet redemption request as, and when made. Any lack of liquidity may affect the liquidity of the Shares of Impact Finance Fund and the value of its investments.

For such reasons the treatment of redemption requests may be postponed in exceptional circumstances including if a lack of liquidity may result in difficulties to determine the Net Asset Value of the Shares of Impact Finance Fund and consequently a suspension of issues and redemptions of the Shares of Impact Finance Fund.

<u>Suspension of Redemptions</u>

Redemption of Shares of any Class will be suspended whenever the determination of the Net Asset Value of such Class is suspended in the conditions in section **5.2** ("Suspension of the Calculation of the Net Asset Value").

<u>Revocability of Redemption Requests</u>

In normal circumstances, applications for redemptions of Shares are irrevocable and may not be withdrawn by any Shareholder. In the event of suspension of the determination of the Net Asset Value or in cases of a lack of liquidity, the Shareholders who have made an application for redemption of their Shares, may give written notice to Impact Finance Fund that they wish to withdraw their application. The General Partner may, at its sole discretion and taking due account of the principle of equal treatment between Shareholders and the interest of Impact Finance Fund, decide to accept any withdrawal of an application for redemption.

4.4. Conversions

Possibility of Conversion

Shareholders may ask to convert all or part of the Shares which they hold in a Class into Shares of another Class.

Irrevocability of Conversion Requests

Any request for conversion shall be irrevocable and may not be withdrawn by any Shareholder in any circumstances, except in the event of a suspension of the determination of the Net Asset Value. In the event of a suspension, Impact Finance Fund will process the conversion requests on the first applicable Valuation Date following the end of the period of suspension.

Conditions

Acceptance of any application for conversion is contingent upon the satisfaction of any conditions (including any minimum subscription and prior notice requirements) applicable to the Class into which the conversion is to be effected. If, as a result of a conversion, the value of a Shareholder's holding in the new Class would be less than any minimum holding amount specified for this Class (if applicable), the General Partner may decide not to accept the conversion request. If, as a result of a conversion, the value of a Shareholder's holding in the original Class would become less than the minimum holding amount specified for this Class, the General Partner may decide that such Shareholder shall be deemed to have requested the conversion of all of his Shares.

Notwithstanding the foregoing, the General Partner shall reserve the right to decline any conversion request at its discretion.

Prior Notice Requirements

Unless specifically otherwise provided, the prior notice requirements for subscriptions as specified above shall be applicable to conversion requests.

Conversion Value

The number of full and fractional Shares issued upon conversion is determined on the basis of the Net Asset Value per Share of each Class concerned as at the common Valuation Date on which the conversion request is effected. If there is no common Valuation Date for any two Classes, the conversion is made on the basis of the Net Asset Value determined as at the next following Valuation Date of the Class of Shares to be converted and as at the following Valuation Date of the Class into which conversion is requested, or on such other days as the General Partner may reasonably determine.

Conversion Fee

The General Partner may, at its sole discretion, charge a conversion fee of up to a maximum of 3% of the relevant Net Asset Value in favour of Impact Finance Fund.

4.5. Transfer of Shares

Transfer of Shares may only be carried out if the transferee qualifies as a Professional Investor and Qualified Investor. The minimum amount for a transfer of shares is of EUR 25,000 or the equivalent in USD or CHF. Any transfer of Shares is subject to the approval from the General Partner which shall not be unduly withheld.

5. NET ASSET VALUE

5.1. Calculation of Net Asset Value

The Net Asset Value per Share is determined on any Valuation Date.

The Net Asset Value per Share of each Class shall be expressed in the currency of such Class and is determined in respect of any Valuation Date by dividing the net assets corresponding to each Class, being the value of the total of the assets attributable to that Class less the total liabilities attributable to that Class, by the total number of Shares of that Class then outstanding. The Net Asset Value per Share may be rounded up or down to the nearest hundredth of the Reference Currency as the General Partner shall determine.

In calculating the Net Asset Value, income and expenditure are treated as accruing from day-to-day.

The value of assets, liability, income and expenses is generally determined in accordance with Luxembourg generally accepted accounting principles ("GAAP").

Assets will be valued in accordance with the following principles.

a) Debt instruments not listed or dealt in on any stock exchange or any other regulated market will be initially valued at the fair value, normally the transaction price to originate or acquire the asset through contribution or otherwise, then valued subsequently at amortized cost less an impairment provision if any. This impairment provision is defined as the amount measured at the initial recognition minus the principal repayments, plus or minus the cumulative amortization using the "effective interest rate method" of any difference between that initial amount and the maturity amount, and minus any write down for impairment. The General Partner will use best endeavours to continually assess the method of calculating any impairment provision and recommend changes, where necessary, to ensure that such provision will be valued appropriately as determined in good faith by the General Partner.
b) The valuation of private equity investments (such as equity, subordinated debt) will be based on generally accepted guidelines including but not limited to the International Private Equity and Venture Capital Valuation Guidelines issued in March 2005, or any subsequent update of such guidelines, and is conducted with prudence and in good faith.
c) Units or shares of open-ended undertakings for collective investment ("UCIs") will be valued at their last official net asset values, as reported or provided by such UCIs or their agents, or at their last unofficial net asset values (i.e. estimates of net asset values) if more recent than their last official net asset values, provided that the due diligence has been carried out by the General Partner as to reliability of such unofficial net asset values. The Net Asset Value calculated on the basis of unofficial net asset values of target UCIs may differ from the net asset value which would have been calculated, on the relevant Valuation Date, on the basis of the official net asset values determined by the agents of the target UCIs. The net asset value is final and binding notwithstanding any different later determination. Other valuation methods may be used to adjust the price of these units or shares if, in the opinion of the General Partner, there have been changes in the value since the net asset value has been calculated or the valuation method used by the UCIs is not appropriate to reflect the fair value thereof. Units or shares of quoted closed-ended UCIs shall be value at their last available stock market value.
d) The value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received shall be deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such discount as the General Partner may consider appropriate in such case to reflect the true value thereof.
e) The value of assets which are listed or dealt in on any stock exchange is based on the last available price on the stock exchange which is normally the principal market for such assets.
f) The value of assets dealt in on any other Regulated Market is based on the last available price.

g) In the event any assets are not listed or dealt in on any regulated market or stock exchange in another State or in another regulated market, the value of such assets will be based on the reasonable foreseeable sales price determined prudently and in good faith.
h) In the event that, for any assets, the price as determined pursuant to subparagraph a), d), e) or f) is not representative of the fair market value of the relevant assets, the value of such assets will be based on the reasonably foreseeable sales price determined prudently and in good faith by the General Partner.

For the purpose of determining the value of Impact Finance Fund's assets, the Administration Agent may rely upon such automatic pricing services as it shall determine or, if so instructed by the General Partner and with the approval of the Administration Agent, it may use information received from various professional pricing sources. In such circumstances, the Administration Agent shall not, in the absence of manifest error on the part of the Administration Agent, be responsible for any loss suffered by Impact Finance Fund or any Shareholder by reason of any error in the calculation of the Net Asset Value of the Shares resulting from any inaccuracy in the information provided by such professional pricing sources.

Furthermore, in calculating the Net Asset Value of the Shares, the Administration Agent shall use reasonable endeavours to verify pricing information supplied by the General Partner, but investors should note that in certain circumstances it may not be possible or practicable for the Administration Agent to verify such information. In such circumstances, the Administration Agent shall not be liable for any loss suffered by Impact Finance Fund or any Shareholder by reason of any error in the calculation of the Net Asset Value of the Shares resulting from any inaccuracy in the information provided by the General Partner.

In circumstances where one or more pricing sources fails to provide valuations for an important part of the assets to the Administration Agent preventing the latter to determine the subscription and redemption prices, the Administration Agent shall inform the General Partner who may decide to suspend the Net Asset Value calculation.

The General Partner may, at its sole discretion, permit some other method of valuation to be used if it considers that such method of valuation better reflects the fair value of any assets and is in accordance with good accounting practice.

The value of assets and liabilities denominated in a currency other than the reference currency of a Class shall be determined by taking into account the rate of exchange prevailing at the time of determination of the Net Asset Value. If such quotations are not available, the rate of exchange will be determine in good faith by or under procedures established by the General Partner.

The General Partner has delegated to the Administration Agent the determination of the Net Asset Value and the Net Asset Value per Share.

5.2. Suspension of the Calculation of the Net Asset Value

Impact Finance Fund or the General Partner may temporarily suspend the calculation of the Net Asset Value and in consequence the issue, redemption and conversion of Shares in any of the following events:

- during any period when any one of the stock exchanges or other principal markets on which a substantial portion of the assets of Impact Finance Fund, from time to time, is quoted or dealt in is closed (otherwise than for ordinary holidays) or during which dealings therein are restricted or suspended provided that such restriction or suspension affects the valuation of the investments of Impact Finance Fund quoted thereon; or
- during any period when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the General Partner, or the existence of any state of affairs which constitutes an emergency in the opinion of the General Partner, disposal or valuation of the assets held by Impact Finance Fund is not reasonably practicable without this being seriously detrimental to the interests of

Shareholders, or if in the opinion of the General Partner, the issue and, if applicable, redemption prices cannot fairly be calculated; or

- during any breakdown in the means of communication or computation normally employed in determining the price or value of any of the investments of Impact Finance Fund or the current prices or values on any stock exchanges or other markets in respect of the assets attributable to Impact Finance Fund; or
- during any period when Impact Finance Fund is unable to repatriate funds for the purpose of making payments on the redemption of Shares or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of Shares of Impact Finance Fund cannot, in the opinion of the General Partner, be effected at normal rates of exchange; or
- from the time of publication of a notice convening an extraordinary general meeting of Shareholders for the purpose of winding up Impact Finance Fund, or merging Impact Finance Fund; or
- when for any other reason, the prices of any investments owned by Impact Finance Fund cannot be promptly or accurately ascertained. Notice of the beginning and of the end of any period of suspension shall be given by Impact Finance Fund to all the Shareholders affected, i.e. having made an application for subscription or redemption of Shares for which the calculation of the Net Asset Value has been suspended.

Any application for subscription, redemption or conversion of Shares is irrevocable except in those cases described in sections **3.2** Redemption and **3.3** Conversion, in which case Shareholders may give written notice that they wish to withdraw their application. If no such notice is received by Impact Finance Fund, such application will be dealt with on the first Valuation Date following the end of the period of suspension of the application.

Any such suspension shall be published, if appropriate, by the General Partner and shall be notified to Shareholders having made an application for subscription and redemption of Shares for which the calculation of the Net Asset Value has been suspended.

6. FEES AND EXPENSES

6.1. Management Fee

The General Partner shall be entitled to receive from Impact Finance Fund a Management Fee in respect of the management services provided equal to a maximum of 2.50% per annum of the Net Asset Value at the end of the relevant calendar month for Share Class A, B and C and equals to a maximum of 1.6% per annum of the Net Asset Value at the end of the relevant month for Share Class D, E, F and G, plus a Performance Fee as referred to below, if applicable.

The management fee shall be calculated at the end of the relevant calendar month and payable monthly in arrears.

The General Partner may, at its sole discretion, rebate a portion of this management fee to any sales agent, consultant, Shareholder or other intermediary without any disclosure obligation in that respect.

6.2. Advisory fee

The Investment Advisor shall be entitled to receive an advisory fee paid by the General Partner.

6.3. Performance Fee

In addition, the General Partner will receive from Impact Finance Fund and payable out of the assets attributable to the relevant Classes of Shares, a performance fee calculated from the last Valuation Date of the year for the Class A, B, C, E, F, G Shares (the "Performance Fee").

The Performance Fee will be calculated annually (a "Calculation Period"). The Performance Fee in respect of each Calculation Period will be calculated by reference to (a) the audited Net Asset Value per Share and (b) the highest Net Asset Value per Share in the preceding financial year following the calculation of the Performance Fee (the "High Watermark"), before making any deduction for accrued Performance Fees and which is, as the case may be, further adjusted to take into account all subscriptions and redemptions. For the avoidance of doubt, artificial increases or variations resulting from new subscriptions or redemptions will not be taken into account when calculating the performance.

The High Watermark shall be determined in accordance with the following principles:

(i) For the Calculation Period of the Share Classes A, B, C, E, F, and G, of the financial year 2024 (i.e. 01.01.2024 until 31.12.2024), the High Watermark is the NAV per Share as of the last Valuation Date of the financial year 2023.
(ii) For the first Calculation Period of a new Share Class the initial NAV per Share of the relevant Share Class will be used as the High Watermark.
(iii) For any subsequent Calculation Periods, the High Watermark shall be NAV per Share at the end of the last Calculation Period where a Performance Fee is due in accordance with this Section.

The Performance Fee will only be due if the appreciation in the Net Asset Value per Share during that Calculation Period:

1. exceeds the High Watermark;

and

2. equals or exceeds the relevant Hurdle Rate which is defined as follows:
- three per cent (3%) per year for Class “E” Shares, for Class “F” Shares and for Class “G” Shares; and
- three point nine per cent (3.9%) per year for Class “A” Shares, for Class “B” Shares, and for Class “C” Shares (the “Hurdle Rates”).

The Performance Fee shall amount to twenty per cent (20%) of any appreciation in the Net Asset Value per Share equal or superior to both the High Watermark and the relevant Hurdle Rate during that Calculation Period (*i.e.* cumulative conditions).

The Performance Fee will be provisioned monthly and will be payable to the General Partner in arrears within thirty (30) days of the publication of the audited report.

If the appointment of the General Partner is terminated during a Calculation Period the Performance Fee for the current Calculation Period will be calculated until the date of termination of such appointment.

6.4. Depositary and Administration Agent Fee

The Depositary and the Administration Agent are entitled to receive out of the assets of Impact Finance Fund fees calculated in accordance with normal banking practice in Luxembourg.

In addition, the Depositary and the Administration Agent are entitled to be reimbursed by Impact Finance Fund for their respective reasonable out-of-pocket expenses properly incurred in carrying out their duties as such and for the charges of any correspondents.

All the above charges are subject to review by the General Partner and the service providers from time to time.

6.5. Risk Premium

As of each Valuation Date, the Class Senior Shares will pay a fee to the Class Junior Shares (“Risk Premium”) corresponding to 0.175% of the Class Senior Shares NAV (or 0.7% per annum) as a compensation for the higher risk taken by the Class Junior Shares. The income from the Risk Premium shall be allocated to each Tranche of Class Junior Shares *pro rata* to the number of Shares of each Tranche.

6.6. Other Fees and Expenses

Impact Finance Fund will pay or reimburse its General Partner for the costs and expenses (i) of all transactions carried out by it or on its behalf and (ii) of the administration of Impact Finance Fund and all operating expenses of Impact Finance Fund, including (a) the charges and expenses of legal advisers and auditors, (b) brokers' commissions (if any) and any issue or transfer taxes chargeable in connection with any securities transactions, (c) all taxes and corporate fees payable to governments or agencies for Impact Finance Fund or with regard to any of the assets held by Impact Finance Fund, (d) interest on borrowings and costs relating to borrowings that the General Partner entered into on behalf of Impact Finance Fund (if any), (e) communication expenses with respect to investor services and all expenses of meetings of Shareholders and of preparing, printing and distributing financial and other reports, proxy forms, PPMs, brochures and similar documents, (f) the cost of insurance for Impact Finance Fund or the members of the Board of Managers, (g) litigation and indemnification expenses and extraordinary expenses not incurred in the ordinary course of business, being inter alia the cost of obtaining and maintaining the listing of the Shares, as the case may be and marketing and promotional expenses, (h) any legal expenses, (i) the expenses of the members of the Board of Managers and other attendees of meetings of the Board of Managers such as travelling and hotel costs, with a cap of USD 25,000 annually, (j) all other organisational and operating expenses, including fees paid and expenses reimbursed to independent member(s) of the Board of managers, with a cap of USD 30,000 annually, (k) third party consultants and other third party professional remuneration, fees and expenses, personnel (including committee members) that perform functions specific to Impact Finance Fund and their related remuneration and operational expenses, and all other miscellaneous expenses that the General Partner in good faith determines to be Impact Finance Fund expenses, (l) all trading and investment-related costs and expenses, (m) all fees or costs required to protect or preserve any investment held by Impact Finance Fund as determined in good faith by the General Partner, (n) all fees and other expenses incurred in connection with the investigation, prosecution or defence of any claims by or against Impact Finance Fund, (o) employee compensation and benefits, rent, office equipment, insurance, utilities, and telephone that may be required in order to service the needs of Impact Finance Fund, and (p) other expenses in connection with the business of Impact Finance Fund.

The General Partner may from time to time pay for any of the foregoing expenses or waive its right to reimbursement for any such expenses, as well as terminate any such voluntary payment or waiver of reimbursement.

6.7. Formation and launch expenses of Impact Finance Fund

The total costs and expenses of establishing Impact Finance Fund were estimated not to exceed USD 100,000 at the time of the launch of the Fund. These costs and expenses were borne by the Fund and have now been fully amortized.

7. DISTRIBUTION POLICY

Considering the investment objective of Impact Finance Fund, the Impact Finance Fund's operating plan in general does not contemplate payment of dividends to Shareholders. However, the General Partner may decide at its sole discretion to pay dividends to the Shareholders, pro-rata to their holdings in the Impact Finance Fund.

Whenever dividends are distributed to holders of Distribution Shares, their Net Asset Value per Share will be reduced by an amount equal to the amount of the dividend per Share distributed, whereas the Net Asset Value per Share of Capitalisation Shares will remain unaffected by the distribution made to holders of Distribution Shares.

The Fund shall determine how the earnings of Distribution Shares shall be distributed and may declare distributions from time to time, at such time and in relation to such periods as the Fund shall determine, in the form of cash or Shares, in accordance with the dividend distribution policy adopted for such Distribution Shares. Dividend distributions are not guaranteed with respect to any Share Class. In any event, no distribution may be made if, as a result, the total Net Asset Value of the Fund would fall below the minimum share capital required by the Law which is currently EUR 1,250,000. If requested by a Shareholder, dividends declared with respect to its Distribution Shares will be reinvested in Shares of the same Share Class and such Investor will be advised of the details by a dividend statement.

No interest shall be paid on dividend distributions declared by the Fund which have not been claimed. Dividends not claimed within five years of their declaration date will lapse and revert to the relevant Share Class.

8. TAXATION AND DATA PROTECTION

8.1. Taxation

The following is a general description of certain Luxembourg tax considerations relating to the purchase, holding and disposal of Shares in Impact Finance Fund. This summary does not purport to be a complete analysis of all possible tax situations that may be relevant for a decision to purchase the Shares. Prospective purchasers should consult their own tax advisers as to the applicable tax consequences of the purchase and the ownership of the Shares, based on their particular circumstances. No conclusions should be drawn with respect to issues not specifically addressed by this summary. This summary is based on the laws, regulations and applicable tax treaties as in effect in Luxembourg on the date hereof, all of which are subject to change, possibly with retroactive effect. It is not intended to be, nor should it be construed to be, legal or tax advice. Prospective purchasers should therefore consult their own advisers as to the effects of any local laws, including Luxembourg tax law, to which they may be subject.

Taxation of Impact Finance Fund

Impact Finance Fund is not liable to any Luxembourg tax other than a fixed registration tax and an annual subscription tax (*taxe d'abonnement*).

A fixed registration tax of EUR 75 will be payable upon incorporation and for the subsequent modification of the articles of incorporation of Impact Finance Fund.

The annual subscription tax of 0.01% will be levied on the Net Asset value of Impact Finance Fund as computed on the last Valuation Date of each calendar month. The subscription tax is payable in quarterly instalments.

No withholding tax is applicable on distributions made by Impact Finance Fund.

Taxation of Shareholders

Taxation of Shareholders generally

The receipt of dividends (if any) by Shareholders, the redemption or transfer of Shares and any distribution on a winding-up of Impact Finance Fund may result in a tax liability for the Shareholders according to the tax regime applicable in their various countries of residence, citizenship or domicile. To the extent that a Shareholder's jurisdiction has taxation laws that tax overseas-based corporate entities or offshore funds on an accruals basis, the Shareholder may be liable to tax upon income or capital gains accrued within Impact Finance Fund prior to those gains being distributed. Impact Finance Fund shall have no liability in respect of the individual tax affairs of Shareholders.

Taxation of Shareholders in Luxembourg

Capital gains realised by a Luxembourg resident individual acting within the course of the management of his or her private wealth are not subject to Luxembourg income tax if realised at least six months after the acquisition of the Shares in Impact Finance Fund and provided that the investment in Impact Finance Fund does not represent a substantial shareholding. A shareholding is deemed to be substantial, if (i) the taxpayer has held either alone or together with certain close relatives, either directly or indirectly, at any time within the five years preceding the realisation of the capital gain, more than ten (10%) of the share capital of Impact Finance Fund or (ii) the tax payer acquired free of charge, within the five (5) years preceding the transfer, a participation that constituted a substantial participation in the hands of the alienator.

Non-resident investors having no permanent establishment, fixed place of business or permanent representative in Luxembourg are taxable on capital gains realised on the sale of the shares in Impact Finance Fund if (i) such non-resident investors, either alone or together with his spouse and/or minor children, directly or indirectly, at any time within the five years preceding the disposal, have held a participation of more than ten percent (10%) in Impact Finance Fund and the sale of the shares takes place within a period of six (6) months from the acquisition of the shares or (ii) such non-resident investors, either alone or together with his spouse and/or minor children, directly or indirectly, at any time within the five years preceding the disposal, have held a participation of more than ten percent (10%) in Impact Finance Fund and have been resident in Luxembourg for more than fifteen(15) years and became non-resident taxpayers less than five years before the realisation of the capital gains.

The foregoing is only a general overview on typical tax matters arising in the context of an investment in specialised investment funds like Impact Finance Fund in Luxembourg. This overview is not exhaustive. It does not constitute investment or tax advice and Investors should seek advice from their financial or tax adviser on the full implications for themselves of an investment in Impact Finance Fund.

8.2. Data Protection

In accordance with the provisions of the applicable Luxembourg data protection law and the Regulation n°2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the "GDPR") (hereafter collectively referred to as the "Data Protection Law"), the Shareholders are informed that the Fund represented by General Partner (the "Fund"), acting as data controller ("Data Controller"), collects, stores and processes by electronic or other means the data supplied by them for the purpose of fulfilling the services required by the Shareholders and complying with its legal obligations.

For Shareholders who are natural persons, the data processed includes, in particular, the Shareholders' name, date and place of birth, age, title, contact details including e-mail address, home and mobile telephone numbers, banking details, account numbers, transaction information and invested amount of each Shareholder. For Shareholders being legal entities, the data processed includes the name, title and contact details of contact persons and beneficial owner(s) of each Shareholder. All of the personal data mentioned in this paragraph are collectively referred to as “Personal Data”.

Natural persons mentioned above in the present section are hereinafter referred to as “Data Subjects”.

Shareholders who are legal persons undertake and guarantee to process Personal Data and to supply such Personal Data to the General Partner in compliance with the Data Protection Law, including, where appropriate, informing the Data Subjects of the contents of the present section, in accordance with Articles 12, 13 and/or 14 of the GDPR.

The Data Subjects may, at their discretion, refuse to communicate the Personal Data to the Data Controller. In this event the Data Controller may reject the investor’s request for subscription for Shares in the Fund.

In particular, the Personal Data supplied by Shareholders is processed for the purposes of (i) maintaining the register of Shareholders (ii) processing subscriptions, redemptions and conversions of Shares and payments of dividends to Shareholders and generally to fulfil the Data Controller’s legal obligations to the Shareholders and to provide the Shareholders with the agreed products and services, (iii) maintaining controls in respect of late trading and market timing practices, (iv) complying with applicable anti-money laundering rules, (v) complying with any applicable legal, regulatory and/or market requirement and (vi) where necessary to pursue the legitimate interest of the Data Controller within the limits set by the Data Protection Law.

The “legitimate interests” of the Fund referred to above refer to exercising the business of the Data Controller in accordance with reasonable market standards.

The Personal Data may be disclosed to the Data Contoller’s data recipients (the “Recipients”) which, in the context of the above mentioned purposes, may refer to the the General Partner, the Initiator and Investment Advisor, the Depositary, the Administration Agent, the Auditor, and the Legal Counsel.

The Recipients may, under their own responsibility, disclose the Personal Data to their agents and/or delegates (the “Sub-Recipients”), which shall process the Personal Data for the sole purposes of assisting the Recipients in providing their services to the Data Contoller and/or assisting the Recipients in fulfilling their own legal obligations. Recipients and Sub-Recipients may, as the case may be, process the Personal Data as data processors (when processing the Personal Data upon instructions of the Data Contoller), or as distinct data controllers (when processing the Personal Data for their own purposes or fulfilling their own legal obligations). The Personal Data may also be transferred to third-parties such as governmental or regulatory agencies, including tax authorities, in accordance with applicable laws and regulations. In particular, Personal Data may be disclosed to the Luxembourg tax authorities who in turn may, acting as data controller, disclose the same to foreign tax.

The Recipients and Sub-Recipients are located in the European Economic Area (the “EEA”) or outside the EEA in other countries which are deemed to offer an adequate level of protection by the European Commission but also outside such countries in countries which do not provide an adequate level of protection to personal data. In such case, the Data Controller will enter into legally binding transfer agreements with the relevant Recipients in the form of the EU Commission’s approved model clauses. In this respect, the Data Subjects have a right to request copies of the relevant document for enabling the Personal Data transfer(s) towards such countries by writing to the Data Controller at the address indicated above in the “Directory”.

In accordance with the conditions laid down by the Data Protection Law, each Data Subject acknowledges his/her right to (i) access his/her Personal Data (i.e. the right to obtain from the Data Controller confirmation as to whether or not Personal Data are being processed, to be provided with certain information about the Data Controller processing of the Personal Data, to access to that data, and to obtain a copy of the Personal Data undergoing processing (subject to legal exceptions)); (ii) ask for a rectification thereof in cases where such Personal Data are inaccurate and/or incomplete (i.e. the right to require from the Data Controller that inaccurate or incomplete Personal

Data be updated or corrected accordingly); (iii) object to the processing of his/her Personal Data (i.e. the right to object, on grounds relating to his/her particular situation, to the processing of their Personal Data, unless the General Partner can either demonstrate compelling legitimate grounds for the processing that override Data Subjects' interests, rights and freedoms or that it needs to process the data for the establishment, exercise or defence of legal claims); (iv) ask for erasure of such data (i.e. the right to require that Personal Data be erased in certain circumstances, including where it is no longer necessary for the Data Controllerto process Personal Data in relation to the purposes for which it was collected or processed); and (v) ask for data portability (i.e. the right to have the Personal Data transferred to him/her or another controller in a structured, commonly used and machine-readable format, where this is technically feasible). For these purposes, the Shareholder may contact the Data Controllerat the address indicated above in the “Directory”.

Data Subjects acknowledge the existence of their right to lodge a complaint with the National Commission for Data Protection (“CNPD”) at the following address: 15, Boulevard du Jazz, L-4370 Belvaux, Grand Duchy of Luxembourg, or when they reside in another Member State, with any locally competent data protection supervisory authority in their EU Member State of residence.

Personal Data will not be retained for a period longer than necessary for the purpose of data processing, subject to any limitation periods imposed by law, i.e., whichever the longer:

- until the end of any minimal retention period imposed by applicable laws and regulations; and/or
- until the end of any applicable statutory limitation period requiring, in the event of a complaint or lawsuit, to keep the file containing the Personal Data at stake.

9. GENERAL INFORMATION

9.1. Reports

Impact Finance Fund publishes annually a detailed audited report on its activities and on the management of its assets. Such report shall include, inter alia, the audited annual financial statements of Impact Finance Fund, a detailed description of its assets and a report from the Auditors. The first audited report was the one relating to the tax year ended on 31 December 2012.

The General Partner also publishes on a yearly basis an impact report, focused on the achievements of the Fund in terms of impact and discloses the sustainability rating of the Fund. The impact report defines each impact indicators.

The aforementioned reports will be sent to Shareholders within nine months of the date thereof and copies may be obtained free of charge by any Shareholder at the registered office of Impact Finance Fund.

A factsheet from the General Partner detailing the monthly unaudited financial performance of the Impact Finance Fund will be sent to Shareholders.

A quarterly report from the General Partner discussing the results and the future outlook of Impact Finance Fund and including quarterly accounting reports prepared by the Administration Agent will be sent to Shareholders.

Impact Finance Fund shall bear all fees incurred in providing such reports. All financial data will be reported in USD. The timing and delivery of the above-mentioned quarterly reports will be determined by the General Partner and may vary from time to time, among other things depending on the ability of third party service providers to make all necessary data for the above mentioned reports available in a timely manner.

9.2. Meetings of Shareholders

Any regularly constituted meeting of Shareholders of Impact Finance Fund shall represent the entire body of Shareholders. The general meeting of Shareholders shall deliberate only on matters which are not reserved to the General Partner by the Articles or Luxembourg law.

The annual general meeting of Shareholders is held each year at the registered office of Impact Finance Fund, or any other place in Luxembourg City specified in the notice of the meeting, on the second Thursday of the month of May of each year at 3 p.m. If that day is not a Business Day in Luxembourg, it will be held on the next following Business Day. The first annual general meeting of Shareholders was held in 2013.

Other meetings of Shareholders may be held at such places and times as may be specified in the respective notices of meeting.

The general meeting of Shareholders shall meet upon a call by the General Partner. It must also be called upon the written request of Shareholders representing at least one tenth (10%) of the share capital.

Shareholders shall meet pursuant to a notice setting forth the agenda sent at least eight (8) calendar days prior to the meeting to each registered Shareholder at the Shareholder's address as listed in the register of Shareholders or at such other address previously indicated by the relevant Shareholder. The agenda shall be prepared by the General Partner, except in the instance where the meeting is called on the written demand of the Shareholders in which instance the General Partner may prepare a supplementary agenda.

Notices to Shareholders will be sent by registered mail. To the extent required by Luxembourg law, notices will also be published in the RESA and in Luxembourg newspapers.

If all Shareholders are present or represented and consider themselves as being duly convened and informed of the agenda, they can waive all convening requirements and formalities.

The business transacted at any general meeting of the Shareholders shall be limited to the matters contained in the agenda (which shall include all matters required by law) and business incidental to such matters.

Each entire Share of whatever Class is entitled to one vote, in compliance with Luxembourg law and the Articles. Any Shareholder may participate in any general meeting of Shareholders by appointing another person as his proxy in writing or by cable, telex or facsimile transmission, who need not be a Shareholder.

9.3. Liquidation, merger and division of classes of Shares

The General Partner may decide to liquidate a Class if its Net Asset Value is below such amount, if any, as determined by the General Partner, or in the event of special circumstances beyond its control, such as political, economic, or military emergencies, or if the General Partner should conclude, in light of prevailing market or other conditions, including conditions that may adversely affect the ability of a Class to operate in an economically efficient manner, and with due regard to the best interests of Shareholders, that a Class should be terminated. In such event, the assets of the Class shall be realized, the liabilities discharged and the net proceeds of realization distributed to Shareholders in the proportion to their holding of Shares in that Class. In such event, notice of the termination of the Class will be given in writing to registered Shareholders. No Shares shall be issued after the date of the decision to liquidate the Class. The General Partner, however, will not be precluded from redeeming or converting all or part of the Shares of Shareholders, at their request, at the applicable Net Asset Value (taking into account actual realization prices of investments as well as realization expenses in connection with such dissolution), as from the date on which the resolution to dissolve the Class has been taken until its effectiveness, provided that such redemption or conversion does not affect the equal treatment among Shareholders. Any amounts not claimed by a Shareholder at the close of liquidation of the Class will be deposited with the *Caisse de Consignation* in Luxembourg on behalf of their beneficiaries.

A Class may merge with one or more Classes by resolution of the General Partner if its Net Asset Value is below such amount, if any, as determined by the General Partner from time to time, or in the event of special circumstances beyond its control, such as political, economic, or military emergencies, or if the General Partner should conclude, in light of prevailing market or other conditions, including conditions that may adversely affect the ability of a Class to operate in an economically efficient manner, and with due regard to the best interests of the Shareholders, that a Class should be merged. In such events, notice of the merger will be given in writing to registered Shareholders. Each Shareholder of the relevant Class shall be given the option, within a period to be determined by the General Partner, but not being less than one month, unless otherwise authorized by the regulatory authorities and specified in said notice, to request free of any redemption charge the redemption of its Shares.

If the General Partner determines that it is in the interests of the Shareholders of the relevant Class or that a change in the economic or political situation relating to the Class concerned has occurred, which would justify it, the reorganization of one Class, by means of a division into two or more Classes, may take place. This decision will be notified to Shareholders as required. The notification will also contain information about the two or more new Classes. The notification will be made at least one month before the date on which the reorganization becomes effective in order to enable the Shareholders to request the redemption of their Shares, free of charge, before the operation involving the division into two or more Classes becomes effective.

9.4. Liquidation of Impact Finance Fund

Impact Finance Fund has been established for an unlimited period. However, Impact Finance Fund may, at any time, be liquidated by a resolution of the general meeting of Shareholders taken in the same conditions that are required by law to amend the Articles. Any change to the Articles will need to be approved by the General Partner. The General Partner may propose at any time to the Shareholders to liquidate Impact Finance Fund.

Any decision to liquidate Impact Finance Fund will be published in the RESA.

As soon as the decision to liquidate Impact Finance Fund is taken, the issue, redemption or conversion of Shares is prohibited and shall be deemed void. For the avoidance of doubt, the General Partner may decide to suspend the issue, redemption and conversion of Shares or to build accruals for the liquidation costs already before the decision to liquidate Impact Finance Fund is taken by the Shareholders if the General Partner deems this to be in the interest of Impact Finance Fund and the Shareholders.

The liquidation of Impact Finance Fund will be conducted by one or more liquidators, who may be individuals or legal entities and who will be appointed by the meeting of Shareholders resolving on the liquidation. This meeting will determine their powers and compensation. The appointment of the liquidators requires the approval of the CSSF.

The liquidation of Impact Finance Fund shall be carried out in accordance with the provisions of the Law and the amended law of 10 August 1915 relating to commercial companies. Such Law specifies the steps to be taken to enable Shareholders to participate in the distribution of the liquidation proceeds and provides upon finalisation of the liquidation that the assets be deposited in escrow with the *Caisse de Consignation* to be held for the benefit of the relevant Shareholders. Amounts not claimed from escrow within the relevant prescription period will be liable to be forfeited in accordance with the provisions of Luxembourg law.

Upon liquidation of the Fund, the liquidation proceeds will be distributed in the following order of priority to the extent of available cash in the Fund:

a) Payment of all liabilities related to taxes, expenses and fees , including provisions for future expenses related to the liquidation of the Fund, and Management Fees (to the extent payable);
b) Class Senior Shares at their respective Net Asset Value on dissolution; and
c) Class Junior Shares at their respective Net Asset Value on dissolution.

9.5. Documents

A copy of the PPM, the Articles and the latest financial reports may be obtained without cost on request from Impact Finance Fund. Copies of the material agreements mentioned in this PPM may be inspected during usual business hours on any Business Day at the registered office of Impact Finance Fund.

9.6. Amendments

The General Partner is authorized to amend this PPM in order to:

- reflect a change in the name of Impact Finance Fund;
- make any change that is necessary or desirable to cure any ambiguity or to correct or supplement any provision that would otherwise be inconsistent with the Articles;
- make a change that is necessary or desirable to satisfy any applicable requirements, conditions or guidelines contained in any opinion, directive, order, statute, rule or regulation of any governmental entity so long as the change is made in a manner which minimizes any adverse effect on Shareholders;

or

- any other amendment that in the opinion of the General Partner may be necessary or desirable;

provided that in each case the amendment does not adversely affect Shareholders in a material respect, that the Shareholders are duly informed of any such amendments and that such amendments are approved by the CSSF.

The Articles may only be changed in accordance with the rules set forth therein.

9.7. Distribution of Shares

The General Partner may enter into distribution agreements with any entity permitted to act as distributors of Shares. Such distribution agreements may contain such terms and conditions and provide for fees on an arm's length basis as the parties thereto shall negotiate, including authority to such distributors to charge purchasers of Shares a placing fee and retain such fees to be set out in each Subscription Agreement. Any such distributor may, with the consent of the General Partner, enter into sub-distributor agreements with other entities, compensation for which shall be paid from the fee of such entity.

9.8. Listing

No application has been made to list the Shares on the Luxembourg Stock Exchange or any other stock exchange, although the General Partner may elect, to list the Shares of certain or all Classes on the Luxembourg Stock Exchange or any other recognized stock exchange.

In such case, if required, this PPM will be updated and the fees relating to such listing shall be borne by the given Classes.

9.9. Risk Warnings

The investments of Impact Finance Fund are subject to market fluctuations and other risks inherent in any investment. It cannot be guaranteed that the investment objectives will be achieved. Investors must therefore be aware that the value of their investment may fall as well as rise and that past performance is not a guide to future performances.

An investment in Impact Finance Fund involves significant risks not associated with other investment vehicles and is suitable only for persons of adequate financial means who have no need for liquidity in this investment. The following list of risk factors is indicative and does not purport to be a complete enumeration or explanation of the risks involved in an investment in Impact Finance Fund.

You should consider Impact Finance Fund as a supplement to an overall investment program and should only invest if you are willing to undertake the risks involved. You should bear in mind the following risk factors and competing interests before purchasing Shares.

Each investor who intends to subscribe for Shares has to verify by himself whether a subscription of Shares is lawful in his jurisdiction or receive advice in that respect.

<u>Business Risk</u>

There can be no assurance that Impact Finance Fund will achieve its investment objectives or that Impact Finance Fund will generate profits to be distributed to Investors or that Investors will have their invested monies returned to them.

Developing and Transition Countries

Described below are certain risk factors typically associated with investments in emerging countries, which require consideration of matters not usually associated with investing in securities (such as debt instruments) of issuers in more developed capital markets, such as North America, Western Europe or Japan. Developing and Transition Countries have in many cases less social, political and economic stability. The absence, until relatively recently, of capital market structures or free market economies could mean that investing in Developing and Transition Countries is more risky than investing in Western markets.

The Investment Advisor will go through a careful assessment of the risk of the context in each country and will strive to reach a satisfactory diversification. The Investment Advisor has a long standing experience of working and investing in more than 50 developing and transition countries over ten years.

Political and Economic Risks

The value of Impact Finance Fund's investments may be affected by uncertainties in the form of unforeseen domestic or foreign political developments, civil disorder or constitutional crises. Abrupt changes of policy with regard to taxation, the government's fiscal and monetary stance, currency repatriation and other economic regulations are also possible, including expropriation, nationalization, or confiscation of assets or changes in legislation regarding the permissible share of foreign ownership of companies or assets.

The Investment Advisor will carefully analyse the degree of dependence of potential and current investees towards the specificities of the context for each specific investment with a careful and well-funded selection of the countries where the investments will take place.

Banking System

While the banking system and other financial institutions in the Developing and Transition Countries has developed significantly over the past several years, it is still subject to many risks, including the following: the insolvency of a bank due to concentrated debtor risk; a general lack of commercially profitable lines of business that are not dependent on inefficiencies in the local economy; and the effect of inefficiency and fraud on bank transfers. In addition, banks have not developed the infrastructure to channel domestic savings to companies in need of finance, which as a result can experience difficulty in obtaining working capital.

Impact Finance Fund will seek to select Target Institutions whose financial status and reputation are such that this risk is reduced. However, there can be no certainty that Impact Finance Fund will be successful in eliminating this risk.

Commission and fee(s) amounts

The payment of a fee calculated on the basis of performance results could encourage the General Partner to select more risky placements than if such fees were not applicable.

Legal Risks

The rate of legislative change in the Developing and Transition Countries can be extremely rapid and the content of proposed legislation when eventually adopted into law is frequently difficult or impossible to predict. It is similarly difficult to anticipate the impact of legislative reforms on Target Institutions in which Impact Finance Fund will invest. To a lesser extent also investments in Developed Countries are exposed to legal risks.

The careful selection of the countries of investment based on information collected from various sources, also in the field, will help to mitigate this risk.

Ability to enforce legal rights

Because the effectiveness of the judicial system in the Target Institutions varies, Impact Finance Fund may have difficulty in successfully pursuing claims in courts of such Target Institutions, as compared to developed economies. Further, to the extent Impact Finance Fund may obtain a judgment but is required to seek its enforcement in the courts of one of the Target Institutions, there can be no assurance that such courts will enforce such judgments.

Sustainability risks

The Fund is exposed to sustainability risks in the form of environmental, social or governance (ESG) events and conditions that can have negative impacts on the assets, financial and/or earnings situation, or the reputation of the Fund.

The Fund is exposed to sustainability risks, primarily through its exposure to and ongoing association with SMEs and other investees and the sustainability risks they are exposed to through their own operations or client/producer operations. This risk might be amplified by the potentially weaker environmental and social laws and enforcement thereof in the countries in which the Fund operates, as specifically described under the paragraph “Developing and Transition Countries” above in this section “Risk Warnings”.

The Fund is financing and promoting investees’ activities which can have an adverse negative impact on the environment and society in terms of environmental pollution, hazards to human health, safety and security, as well as threats to a region’s biodiversity and cultural heritage. If not adequately managed, these risks can have a negative impact on the relevant SME’s or investee’s reputation, regulatory compliance and financial viability. Given the Fund’s strategic focus, such negative impacts can in turn negatively affect the Fund’s risk profile, reputation and/or its financial situation.

However, sustainability risks are mitigated by the Fund’s investment strategy on providing mainly debt financing to investees under strict diversification rules (as described under “Diversification Requirements and Investment Restrictions” in section 3.2.).

The Fund integrates sustainability considerations into decision-making and investee engagement throughout the investment process. The Investment Advisor’s evaluation of SMEs and other potential investees includes an ESG risk screening and an ESG due diligence, customized according to the risk profile of the SME. Results of the ESG due diligence are presented to the Investment Committee (as referred under section 3.3 “Investment Process”) for approval of investments. Where ESG-related risks cannot be mitigated to a satisfactory extent, the investment will not proceed.

Engagement with investees, including on positive impact and on ESG matters, is an integral component of the Fund’s investment cycle and contribution to positive development impact.

The Fund monitors the ESG performance of its investees on a regular basis through the Kharmax Monitoring System. Material sustainability risks identified as a result of the ESG monitoring when they are representing a breach of covenants might result in an event of default when not addressed adequately by the investee.

Based on its selective and targeted investment approach, sustainability risks at the level of the Fund are not considered significant and thus not expected to materially impact the value of the assets and the financial performance of the Fund.

However, given the broad scope of sustainability risks and despite policies, procedures and tools in place to manage sustainability risks, there can be no certainty that the Fund will be successful in eliminating or mitigating all sustainability risks or that sustainability risks will not materialise, in each case with potentially significant financial, reputational, or other consequences for the Fund.

Risk on the Repatriation of funds

Repatriation of investment income and capital by foreign investors may be subject to government authorisation in some of the countries of investment. Impact Finance Fund could be adversely affected by delays in obtaining any required authorisation to such repatriation.

They may also be restrictions on the outflow of any foreign exchange in the countries of investment. If Impact Finance Fund is unable to repatriate any amounts due to exchange controls, it may be required to accept an obligation payable at some future date by the central bank or any government entity of the jurisdiction concerned.

The mitigation of this risk is again related to the experience and knowledge of the Investment Advisor in selecting the potential target countries.

Default and Insolvency Risk

The insolvency or other business failure of any one or more of the Target Institutions in which Impact Finance Fund has invested could have a material and adverse effect on Impact Finance Fund's performance and ability to achieve its objectives. There is generally a low level of experience in implementing such bankruptcy legislation as exists in the emerging economies, and there can be no certainty as to how such legislation would be applied in any particular case. Lack of generally available financing alternatives increases the risk of business failure.

Impact Finance Fund also runs the risk of any one or more of the Target Institutions defaulting on their borrowings from Impact Finance Fund. Such Target Institutions may default on their interest and/or on their principal repayment. Impact Finance Fund will mitigate this risk by carefully selecting the Target Institutions and then by closely monitoring them. In the event of default of a Target Institution and if Impact Finance Fund chooses to realise any collateral by selling it to another party, Impact Finance Fund may be prevented or delayed from doing so due to the uncertainty of how local legislation deals with such situations.

The default or insolvency risk of any one or more Target Institutions is further mitigated by the diversification which Impact Finance Fund will seek. Moreover a regular monitoring of the portfolio should allow to identify in advance possible problems and implement, if possible, preventive measures.

Accounting Practices

While greatly improved in recent years, the accounting standards in some Developing and Transition Countries sometimes may not correspond to international accounting standards or generally accepted accounting practices in all material respects. In addition, auditing requirements and standards may differ from those generally accepted in international capital markets and, consequently, information available to investors in developed capital markets may not always be obtainable in respect of companies in developing or transition countries.

A first hand review on the field of the information provided by the investee will allow to partially reduce this risk.

Criminality

Diverse criminal groups may succeed in extorting protection money from companies. Commercial activities are sometimes impossible without bribing government officials. Fraud, particularly when coupled with significant bad debts, may be the cause of business failure. A company's management may be bribed or otherwise pressured into defrauding their company. Such risks are more prevalent in emerging markets than they are in more developed markets.

Specific risks to Investments in Debt Instruments in Target Institutions

Impact Finance Fund primarily participates in loan issues which are listed neither on a stock exchange nor traded on another regulated, recognized and publicly accessible market on which regular trade is carried out (a “Regular Market”). Such issues are not subject to any inspection by a supervisory authority.

In the majority of cases, there is no organized secondary market for trading this type of loan issues. The liquidity of these instruments can therefore be very restricted.

Because of the characteristics of the loan instruments, the selection of suitable counterparties might be based neither on comprehensive historical data nor on research on previous experiences with such counterparties.

A careful analysis based on experience and field visit will reduce the asymmetric information between Impact Finance Fund and the investee.

Currency risk

Impact Finance Fund may invest in securities denominated in currencies other than the Reference Currency. From past experience, fluctuations in currency exchange rates may contribute significantly to the variations in the Net Asset Value of Impact Finance Fund. While the General Partner intends to hedge the exposure to foreign currencies and especially currencies of the Developing and Transition Countries, some investments in such currencies will remain un-hedged and could lead to an increased volatility of the Net Asset Value of Impact Finance Fund.

The General Partner in case of un-hedged loans will establish strategies to actively manage the currency risk among which mechanisms to share the risk with the investee, triggers for accelerated reimbursement or on the contrary rules to be able to extend the loan maturity in order to cope with short term fluctuations of the currency rate. Section **3.6** provides details on the strategy implemented to mitigate the currency risks.

Investments in securities which are not listed or quoted on a stock exchange

The Impact Finance Fund’s portfolio will be subject to the risks bound up with all capital investments in the development capital sector. Investments in companies which are not listed or traded on a stock exchange or on a regulated market are more speculative and exposed to greater risks than those dealt in on established stock exchanges.

In addition, investments in companies which are not listed or traded on a stock exchange or on a Regulated Market are subject to a higher risk, as minority investors are only able to protect their position and have a limited ability to influence the management and the affairs.

Portfolio Valuation

In absence of an active public market for securities and debt instruments, it is more difficult and subjective to value investments of Impact Finance Fund for the purposes of determining the net asset value that might also not be objective.

Clear and proven methodologies will be implemented in order to mitigate this risk.

Investments in Undertakings for Collective Investment

The investment by Impact Finance Fund in target undertakings for collective investment may result in duplication of some costs and expenses which will be charged to Impact Finance Fund, i.e. setting up, filing and domiciliation costs, subscription, redemption or conversion fees, management fees, auditing and other related costs. For Shareholders, the accumulation of these costs may cause higher costs and expenses than those that would have been charged to Impact Finance Fund if the latter had invested directly.

Conflicts of Interest

Impact Finance Fund, the General Partner, the Investment Advisor and their respective parent companies, affiliates, shareholders, directors and officers may from time to time invest in an investment where the General Partner, (and/or their affiliates) are or y may be involved in others activities as investment consultant, dealer, placing agent, shareholder or sponsor. It is therefore possible that such party or parties, in the course of business, has/have potential conflicts of interest with Impact Finance Fund. The party or parties concerned may receive fees, commission rebates, dividend or compensation from e.g., placing agent, brokers, or other intermediaries, and shall not be required to account therefore to Impact Finance Fund or the Shareholders.

The General Partner may at times determine that certain investments will be suitable for acquisition by Impact Finance Fund and by other portfolios, if any, managed by the General Partner, possibly including one or more accounts of an affiliate. If that occurs, and the General Partner is not able to acquire the desired aggregate amount of such investments on terms and conditions which may reasonably be deemed advisable, the General Partner will endeavour to allocate in good faith the limited amount of such investments acquired among the various accounts for which the General Partner considers them to be suitable.

In addition to managing the investments of Impact Finance Fund, the General Partner may provide investment advice to other parties (including other funds) and may manage other portfolios and/or establish other private investment funds in the future, including those which employ an investment strategy similar to that of Impact Finance Fund. However, the General Partner will endeavour in good faith to allocate investment opportunities fairly. Moreover should the General Partner manage other portfolio or establish other private investment funds the amount of human resources involved in the management of Impact Finance Fund will not be affected and additional staff will be employed to carry out these tasks.

Absence of Shareholder Participation

The Shareholders will have no right to participate in the conduct or control of the business of Impact Finance Fund, and have no opportunity to select or evaluate any Impact Finance Fund's investments or strategies. Accordingly, Investors should not invest in Impact Finance Fund unless they are willing to entrust all aspects of the conduct or control of the business of Impact Finance Fund and its investments to the discretion of the General Partner.

Limited Liquidity of Shares

An investment in Impact Finance Fund involves substantial restrictions on liquidity and its Shares are not freely transferable. Consequently, Shareholders will be unable to redeem, liquidate or hypothecate their Shares except in accordance with this PPM and the Articles.

Borrowing and Security

The General Partner is empowered to borrow or seek to leverage for the investments of Impact Finance Fund to enable it to overcome any short-term liquidity shortages in respect of redemptions, trade settlements and for temporary administrative purposes according to the conditions defined in **3.5**. Interest rate fluctuations may result in increased borrowing costs, and income and/or capital appreciation from investments may not generate enough revenue to cover these costs. Furthermore, should an event of default occur in relation to such debt, it may lead to loss of ownership of the investment(s) used to secure the relevant debt.

Operating Deficits

Impact Finance Fund investments yield significantly different results than those projected by the General Partner, it may be possible that the expenses may exceed its income, thereby requiring that the difference be paid out of Impact Finance Fund's assets, reducing the investment and performance potential.

Enforcement of Legal Rights

Impact Finance Fund and the General Partner are incorporated under the laws of Luxembourg. As a result, it may not be possible for Shareholders to effect service of process within their jurisdiction upon Impact Finance Fund, the General Partner, , the Depositary, the Administration Agent or certain of the other persons named herein. All or a substantial portion of the assets of the foregoing persons may be located outside of the jurisdiction of the Shareholder and, as a result, it may not be possible to satisfy a judgment against any of such persons in the Shareholder's jurisdiction or to enforce a judgment obtained in the Shareholder's jurisdiction against such persons.

Active Investment Management Risks

The investments of Impact Finance Fund will be actively managed and there is a management risk that the investment decisions of the Investment Committee, and/or their investment techniques and risk analysis, may not produce the desired results. Shareholders will not be entitled to participate in the management of Impact Finance Fund. Accordingly, Impact Finance Fund will be reliant on the management services of the General Partner in all respects and notably in the selection, acquisition and disposal of the investments of Impact Finance Fund. In addition, the General Partner are highly dependent on a number of highly skilled individuals. The continued ability of the General Partner to perform effectively depends on the General Partner s ability to retain and motivate existing employees. Impact Finance Fund may have difficulty in replacing the General Partner other service providers with the particular skills in the asset classes in which the Impact Finance Fund’s investments have been made. The ability of the General Partner to successfully manage the investments of Impact Finance Fund depends on the skill and acumen of its portfolio managers involved. Notwithstanding the attainment of a suitable replacement, if any of the portfolio managers should cease to participate in Impact Finance Fund’s business, the General Partner ability to select attractive investments and manage its portfolio could be severely impaired.

No Obligation of Full-Time Service

Certain members of the Board of Manager of the General Partner may not have an obligation to devote their full time to the business of Impact Finance Fund. They are only required to devote such time and attention to the affairs of Impact Finance Fund as they decide is appropriate, and they may engage in other business activities and/or unrelated employment, unless it doesn’t result in competing interests between such persons and Impact Finance Fund.

9.10. Governing law and jurisdiction

The rights, obligations and relationships of Impact Finance Fund, the General Partner, the Shareholders and will be governed by Luxembourg law and the courts of the Grand Duchy of Luxembourg will have exclusive jurisdiction to settle any claims, actions, or disputes arising in connection therewith.

IMPACT FINANCE

ANNEX I

Template pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name: **Impact Finance Fund SICAV-SIF** **Legal entity identifier: 549300QFVF3E1C7I4042**

Sustainable investment objective

Does this financial product have a sustainable investment objective?

☒ **Yes**	☐ **No**
☒ It will make a minimum of **sustainable investments with an environmental objective:** 40%	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☒ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☒ It will make a minimum of **sustainable investments with a social objective:** 40%	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

What is the sustainable investment objective of this financial product?

The Impact Finance Fund is an impact investing fund, its aim is to effectively contribute to solutions to pressing social and environmental problems and is thus at the forefront of sustainable investments.
The world is facing a set of important challenges that have to be addressed in the coming decades to reverse growing inequalities and decrease pressure on ecosystems. The Impact Finance Fund has identified three major global challenges in relation of human beings and the environment as there are part of a whole:

- *Increasing inequalities;*
- *Overexploitation of natural resources; and*
- *Climate change.*

- *The Impact Finance Fund decided to focus on 5 of the 17 Sustainable Development Goals defined by the United Nations. SDG 8 is central and at the heart of the investment objective of the Impact Finance Fund, then each vertical of the Impact Finance Fund is related to 2 specific SDGs.*

- Small-scale producers: SDG # 8, SDG # 10 & SDG # 15
- Integrated farming: SDG # 8, SDG # 10 & SDG # 12
- Agroforestry: SDG # 8, SDG # 13 & SDG # 15
- Circular industry: SDG # 8, SDG 12 & SDG 13

Financial inclusion: SDG #8, SDG # 10 & SDG # 12

The Impact Finance Fund has not designated a reference benchmark for the purpose of attaining the sustainable investment objective.

What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?

The estimated degree of change is calculated through a list of indicators that are comparable for each project in a specific vertical corresponding to the 6 following Sustainable Development Goals of the UN (SDG):

SDG 8 (Decent work and economic growth):
- *Net jobs created during the period*
- *Indirect and direct jobs sustained*

SDG 10 (Reducing inequalities):
- *Small-scale producers as suppliers and small scale enterprises financed*
- *Rural women jobs sustained*

SDG 12 (Responsible production and consumption):
- *Tons of recuperated waste during the period*
- *Ha of technified cultivated land*

SDG 13 (Climate change):
- *Tons of GHGs squestrated during the period*
- *Total tons of GHGs sequestrated*

and SDG 15 (Life on land):
- *Ha. of forest preserved and plantation sustained*

- *Ha. of organic/regenerative production sustained*

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?

Impact Finance Fund is focused on delivering clear social and environmental positive impact. As an impact fund it is focused first on avoiding doing harm, then striving to benefit its stakeholders and particularly its investees and their stakeholders and finally to contribute to positive impact. At the level of avoiding to do harm we use our sustainability rating called Kharmax to assess the investees; to benefit our stakeholders we provide non-financial services; and for the impact reporting we use the Impact Management Project framework.

How have the indicators for adverse impacts on sustainability factors been taken into account?

Impact Finance Fund has integrated all the indicators for adverse impacts indicated in Table 1, 2 and 3 of Annex I of the SFDR RTS except the indicator #5 of the Table 2 that is irrelevant for the Impact Finance Fund.

In 2021 the investment advisor of the Impact Finance Fund (the "Investment Advisor") has adapted its methodology to comply with the requirement of the SFDR regulation integrating the 52 indicators of the SFDR into its already exiting Kharmax Rating which applies to the Impact Finance Fund. This rating proposes a scale going from D (low) to A (high) in order to qualify the companies in terms of sustainability. B rating or above is required to be financed. In addition to the 52 indicators of SFDR which are integrated fully, the Investment Advisor considers 17 additional indicators to offer a more complete perspective on sustainability. The Sustainability rating covers 5 dimensions: Environment, Labour Practices, Human Rights, Governance, Product Responsibility and Economics.

Quantitative data on the 52 indicators of the SFDR is reported yearly to the investors in the Fund's impact report and published on www.impact-finance.com.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

Impact Finance Fund provides private debt to Small and Medium Companies mostly in Latin America. The OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights as well as the Global Compact Principles are very high-level for many SMEs and are not fitting their every day reality. Nonetheless the Investment Advisor ensures that the essence of those principles are fully respected by the Investees of the Impact Finance Fund and that they have the means to control their application and respect. With regard to the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work, the countries we are working in have signed the ILO Conventions. The Investment Advisor ensures that all the local labour rules are respected. Finally for the International Bill of Human Rights, Impact Finance ensures that all its portfolio companies comply with it.

Does this financial product consider principal adverse impacts on sustainability factors?

☒ Yes

☐ No

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

All indicators for adverse impacts on sustainability as defined in Table 1, 2 and 3 of Annex I of the SFDR RTS (except the indicator #5 of the Table 2 that is irrelevant for the Impact Finance Fund) are taken into account when conducting due diligence and are intergrated in the *Kharmax Rating*.

Quantitative data on the 52 indicators of the SFDR is reported yearly to the investors in the Fund's impact report and published on www.impact-finance.com.

What investment strategy does this financial product follow?

Good governance practices include sound management structures, employee relations, remuneration of staff ad tax compliance.

Considering the challenges mentioned under question "What is the sustainable investment objective of this financial product?" above and building on a decade of research and financing of companies in Latin America and Europe, Impact Finance Fund has defined five investment verticals:

- Small-scale Producers: inclusive companies working directly with small-scale producers in a win-win collaboration.
- Integrated farming: companies focused creating job opportunities in rural areas with a gender lens and optimizing the use of natural resources.
- Agroforestry: companies regenerating ecosystems including an economic activity to sustain their protection in time.
- Circular Industry: companies converting waste from the agroindustry into a resource.
- Financial Inclusion: companies providing innovative financial intermediation where the traditional offers and means make it impossible.

Impact Finance Fund believes that these sub strategies have a significant market potential and therefore, by carefully selecting and financing companies that fit to these verticals, the Impact Finance Fund supports business-driven solutions to these challenges.

The Impact Finance Fund provides financing to Small and Medium Enterprises (as defined in the private placement memorandum) with positive social and environmental impact in their growth phase. It acts as a strategic partner to accelerate and grow their business and impact. Impact Finance Fund can invest in all countries worldwide but is focused on Latin America.

What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?

The Impact Finance Fund only invest in companies that are compliant with its sustainability objectives and that fit its investment verticals.

Practically Impact Finance Fund has defined the following investment criteria to ensure the high standard and limit the risk:

- Duly registered legal entity;
- Activity entering in the scope of Impact finance Fund investment strategy and verticals;
- Minimum B sustainability Rating;
- Yearly sales or assets of minimum USD 2,000,000;
- Existing track record in related activities of at least five years;
- Good governance and corporate practices (e.g. balance of power, presence of independent members, transparent and regular reporting);
- Strong and reliable management team.

Asset allocation describes the share of investments in specific assets.

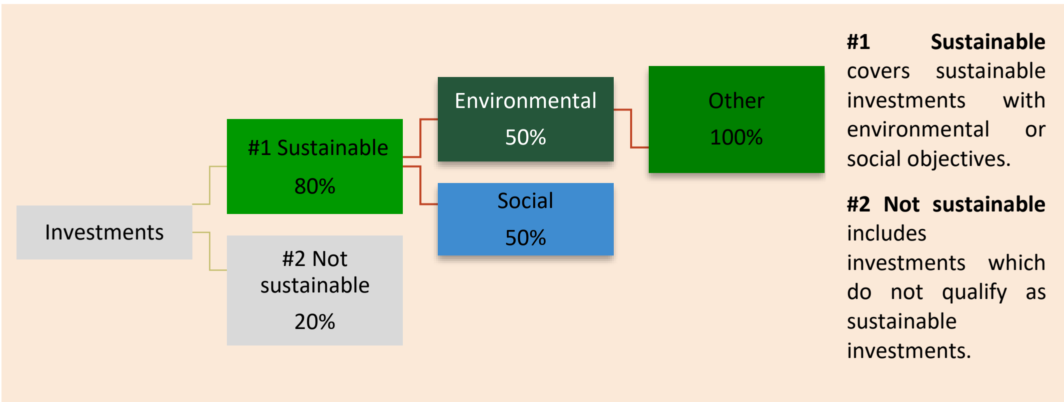
What is the policy to assess good governance practices of the investee companies?

The good governance practices are part of the selection criterias of the investee companies of the Impact Finance Fund. The Investment Advisor visits all its investees at least once before it invests, ensuring to meet with its management and board in addition to its suppliers or customers, depending on the nature of the projects. When the investee has received the investment we tend to visit them at least once a year and follow-up the projects and its compliance to sustainability principles, its governance and its impact.

What is the asset allocation and the minimum share of sustainable investments?

Impact Finance Fund will make not investment that are not fitting its impact thesis and consequently that are not sustainable. The only portion of the fund that will be kept in liquid instrument to ensure the right level of liquidity as indicated in the PPM.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



The Impact Finance Fund will not make investments that are not fitting its impact thesis and consequently, the Impact Finance Fund commits to invest at least 80% of its assets in investments considered as sustainable under the SFDR (#1 Sustainable). The Impact Finance Fund's investments have in most of the cases both social and environmental objectives. Social and Envionmental are cumulative and not exclusive.

The Company is only allowed to keep up to 20% of its assets in liquid instrument to ensure the right level of liquidity (#2 Not sustainable).

How does the use of derivatives attain the sustainable investment objective?

Impact Finance doesn't uses derivatives aside the one used to cover currency risk in case the investees needs a local currency loan.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

N/A

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?**

☐ Yes:

☐ In fossil gas ☐ In nuclear energy

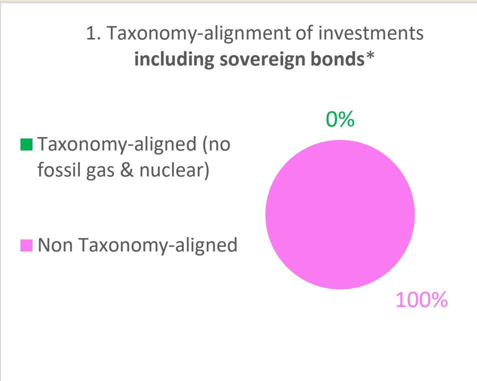
☒ No

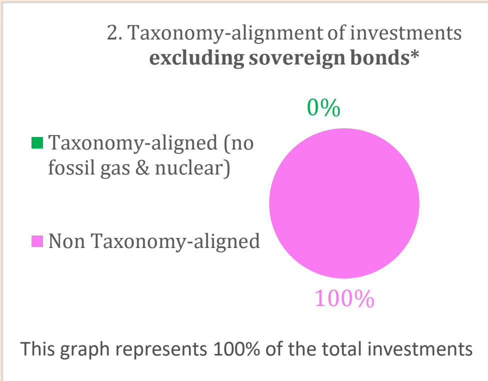
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission leels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





****For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures***

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

are environmentally sustainable investments that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

What is the minimum share of investments in transitional and enabling activities?

While Impact Finance is mainly focused on agricultural and food sector (small-scale producers and integrated farming verticals), on circular economy (circular industry vertical), on agroforestry and inclusive finance, the taxonomy compass, at its current stage of development doesn't enable us to define the minimum share of investments in transitional and enabling activities. Therefore that share will be of 0%.

Nonetheless, Impact Finance is in a close dialogue with its investee and continues to drive them toward better practices in terms of sustainability and positive impact. We believe companies are in a perpetual transition process towards better technologies and practices and Impact Finance has taken an active role in providing the companies with a responsible stewardship towards delivering positive impacts.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

40% (of the investment portfolio)

What is the minimum share of sustainable investments with a social objective?

40% (of the investment porfolio)

What investments are included under "#2 Not sustainable", what is their purpose and are there any minimum environmental or social safeguards?

Reference benchmarks are indexes to measure whether the financial product attains the sustainable investment objective.

The investments that are included under "#2 Not sustainable are the cash not invested (liquid assets).

While these liquid assets may not contribute to a social or environmental objective within the meaning of the SFDR, the Fund aims to ensure a minimum level of minimum environmental and social safeguards. As such, the liquid assets which are not sustainable investments are not expected to affect the delivery of the Fund's overarching sustainable investment objective

Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

N.A. Impact Finance is lending money to Small and Medium Enterprises in Latin America. There are no index nor benchmark available.

Where can I find more product specific information online?

More product-specific information can be found on the website: www.impact-finance.com/article-10-disclosure