

assessment. In this evaluation, iCapital looks at internal rate of return ("IRR"), multiple on invested capital ("MOIC"), distributions to paid-in ("DPI"), and residual value to paid-in capital (RVPI). iCapital looks at the dispersion of returns, benchmark performance, the loss ratio, partner attribution on individual deals, investment pacing, cumulative contributions, and other inputs.

Finally, iCapital does a comprehensive review of the fund terms and ensures that the terms are in line with similar strategies and follow market standards. Upon completion of the review, iCapital prepares a detailed due diligence report outlining the findings with a summary of strengths and weaknesses. The due diligence report is presented to iCapital's Investment Committee for approval and a unanimous vote of the Investment Committee is required for any investment opportunity to be marketed to our network.

*Bottom-up Diligence (Hedge Funds):*

The Hedge Fund Private Access Fund selection process encompasses five stages.

In the first stage, iCapital investigates market opportunity and platform needs. iCapital seeks to identify strategies which are best suited for the current market environment. In particular, iCapital endeavors to add managers that are able to take advantage of a unique opportunity that a market dislocation might present. From a platform needs perspective, iCapital seeks to maintain an offering of 2 to 3 managers within each of the key hedge fund strategy buckets, across a diverse mix of fund manager profiles. As part of this process, iCapital is continually examining the peers of existing funds to better understand the markets and strategies.

At the second stage of the diligence process iCapital aims to identify managers to evaluate more closely. iCapital builds a peer group universe, leveraging iCapital's entire sourcing capability, to identify managers with strong performance track records, including looking at return, volatility and drawdowns.

The third stage of the diligence process is designed for iCapital to conduct initial diligence on select managers. As part of the initial due diligence iCapital will hold a meeting or conference call, followed by in-person meetings at the manager's or iCapital's offices. In these meetings, iCapital seeks to understand the quality and stability of the investment team, the strength of the organization, the past drivers of the track record and the stability of the performance going forward.

In the fourth stage, iCapital proceeds with a diligence deep dive. iCapital makes all investment and fund selection decisions but has engaged Castle Hall Alternatives Inc. ("Castle Hall") to assist in hedge fund due diligence. Castle Hall performs an independent evaluation of the manager from an investment and operational due diligence perspective. Castle Hall's diligence process usually takes four to six weeks to complete.

In the last stage, if iCapital is comfortable with Castle Hall's due diligence findings, the manager will be presented to the iCapital Investment Committee. The due diligence report is presented to iCapital's Investment Committee for approval and a unanimous vote of the Investment Committee is required for any investment opportunity to be marketed to our network.

With respect to all of its diligence activities, while iCapital intends to conduct both investment and limited operational due diligence with respect to the Underlying Funds as part of the