

# TRANSPARENCY CAPITAL

**PROSPECTUS DATED 11<sup>st</sup> of March 2024**

**TRANSPARENCY CAPITAL S.C.A.**

*a corporate partnership limited by shares (société en commandite par actions) incorporated under the laws of the Grand Duchy of Luxembourg and subject to the Luxembourg law dated 22 March 2004 on securitisation, as amended*

**acting in respect of its compartment TC-Pegasus**

**EUR 300,000,000 asset-linked Bonds due 2036**

**Issue price: 100% of the Par Value**

**Listing of 2,000 new bonds issued in a private placement offering**

**Subscription Period: from 18<sup>th</sup> of March 2024 to May 31<sup>st</sup> 2024**

The EUR 300,000,000 Bonds (the **Bonds**) are issued by Transparency Capital S.C.A., a corporate partnership limited by shares (*société en commandite par actions*) incorporated under the laws of the Grand Duchy of Luxembourg (**Luxembourg**), having its registered office at 10, rue Antoine Jans, L-1820 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés, Luxembourg*) (**RCSL**) under number B218243 (the **Company**), subject, as an unregulated securitisation undertaking, to the provisions of the Luxembourg law dated 22 March 2004 on securitisation, as amended (the **Securitisation Law 2004**) and acting in respect of Compartment TC-Pegasus (as defined below) (the **Issuer**).

The Bonds are direct, unsecured, limited recourse, debt obligations of the Issuer. The Bonds are bonds with variable principal repayments until the Bonds has been amortized from the original amount Euro 150,000 per Bond to Euro 1, then variable coupon payments based on underlying assets performance and finally reimbursement of the EUR 1 if principal left. The holders of the Bonds (the **Bondholders**) are only entitled to proceeds received by the Issuer under or in connection with (i) the purchase of units (the **Units**) of CPR Transparency Euro, *fonds professionnel spécialisé*, under the form of a *Fonds Commun de Placement* (the **Fund I**); (ii) the purchase of special limited partnership interest (the **Partnership Interests**) issued by Alpha Intelligence Capital Fund II, SCSp, SICAV-RAIF (the **Fund II**). The Units, and the Partnership Interest have been acquired by the Issuer with the proceeds of the issue of the Bonds.

This document constitutes a prospectus for the purpose of the Luxembourg law dated 16 July 2019 on prospectuses for securities, as amended (the **Prospectus Law**).

**By subscribing to, or otherwise acquiring, the Bonds, the Bondholders acknowledge and agree, and will be deemed to have acknowledged and agreed, that the financial servicing of the Bonds and any payments under the Bonds will depend on payments received by the Issuer under or in connection with the Units, and the Partnership Interest.**

**The Bondholders expressly acknowledge and accept that the payments under the Bonds will be made solely with monies received by the Issuer in respect of the Units and the Partnership Interest acquired with the issue proceeds of the Bonds.**

**With the net proceeds of the issue of the Bonds allocated to its Compartment (as defined below), the Issuer, subscribed and will subscribe to a certain amount of Units, and Partnership Interest backing the payments to be made under the Bonds.**

The Bonds are issued in respect of a segregated compartment created by the Transparency Capital Management S.A., with registered office located at 10 rue Antoine Jans, L-1820 Luxembourg and registered with the RCSL under number B204286, general partner of the Issuer (the **Issuer General Partner**), named **TC-Pegasus** (the **Compartment TC-Pegasus**). The Compartment is a separate and segregated part of the Issuer's assets and liabilities. The Compartment's Assets (as defined below) are exclusively available to satisfy the rights of the Bondholders and the rights of the creditors whose claims have arisen as a result of the creation, the operation or the liquidation of the Compartment, as contemplated by the articles of incorporation of the Issuer (the **Articles**).

Application is made to the Luxembourg Stock Exchange (the **LxSE**) in its capacity as market operator of the Euro MTF market to approve this document as a prospectus (the **Prospectus**) in accordance with the rules and regulations of the LxSE. Application is also made to the LxSE for the Bonds to be listed on the official list of the LxSE (the **Official List**) and to be admitted to trading on the LxSE's Euro MTF market.

The Euro MTF market of the LxSE is not a regulated market within the meaning of Directive 2004/39/EC on markets in financial instruments. The Issuer reserves the right to apply at any time after the Issue Date (as defined below) for the admission of the Bonds to trading on any further stock exchange.

No application has been made for an offer to the public of the Bonds by the Issuer and this Prospectus does not constitute, and may not be used for the purposes of, an offer to the public of securities or solicitation to anyone in any jurisdiction in which such offer to the public or solicitation is not authorized.

**Bondholders, by subscribing to or otherwise acquiring the Bonds, expressly accept, and shall be deemed to be bound by, the provisions of the Securitisation Law 2004 and in particular, the provisions on limited recourse, non-petition, subordination and priority of payments, which are embedded in the Conditions (as defined below) of the Bonds. By subscribing or otherwise acquiring the bonds, the bondholders acknowledge and agree that the payments under the Bonds will be made solely with monies received by the Issuer.**

**The Conditions are complex. An investment in the Bonds is suitable only for experienced and financially sophisticated investors who are in a position to evaluate the risks and who have sufficient resources to be able to bear any losses which may result from such investment. Before subscribing to or otherwise acquiring any Bonds, prospective investors should specifically ensure that they understand the structure of, and the risk inherent to, the Bonds and should specifically consider the risk factors set out under the section "*Risk Factors*" below.**

**This being said, it must be made clear that the Bonds are only intended to be offered to professional investors as defined in the Directive 2014/65/EU of the European parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (MiFID) and more precisely under Annex II (Professional Investors).**

The Issuer accepts responsibility for the information contained in this Prospectus and, to the best of its knowledge (having taken all reasonable care to ensure that such is the case) the information contained in the Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. For the avoidance of doubt, the Issuer accepts responsibility for the correct extraction and reproduction of the information relating to the Fund I, the Fund II, the Units, the Interests and the SLP Interest.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference. This Prospectus should be read and construed on the basis that such documents are incorporated by reference and form part of the Prospectus. The information relating to the Fund I, the Fund II, the Units, and the Partnership Interests has not been independently verified by the Issuer and the Issuer undertakes no liability as to the accuracy of such information.

No person is or has been authorized by the Issuer to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the offering of the Bonds and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer.

Neither this Prospectus nor its delivery nor any other information supplied in connection with the offering, sale or delivery of the Bonds (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer that any recipient of this Prospectus should purchase any Bonds. Each investor contemplating purchasing any Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer, the Fund I and the Fund II. Neither this Prospectus nor any other information supplied in connection with the Bonds constitutes an offer or invitation by or on behalf of the Issuer to any person to subscribe for or to purchase any Bonds.

Neither the delivery of the Prospectus nor the offering, sale or delivery of the Bonds shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the Bonds is correct as of any time subsequent to the date indicated in the document containing the same.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Bonds in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale or delivery of Bonds may be restricted by law in certain jurisdictions. The Issuer does not represent that this Prospectus may be lawfully distributed, or that the Bonds may be lawfully offered or sold, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer which is intended to permit a public offering or sale of the Bonds or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Bonds may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Bonds may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Bonds. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Bonds in the European Economic Area (please see the section "*Subscription and Sale*" below).

In addition, there are restrictions on the distribution of this Prospectus and the offer or sale of Bonds that have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**), and Bonds that are not in registered form for U.S. federal tax purposes are subject to U.S. tax law requirements. The Bonds that are not in registered form for U.S. federal tax purposes may not be offered, sold, or delivered within the United States or to U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S (please see the section "*Subscription and Sale*" below).

All references in the Prospectus to **euro**, **EUR** and **€** refer to the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

All references in the Prospectus to business day(s), unless specified otherwise, are references to Business Day(s) (as defined below).

References to the Issuer may, where relevant and if the context so requires, be construed as a reference to the Company.

**CONTENTS**

**CLAUSE PAGE**

SUMMARY OF THE PROSPECTUS.....	7
1. THE PARTIES .....	9
2. RISK FACTORS RELATING TO THE ISSUER .....	11
3. RISK FACTORS RELATING TO THE BONDS .....	14
4. RISKS RELATING TO THE MARKETS GENERALLY .....	19
5. RISK FACTORS RELATING TO THE FUND I AND THE UNITS .....	20
6. RISK FACTORS RELATING TO THE FUND II AND THE PARTNERSHIP INTERESTS.....	21
7. THE BONDS .....	34
8. THE UNITS .....	37
9. THE FUND I.....	37
10. THE INTERESTS .....	38
11. FUND II .....	39
WHERE TO OBTAIN FURTHER INFORMATION.....	42
EXPECTED TIMETABLE OF KEY EVENTS.....	42
DOCUMENTS INCORPORATED BY REFERENCE .....	43
TRANSACTION OVERVIEW .....	44
USE OF PROCEEDS.....	44
TERMS AND CONDITIONS OF THE BONDS.....	44
1. DEFINITIONS .....	45
2. FORM, DENOMINATION AND TITLE .....	47
3. REPRESENTATIONS AND WARRANTIES OF THE ISSUER .....	48
4. STATUS; PAYMENT WATERFALL; NEGATIVE COVENANT.....	48
5. INTEREST AND OTHER PAYMENT RIGHTS.....	49
6. REDEMPTION AND PURCHASE .....	50
7. PAYMENTS.....	51
8. SECURITISATION ACT 2004.....	53
9. TAXATION.....	53
10. PRESCRIPTION.....	53

11.	BONDHOLDERS DECISIONS, MODIFICATION AND SUBSTITUTION.....	53
12.	FURTHER ISSUES.....	54
13.	NOTICES.....	54
14.	AGENT.....	55
15.	EXCLUSION OF TERMINATION CONDITION ( <i>CONDITION RÉSOLUTOIRE</i> ).....	55
16.	GOVERNING LAW AND JURISDICTION.....	55
	DESCRIPTION OF THE PARTIES .....	57
1.	ISSUER.....	57
2.	FUND I .....	59
3.	FUND II .....	61
4.	PAYING AGENT.....	66
	TAXATION.....	67
1.	GENERAL TAXATION INFORMATION .....	67
2.	LUXEMBOURG TAXATION .....	67
	SUBSCRIPTION AND SALE.....	70
	GENERAL INFORMATION .....	73
1.	AUTHORISATION.....	73
2.	FEES AND COSTS.....	73
3.	LISTING AND ADMISSION TO TRADING .....	73
4.	POST-ISSUANCE TRANSACTION INFORMATION .....	73
5.	CLEARING SYSTEMS.....	73
6.	DOCUMENTS AVAILABLE .....	74
7.	SIGNIFICANT OR MATERIAL CHANGE .....	74
8.	LITIGATION AND ARBITRATION.....	74
9.	STATUTORY AUDITOR .....	74

**SUMMARY OF THE PROSPECTUS**

The following is a summary of the principal features of the transaction described in this Prospectus, including the issue of the Bonds. The information in this section does not purport to be complete. This summary should be read as an introduction to, and in conjunction with, and is qualified in its entirety by reference to, the detailed information appearing elsewhere in this Prospectus. Prospective investors in the Bonds should base any decision to invest in the Bonds on consideration of this Prospectus as a whole. If a claim relating to the information contained in this Prospectus is brought before a competent court, the plaintiff investor may, subject to the legal requirement of the relevant member state of the European Economic Area, have to bear the costs of translating this Prospectus before the legal proceedings are initiated.

<b>SUMMARY OF THE PROSPECTUS</b>	
<b>Product</b>	EUR 300,000,000 asset-linked Bonds
<b>Issuer</b>	Transparency Capital S.C.A.
<b>Listing &amp; Admission to Trading</b>	Luxembourg Stock Exchange
<b>Underlying Assets</b>	<ul style="list-style-type: none"> <li>• <u>70% – CPR Transparency Euro</u>, a French <i>fonds professionnel spécialisé</i> managed by CPR Asset Management, a 100% subsidiary of Amundi, formed to make investments in government debt instruments and similar issuers in the euro zone with a target net IRR of c. 4.0% depending on the market conditions at the launch of the fund.</li> <li>• <u>30% – Alpha Intelligence Capital Fund II, SCSp, SICAV-RAIF</u>, a <i>société d'investissement à capital variable</i> qualifying as a <i>fonds d'investissement alternatif réservé</i> incorporated under the laws of the Grand Duchy of Luxembourg formed to make investments in advanced deep Artificial Intelligence/Machine Learning (AI/ML) technology-based companies in (without limitation) North America, member states of the EEA, the United Kingdom, Switzerland, Israel, India, and South-East Asia (including Taiwan) with the objective to achieve capital appreciation with a target net IRR of 30,0%.</li> </ul>
<b>Bonds Par Value</b>	EUR 150,000
<b>Issue Price</b>	100% of the Par Value
<b>Minimum Trading Size</b>	EUR 1,000
<b>Capital Guaranteed</b>	No
<b>Issue Date</b>	June 3 <sup>rd</sup> , 2024
<b>Offer Period</b>	From March 11 <sup>st</sup> , 2024 at 9:00 am CET to May 31 <sup>st</sup> , 2024 at 4:00 pm CEST; however, it is understood that the Issuer may, in case of oversubscription, to terminate the offer period at any other date

<b>Maturity Date</b>	June 3 <sup>rd</sup> , 2036 (year 12)
<b>Early Redemption Target</b>	June 3 <sup>rd</sup> , 2030 (year 6)
<b>Interest Rate</b>	Variable interest rate based on the performance of Fund I Units and Fund II Interests.
<b>Interest Payment Date</b>	The Issuer will pay interest, if any, annually on January 15 <sup>th</sup> of each year, commencing on January 15 <sup>th</sup> , 2025. Interest on the Bonds will accrue from the Issue Date.
<b>Redemption Price</b>	100% of the nominal value - Any amount received by the Issuer from Fund I and Fund II will be allocated to the Bond principal reimbursement until euro 1 left of principal, then variable coupon payments based on underlying assets shares performance and finally reimbursement of the €1 if principal left (cf. Distribution Waterfall below).
<b>Net Target IRR</b>	Target net IRR >10%
<b>Target Coupon</b>	Target annual cash distribution of c. +3%
<b>Distribution Waterfall</b>	Bond principal reimbursement until euro 1 left of principal, then variable coupon payments based on underlying assets shares performance and finally reimbursement of the €1 if principal left
<b>Selling &amp; Distribution restrictions</b>	<p>The Bonds are strictly restricted to Professional Investors.</p> <p>In addition, Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the <b>Securities Act</b>), and Bonds that are not in registered form for U.S. federal tax purposes are subject to U.S. tax law requirements. The Bonds that are not in registered form for U.S. federal tax purposes may not be offered, sold, or delivered within the United States or to U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S (please see the section “<i>Subscription and Sale</i>” below). (Please see the section “<i>Subscription and Sale</i>” below).</p>
<b>Governing Law</b>	Luxembourg
<b>Custodian</b>	Société Générale Luxembourg
<b>Listing &amp; Paying Agent</b>	Société Générale Luxembourg
<b>Clearing Systems</b>	Clearstream and Euroclear
<b>Statutory Auditors of the Issuer</b>	ECOVIS IFG Audit SA
<b>Independent Auditors of the Issuer</b>	Deloitte Luxembourg
<b>Legal Advisor to the Issuer</b>	KLEYR GRASSO
<b>Risk Factors</b>	Investing in the Bonds involves risks. See “Risk Factors”



## 1. THE PARTIES

<b>Clearing Systems</b>	Clearstream and Euroclear
<b>Custodian</b>	Société Générale Luxembourg
<b>Independent Auditor of the Issuer</b>	Deloitte Luxembourg
<b>Issuer</b>	<p>Transparency Capital S.C.A., a corporate partnership limited by shares (<i>société en commandite par actions</i>) incorporated under the laws of Luxembourg, having its registered office at 10, rue Antoine Jans, L-1820 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg Trade and Companies Register (<i>Registre de Commerce et des Sociétés, Luxembourg</i>) (<b>RCSL</b>) under number B218243, and subject, as an unregulated securitisation undertaking, to the provisions of the Securitisation Law 2004 and acting in respect of its Compartment TC-Pegasus. The Issuer has created by a decision of the Transparency Capital Management S.A., with registered office located at 10 rue Antoine Jans, L-1820 Luxembourg and registered with the RCSL under number B204286, the Issuer General Partner on February 28, 2024 a separate Compartment TC-Pegasus, in respect of the Bonds, to which all the assets and liabilities in relation to the Bonds will be allocated. The Issuer shall use the net proceeds from the issue of the Bonds to acquire the Shares in the Fund.</p>
<b>Legal advisor to the Issuer</b>	KLEYR GRASSO
<b>Listing &amp; Trading Venue</b>	Luxembourg Stock Exchange ( <b>LxSE</b> )
<b>Listing Agent</b>	Société Générale Luxembourg
<b>Fund I</b>	CPR Transparency Euro, a French <i>fonds professionnel spécialisé</i> , under the form of a <i>Fonds Commun de Placement</i> , represented by its management company CPR Asset Management, having its registered office at 91-93, boulevard Pasteur, F-75015 Paris, and registered with the register of commerce in France under number 399 392 141, wholly owned subsidiary of Amundi.
<b>Fund II</b>	<p>Alpha Intelligence Capital Fund II, SCSp, SICAV-RAIF, a <i>société d'investissement à capital variable</i> qualifying as a <i>fonds d'investissement alternatif réservé</i> incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 5, Heienhaff, L – 1736 Senningerberg, and registered with the RCS under number B270249.</p> <p>Alpha Intelligence Capital Fund II, SCSp SICAV-RAIF, a Luxembourg special limited partnership (<i>société en commandite spéciale</i>) is organized as an investment company with variable capital (<i>société d'investissement à capital variable</i>) qualifying as a reserved alternative investment fund (<i>fonds d'investissement alternatif réservé</i>) (RAIF) within the meaning of the law dated 23 July 2016 on reserved alternative investment funds (RAIF Law).</p>

	<p>Alpha Intelligence Capital GP II S.à r.l, a Luxembourg private limited liability company (<i>société à responsabilité limitée</i>) serves as the managing general partner (<i>associé gérant commandité</i>) of the Fund II (<b>General Partner</b>).</p> <p>Sanne LIS S.A., a public limited liability company (<i>société anonyme</i>) incorporated under the laws of Luxembourg has been appointed by the General Partner as alternative investment fund manager of the Fund II (AIFM), as such term is construed under the 2013 Law. The AIFM shall act as external alternative investment fund manager within the meaning of the law of 12 July 2013 on alternative investment fund managers, as amended under the supervision of the CSSF in charge of the investment management (i.e. portfolio management and risk management), valuation and marketing of the Fund II with effect as from the establishment of the Fund II. The AIFM has appointed, with the approval of the General Partner, Alpha Intelligence Core Limited, an alternative investment management company founded in 2019 under Hong Kong law and licensed by the Securities and Futures Commission Type 4 (advising on securities) and Type 9 (asset management) regulated activities, to act as investment advisor in relation to the Fund II (Investment Advisor). The Investment Advisor shall provide advice to the AIFM with respect to the management of the Investments, in particular in relation to the investment and divestment opportunities of the Partnership.</p> <p>The Partnership is not subject to direct supervision by the Commission de Surveillance du Secteur Financier (CSSF), but only to indirect supervision via the AIFM.</p>
<b>Funds</b>	Fund I and Fund II when referred herein collectively.
<b>Paying Agent</b>	Société Générale Luxembourg
<b>Receiving Bank</b>	Société Générale Luxembourg
<b>RCSL</b>	Register of commerce and companies in Luxembourg
<b>Reporting</b>	GE Lux S.A., previously known as Group Electa, with registered office located at 10, rue Antoine Jans L-1820 Luxembourg and registered with the RCSL under number B 138463.
<b>Statutory Auditor of the Issuer</b>	ECOVIS IFG Audit SA.

## RISK FACTORS

Prospective investors in the Issuer and the Bonds should ensure that they fully understand the nature of the Bonds, as well as the extent of their exposure to risks associated with an investment in the Bonds. They should consider the suitability of an investment in the Bonds in light of their own particular financial, fiscal, and other circumstances. In particular, prospective investors should be aware that the Bonds may decline in value and should be prepared to sustain a substantial or total loss of their investment in the Bonds and ensure that their acquisition is fully consistent with their financial needs and investment policies, is lawful under the laws of the jurisdiction of their incorporation and/or in which they operate, and is a suitable investment for them to make.

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Bonds. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with the Bonds are described below. The Issuer believes that the factors described below represent the principal risks inherent in investing in the Bonds, but the inability of the Issuer to pay principal or other amounts under or in connection with the Bonds may occur for other reasons, which may not be or may not have been considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

## 2. RISK FACTORS RELATING TO THE ISSUER

### 2.1. The Issuer is a special purpose vehicle

The Issuer's sole business is the raising of money by issuing securities for the purposes of acquiring assets or risks relating to assets generally.

### 2.2. Securitisation Law 2004 and compartments generally

2.2.1. The Issuer is established as an unregulated securitisation undertaking (*société de titrisation*) within the meaning of the Securitisation Law 2004. The Issuer General Partner may establish one or more compartments (within the meaning of articles 62 *et seq.* of the Securitisation Law 2004), each of which is a separate and segregated part of the Issuer's estate (*patrimoine*) and which may be distinguished by the nature of acquired risks or assets, the terms and conditions of the obligations incurred in relation to the relevant compartment, their reference currency or other distinguishing characteristics.

2.2.2. By subscribing to, or otherwise acquiring, the Bonds, Bondholders will, and shall be deemed to, fully adhere to, and be bound by, the Articles. The Articles in force as of the date of this Prospectus have been filed with and are available for inspection at the RCSL during normal business hours. As and when restated versions (*statuts coordonnés*) of the Articles are produced, such restated versions will be filed with the RCSL and will be available for inspection. Each amendment to the Articles will be published on the official electronic platform of companies and associations (the *Recueil électronique des sociétés et associations* (RESA)).

### 2.3. **Compartment TC-Pegasus relating to the Bonds**

2.3.1. With respect to the Bonds, the Board (as defined below) has established a separate compartment (the **Compartment TC-Pegasus**). Pursuant to the Securitisation Law 2004, claims against the Issuer by the Bondholders and of the other Compartment Parties (as defined below) will be limited to the net assets of Compartment TC-Pegasus. If Compartment TC-Pegasus is liquidated, its assets shall be applied in accordance with the Conditions.

2.3.2. The Board established and maintains separate accounting records for Compartment TC-Pegasus in order to ascertain the rights of Bondholders and of the other Compartment Parties (as defined below) in respect of Compartment TC-Pegasus for the purposes of the Articles and the Conditions, such accounting records being conclusive evidence of such rights in the absence of proven manifest error.

### 2.4. **There may be other creditors in respect of Compartment TC-Pegasus**

2.4.1. Pursuant to the Securitisation Law 2004, the Compartment TC-Pegasus Assets are exclusively available to satisfy the rights of the Bondholders and the rights of any other creditor whose claims have arisen at the occasion of the creation, the operation or the liquidation of Compartment TC-Pegasus (the **Compartment Parties**). The amounts payable or deliverable by the Issuer to the Compartment Parties are referred to as **Compartment Liabilities**.

2.4.2. The Issuer is not aware of any claims of persons other than the Compartment Parties that have arisen or may in the future arise on terms that such claims would be entitled, under the Securitisation Law 2004, to be satisfied from the Compartment TC-Pegasus Assets. However, if such claims exist at the Issue Date of the Bonds or will arise in the future, they may have an adverse effect on the value of the Compartment TC-Pegasus Assets available to meet the claims of the Compartment Parties and the Bondholders, and therefore the Compartment TC-Pegasus Assets may not be sufficient to satisfy all amounts scheduled to be paid to the Bondholders and the Compartment Parties.

### 2.5. **Limited recourse and non-petition**

2.5.1. The rights of Bondholders and other Compartment Parties to participate in the assets of the Issuer are limited to the Compartment TC-Pegasus Assets. If the payments and/or deliveries received by the Issuer in respect of the Compartment TC-Pegasus Assets are not sufficient to discharge all Compartment Liabilities and the Bonds, the obligations of the Issuer in respect of the Compartment Liabilities and the Bonds will be limited to the Compartment TC-Pegasus Assets. The Issuer will not be obliged to make any further payments and/or deliveries to any Compartment Parties and/or Bondholders in excess of the amounts received upon the realization of the Compartment TC-Pegasus Assets. Following the application of the proceeds of realization of the Compartment TC-Pegasus Assets in accordance with the Conditions and the Articles, the claims of the Bondholders and any other Compartment Parties for any shortfall shall be extinguished and the Bondholders and the other Compartment Parties (and any person acting on behalf of any of them) may not take any further action to recover such shortfall.

2.5.2. In particular, no such party has the right to petition for the winding-up, the liquidation or the bankruptcy of the Issuer as a consequence of any shortfall or to take any similar proceedings. Failure to make payment in respect of any shortfall shall in no circumstances constitute an event of default under the Conditions. Any shortfall under the Bonds shall be borne by the Bondholders and the Compartment Parties specified in the Conditions.

2.5.3. The Bondholders may be exposed to competing claims of other creditors of the Issuer, the claims of which have not arisen in connection with the creation, the operation or the liquidation of Compartment TC-Pegasus if foreign courts, which have jurisdiction over assets of the Issuer allocated to a compartment (such as, Compartment TC-Pegasus) do not recognize the segregation of assets and the compartmentalization, as provided for in the Securitisation Law 2004. The claims of these other creditors may affect the scope of assets which are available for the claims of the Bondholders and the Compartment Parties. If as a result of such claims, a shortfall arises, such shortfall will be borne by the Bondholders and the Compartment Parties specified in the Conditions.

## **2.6. Consequences of Winding-up Proceedings**

2.6.1. The Issuer is structured to be an insolvency-remote vehicle. The Issuer will aim at contracting with each Compartment Party with respect to Compartment Liabilities only upon terms that such party agrees not to make application for the commencement of winding-up, liquidation and bankruptcy or similar proceedings against the Issuer. Legal proceedings initiated against the Issuer in breach of these provisions shall, in principle, be declared inadmissible by a Luxembourg court.

2.6.2. Notwithstanding the foregoing, if the Issuer fails for any reason to meet its obligations or liabilities (that is, if the Issuer is unable to pay its debts as they become due and may obtain no further credit), a creditor who has not (and cannot be deemed to have) accepted non-petition and limited recourse provisions in respect of the Issuer is entitled to make an application for the commencement of insolvency proceedings against the Issuer. In that case, such creditor should, in principle, not have recourse to the assets of any compartment but would have to exercise its rights on the general assets of the Issuer unless its rights would arise in connection with the creation, operation or liquidation of a specific compartment, in which case the creditor would have recourse to the assets allocated to that compartment. Furthermore, the commencement of such proceedings may, in certain conditions, entitle creditors to terminate contracts with the Issuer and claim damages for any loss created by such early termination. The Issuer is insolvency-remote but under no circumstances insolvency-proof.

## **2.7. No security interests**

The Issuer has not created any security interest over the Units and the Interests to secure its obligations in respect of Compartment Liabilities and in respect of the Bonds and no such security interests exist for the benefit of the Compartment Parties or the Bondholders.

## **2.8. Reliance on third parties**

The Issuer is party to contracts with a number of third parties who have agreed to perform a number of services in relation to the Bonds. In particular, the Paying Agent has agreed to provide services with respect to the Bonds.

If any such third party fails to perform its obligations under any relevant agreement, investors may be adversely affected.

## **2.9. Potential conflicts of interest**

The Issuer may create compartments under which it may invest in the same assets as, or in similar assets to, already existing compartments. Assets of a compartment may affect the assets of other compartments set-up or to be set-up by the Issuer, as the case may be. Investors do not have the right to switch from one compartment to another compartment.

### 3. RISK FACTORS RELATING TO THE BONDS

#### 3.1. Payment Waterfall and Limited Recourse

##### 3.1.1. Payment Waterfall

The payment waterfall provisions contained in the Conditions of the Bond are complex. In accordance with Condition 4 of the Conditions of the Bonds, the Issuer intends to use approximately 70% of the proceeds from the issuance of the Bonds to acquire Units and the Interests, and approximately 30% of the proceeds from the issuance of the Bonds to acquire the Interests. Condition 4 further provides that the Issuer shall use any cash that it generates from the Shares to make payments in the following order:

- 3.1.1.1. payment of taxes incurred in connection with Compartment TC-Pegasus activities;
- 3.1.1.2. payment of certain types of fees and costs due to the Issuer and by the Issuer to various parties which arose in connection with the set-up of Compartment TC-Pegasus and the issue of the Bonds (see section “Fees and Costs” under the heading “General Information”);
- 3.1.1.3. payments in pro rata settlement of amounts due to the Bondholders in connection with the amortization of the Bonds from their nominal amount of Euro 150,000 each to Euro 1;
- 3.1.1.4. payments in pro rata settlement of interest and all other amounts (other than those due under iii above) due to the Bondholders in connection with the Bonds.

The payment obligations specified under 3.1.1.1 above shall be preferred liabilities (**Preferred Liabilities**).

The order in which payments may be made, as specified above, shall apply to all cash held by Compartment TC-Pegasus, regardless of the point at which the cash inflows to Compartment TC-Pegasus occurred. Unless otherwise specified by Condition 4.3, only those liabilities shall be taken into account that have already arisen at the time of the cash inflow to Compartment TC-Pegasus. Cash may only be used to settle liabilities of a particular ranking in the order of payments if there is cash remaining after all the higher-ranking obligations in the order of payments have already been satisfied or the amounts necessary to settle such higher-ranking obligations have been set aside. Liabilities listed within a ranking in the order of payments shall rank equally with each other; the settlement of such liabilities shall be on a pro rata basis if necessary. If there is a Preferred Liability in existence and the liability cannot be settled with the available cash, the Issuer shall sell some or all of the Units and the Interests as necessary and use the proceeds to settle the existing Preferred Liabilities in accordance with Condition 4.3.

##### 3.1.2. Limited Recourse

- 3.1.2.1. The Bondholders have only recourse to the Units and the Interests allocated to Compartment TC-Pegasus (and any assets in relation thereto) and not to the assets allocated to any other compartments created by the Issuer or any other assets of the Issuer. Once the Shares (and any assets in relation thereto) allocated to Compartment TC-Pegasus have been realised, they are not entitled to take any further steps against the Issuer to recover any further sums due and the right to receive any such sum shall be extinguished.

- 3.1.2.2. All payments to be made by the Issuer in respect of the Bonds will be made only from the assets and rights comprised in, and any monies received from time to time by or on behalf of the Issuer in respect of the Units and the Interests (the **Relevant Assets**) and which will be allocated to Compartment TC-Pegasus. The Bondholders will consequently bear, amongst others, the insolvency risk of the Fund I and the Fund II.
- 3.1.2.3. To the extent that the Relevant Assets are less than the minimum amount which the holders of the outstanding Bonds then outstanding were scheduled to receive (the difference being referred to herein as a shortfall), such shortfall will be borne by the Bondholders.
- 3.1.2.4. Each Bondholder, by subscribing to or purchasing the Bonds, accepts and acknowledges, and will be deemed to accept and acknowledge, that:
- 3.1.2.4.1. the Bondholders shall look solely to the Relevant Assets for payments and (if any) deliveries to be made by the Issuer under the Bonds;
- 3.1.2.4.2. the obligations of the Issuer to make payments and deliveries under the Bonds will be limited to the Relevant Assets and the Bondholders shall have no further recourse to the Issuer (or any of its rights, assets or properties) in respect of the Bonds;
- 3.1.2.4.3. following application of the Relevant Assets, and without prejudice to the foregoing, any right of the Bondholders to claim payment of any amounts or assets exceeding the Relevant Assets shall be automatically extinguished; and
- 3.1.2.4.4. the holders of the Bonds shall not be able to petition for the winding up, the liquidation or the bankruptcy of the Issuer as a consequence of any shortfall or otherwise.
- 3.1.2.5. For the avoidance of doubt, none of the Paying Agent or a shareholder of the Issuer has any obligation to any Bondholders for payment or delivery of any amount by the Issuer in respect of the Bonds. There is no guarantee from any such person to the Bondholders that they will recover any amounts payable or deliverable under the Bonds.
- 3.1.2.6. Any recourse against the shareholders of the Issuer in respect of obligations assumed by the Issuer under the Bonds is excluded. The Issuer is not an agent of the Bondholders for any purpose.

### **3.2. The Bonds may not be a suitable investment for all investors**

Each potential investor in any Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- 3.2.1. have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in the Prospectus or any supplement thereto;
- 3.2.2. have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;

3.2.3. have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds where the currency for principal payments is different from the potential investor's currency;

3.2.4. understand fully the Conditions and be familiar with the behavior of any financial markets; and

3.2.5. be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

### **3.3. Risks relating to the structure of the Bonds**

The Bonds have features, which may contain particular risks for potential investors.

#### **3.3.1. Optional redemption by the Issuer**

The optional redemption feature of the Bonds might limit their market value. During any period when the Issuer may elect to redeem Bonds, it is possible that the market value of the Bonds will not rise substantially above the price at which they can be redeemed. This may also be true prior to any such redemption period.

#### **3.3.2. Interest payments on the Bonds dependent on the performance of the Units and the Interests.**

The Bonds are bonds with variable principal repayments until the Bonds has been amortized from the original amount Euro 150,000 per Bond to Euro 1, then variable coupon payments based on underlying Relevant Assets performance and finally reimbursement of the EUR 1 if principal left. Possible losses under the Bonds can therefore not be compensated by means of other income received under the Bonds.

#### **3.3.3. Fees and expenses**

In connection with the Bonds, Bondholders should note that certain amounts, including but not limited to amounts payable to the Paying Agent and to the Issuer, may rank senior to payments of principal under the Bonds to the Bondholders.

#### **3.3.4. Payments**

Payments to be made by the Issuer under the Bonds are expressly subject to receipt of funds under the Units and the Interests.

### **3.4. General risks relating to the Bonds**

#### **3.4.1. Modification**

The Conditions contain provisions to consider matters affecting the Bondholders interests generally. These provisions permit defined majorities to bind all Bondholders, including Bondholders who did not take part in the decision or were against it.

The Conditions provide that the Issuer may, without the consent of Bondholders, make any modification to the Conditions which is of a formal, minor or technical nature, or is made to correct a manifest or proven error, or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated or to reflect any change of law which has an impact on the Issuer's obligations under the Bonds.

#### **3.4.2. Further issues of Bonds**

Further Bonds may be issued under Compartment TC-Pegasus.



### **3.4.3. Costs relating to the purchase and sale of the Bonds**

Commissions and other costs, which may be incurred by a potential investor in connection with the purchase and/or sale of Bonds, may reduce the income generated by an investment in the Bonds.

### **3.4.4. Automatic exchange of information**

Under the law of 18 December 2015 implementing the EU Council Directive 2014/107/UE on administrative cooperation in the field of direct taxation (the **DAC Directive**) and the OECD Common Reporting Standard (the **CRS**) (the **AEoI Law**), since 1 January 2016, except for Austria which will benefit from a transitional period until 1 January 2017, the financial institutions of an EU Member State or a jurisdiction participating to the CRS are required to provide to the fiscal authorities of other EU Member States and jurisdictions participating to the CRS details of payments of interest, dividends and similar type of income, gross proceeds from the sale of financial assets and other income, and account balances held on reportable accounts, as defined in the DAC Directive and the CRS, of account holders residents of, or established in, an EU Member State and certain dependent and associated territories of EU Member States or in a jurisdiction which has introduced the CRS in its domestic law.

Payment of interest and other income derived from the Bonds fall into the scope of the AEoI Law and are therefore subject to reporting obligations.

Bondholders should consult their own tax advisor with respect to the application of the AEoI Law to such bondholder in light of such bondholder's individual circumstances.

### **3.4.5. Change of law**

The Conditions are based on Luxembourg law now in force. No assurance can be given as to the impact of any possible judicial decision or change to Luxembourg law or administrative practice after the date of this Prospectus.

### **3.4.6. No right to enforce the Shares**

Whilst payments and deliveries under the Bonds are dependent upon the return (if any) derived from and payments made under the Shares, Bondholders will have no right to enforce the Shares against the Fund. The Issuer shall exercise its right as a holder of the Shares in good faith and in a commercially reasonable manner, taking into consideration the interests of the Bondholders in respect of the Shares pursuant to the Bonds.

### **3.4.7. Prospective investors should note that an investment in the Bonds is a long-term investment with no certainty of return.**

Prospective investors should note that an investment in the Bonds is a long-term investment with no certainty of return. A Bondholder may only receive a payment from the Issuer following Maturity, the Early Redemption Date or in case of a Netting Event, which will/may occur after a considerable period of time from the date of acquiring the Bonds. Subject to early redemption or a Netting Event, no interim payments will be made during the term of the Bonds.

## **3.5. Tax treatment of the Bondholders**

The tax position of the Bondholders may vary according to their particular financial and tax situation. The tax structuring of the Issuer and/or its investments may not be tax efficient for a particular prospective Bondholder. No undertaking is given that amounts allocated to the Bondholders will have any particular characteristics or that any specific tax treatment will apply. Further, no assurance is given that any particular investment structure in which the Issuer has a direct or

indirect interest will be suitable for all Bondholders and, in certain circumstances, such structures may lead to additional costs or reporting obligations for some or all of the Bondholders.

Prospective Bondholders should consider their own tax position in relation to subscribing for, purchasing, owning and disposing of Bonds, and consult their own tax advisors as appropriate. None of the Issuer and its affiliates, or any officer, director, member, partner, employee, advisor or agent thereof can take responsibility in this regard.

### **3.6. Taxation in foreign jurisdiction**

Bondholders, the Issuer and/or any vehicle in which the Issuer has a direct or indirect interest may be subject to tax in jurisdictions in which the Bondholders, the Issuer or any such vehicles are incorporated, organised, controlled, managed, have a permanent establishment or permanent representative, or are otherwise located and/or in which investments are made and/or with which investments have a connection.

Moreover, taxes such as withholding tax, branch profits tax or similar taxes may be imposed on profits of, or proceeds received by, the Issuer from investments in such jurisdictions, and such taxes may not be creditable to, or deductible by, the Issuer or the Bondholders in their respective jurisdictions.

### **3.7. Changes to tax law**

The tax information provided in the Prospectus is based, to the best knowledge of the Issuer, upon tax law and practice as at the date of the Prospectus. Applicable law and any other rules or customary practice relating to or affecting tax, or the interpretation of these in relation to the Bondholders and the Issuer may change during the life of the Issuer (possibly with retroactive effect). In particular, both the level and basis of taxation of the Issuer may change in the future. Additionally, the interpretation and application of tax law, rules and customary practice by any taxation authority or court may differ from that anticipated by the Issuer and its advisors. Any change in the Issuer's tax status, tax regulations or practice may affect the return on the Bonds.

### **3.8. Taxation and no gross-up**

Each Noteholder will assume and be solely responsible for any and all taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any state or local taxes or other like assessment or charges that may be applicable to any payment to it in respect of the Bonds. In the event that any withholding tax or deduction for tax is imposed on payments of interest on the Bonds, the Noteholders will not be entitled to receive grossed-up amounts to compensate for such withholding tax and no Issuer Event of Default shall occur as a result of any such withholding or deduction.

### **3.9. FATCA and CRS**

Under the terms of (i) the amended Luxembourg law of 24 July 2015 implementing the Model 1 Intergovernmental Agreement with regard to the Foreign Account Tax Compliance Act provisions of the United States Hiring Incentives to Restore Employment (**HIRE**) Act of 18 March 2010 (**FATCA**) signed between Luxembourg and the United States of America on 28 March 2014 (the **FATCA Law**) and (ii) the amended Luxembourg law of 18 December 2015 on the Common Reporting Standard (**CRS**) implementing Council Directive 2014/107/EU of 9 December 2014 as regards mandatory exchange of information in the field of taxation as well as the OECD's multilateral competent authority agreement on automatic exchange of financial account information signed on 29 October 2014 in Berlin, with effect as of 1 January 2016 (the **CRS Law**), the Issuer is likely to be treated as a Reporting Luxembourg Financial Institution. As such, the Issuer may require all Noteholders to provide documentary evidence of their tax residence and all other information

deemed necessary to comply with the above-mentioned regulations. Should the Issuer become subject to a withholding tax and/or penalties as a result of a non-compliance under the FATCA Law, and/or penalties as a result of a non-compliance under the CRS Law, the value of the Bonds held by all Noteholders may be materially affected. Any Noteholder that fails to comply with the Issuer's information or documentation requests pursuant to the FATCA Law and/ or the CRS Law may be held liable for taxes and/or penalties imposed on the Issuer and attributable to such Noteholder's failure to provide the relevant information.

Furthermore, the Issuer may be required to withhold tax on certain payments to its Noteholders which would not be compliant with FATCA (i.e. the so-called foreign passthrough payments withholding tax obligation).

#### **4. RISKS RELATING TO THE MARKETS GENERALLY**

##### **4.1. The secondary market generally**

The Bonds do not have an established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of Bonds. Neither the Issuer nor any of its agents will arrange for a market to develop in respect of the Bonds.

Although the Bonds are expected to be listed and admitted to trading on the Euro MTF market of the LxSE, it is not possible to predict if and to what extent a secondary market may develop in any Bonds or at what price any Bonds will trade in the secondary market or whether such market will be liquid or illiquid. The Euro MTF market of the LxSE is not a regulated market within the meaning of Directive 2004/39/EC on markets in financial instruments. No assurance is given that any such listing, quotation or admission to trading will be maintained. The fact that the Bonds may be so listed, quoted or admitted to trading does not necessarily lead to greater liquidity than if they were not so listed, quoted or admitted to trading.

##### **4.2. Exchange rate risks and exchange controls**

Payments by the Issuer under the Bonds will be in Euro. This presents certain risks relating to currency conversions if a Bondholder's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls.

##### **4.3. Legal investment considerations may restrict certain investments**

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Bonds are legal investments for it, (2) Bonds can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules. None of the Issuer, the Paying Agent, the shareholders of the Issuer nor any of their respective affiliates has assumed or assumes responsibility for the lawfulness of the acquisition of the Bonds by a prospective purchaser of the Bonds, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance

by that prospective purchaser with any law, regulation or regulatory policy applicable to it. A prospective purchaser may not rely on the Issuer, the Paying Agent, the shareholders of the Issuer nor any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Bonds, nor as to the other matters referred to in this Risk Factors section or elsewhere in this Prospectus.

#### **4.4. The ongoing COVID-19 pandemic could have a material adverse effect on our Borrowers**

An outbreak of an infectious respiratory illness, COVID-19, caused by a novel coronavirus has resulted in travel restrictions, disruption of healthcare systems, prolonged quarantines, cancellations, supply chain disruptions, lower consumer demand, layoffs, ratings downgrades, defaults and other significant economic impacts. Certain markets have experienced temporary closures, extreme volatility, severe losses, reduced liquidity and increased trading costs. These events may have a negative impact on Borrowers and consequently on the Issuer.

## **5. RISK FACTORS RELATING TO THE FUND I AND THE UNITS**

### **5.1. Main risks**

It is reminded that the Fund I belongs to the “Bonds and other debt securities denominated in euros” category.

The Fund I is exposed to the following's risks, including through the UCIs it holds:

#### **5.1.1. Risk of capital loss**

The Fund I does not offer any performance or capital guarantee and may therefore present a risk of capital loss, in particular if the holding period is less than the recommended investment horizon. As a result, the capital initially invested may not be fully returned.

#### **5.1.2. Interest rate and market risk**

This is the risk of depreciation of interest rate instruments resulting from changes in interest rates. It is measured by sensitivity. In the event of a rise in interest rates, the Fund I's net asset value may fall even more, the higher the Fund I's sensitivity to rates.

#### **5.1.3. Credit risk**

This is the risk of degradation of the quality of an issuer's signature or that of its default. This risk is all the more marked if the issuer belongs to the "Speculative Grade" credit category, i.e. ratings lower than or equal to BB+ (S&P/Fitch) or Ba1 (Moody's) or deemed equivalent according to the criteria of the management company.

The occurrence of this type of event could lead to a drop in the net asset value.

#### **5.1.4. Liquidity risk**

It represents the risk that a financial market, when trading volumes are low or in the event of tensions on this market, cannot absorb sales (or purchases) volumes without significantly lowering (or raising) the price.

#### **5.1.5. Counterparty risk**

The Fund I uses temporary purchases and sales of securities and/or derivatives traded over-the-counter. These transactions, entered into with a counterparty, expose the Fund I to a risk of default and/or non-performance of the swap contract on the part of the latter, which could

have a significant impact on the net asset value of the Fund I. This risk may not be, where appropriate, offset by the financial guarantees received.

**5.1.6. Liquidity risk related to temporary acquisitions and sales of securities**

The Fund I may be exposed to trading difficulties or a temporary impossibility of trading certain securities in which the Fund I invests or those received as collateral, in the event of default by a counterparty to temporary purchases and sales of securities.

**5.1.7. Risk related to the reuse of securities received as collateral**

The Fund I is exposed to the risk of reinvestment and/or the posting of securities received as collateral. The Fund I's net asset value may fall depending on the fluctuation of securities reused or securities acquired by investing the cash collateral received.

**5.1.8. Discretionary risk**

The management style is based on anticipating the evolution of the interest rate, credit and foreign exchange markets. There is a risk that the Fund I will not be invested at all times in the best performing securities.

**5.2. Other risks**

**5.2.1. Legal risk**

The use of temporary purchases and sales of securities may lead to legal risk, particularly relating to contracts.

**5.2.2. Operational risk**

It represents the risk of loss resulting from the inadequacy or failure of internal processes, people, systems or external events.

**5.2.3. Sustainability risk**

This is the risk associated with an environmental, social or governance event or condition which, if it occurs, could have a material adverse effect, actual or potential, on the value of the investment.

**6. RISK FACTORS RELATING TO THE FUND II AND THE PARTNERSHIP INTERESTS**

**6.1. Specific Risks Linked to operating history**

The Fund II is newly formed and does not have an operating history or any track record for investment. There is no guarantee that suitable investments will be or can be acquired or that investments will be successful. The success of the Fund II depends on the possibility to identify, select, effect and realize appropriate investments.

**6.2. Past Performance**

While members of the team/investment advisor of the Fund II have experience with respect to certain type of investments that may be made by the Fund II, past performance of similar investments is not necessarily a guide to future performance of the investments. No assurances can be given that expected returns for any of the contemplated investments of the Fund II will be achieved. As a result, the capital initially invested may not be fully returned.

### **6.3. Limited Partners lack of control over partnership policies**

The investment, management, financing, operating and disposition policies of the Fund II will be determined by the General Partner, with the support of its Investment Advisor (as defined above)

These policies may be changed from time to time at the discretion of the General Partner without the vote or other approval of Limited Partners in every circumstance. Any such changes could be detrimental to the operations of the Fund II or the value of the Fund II's assets.

### **6.4. Risks relating to the Fund II**

An investment in the Fund II involves a substantial degree of risk and should be only considered by investors whose financial resources are sufficient to enable them to assume this risk (as well as the possible loss of some or all of their investment) and who have no immediate need for liquidity in their investment or repayment of their funded commitment.

### **6.5. Risks inherent to investments in the venture capital sector / due to investments made in the line of business linked to artificial intelligence**

Venture capital funds are subject to those risks which are inherent in a venture capital investment i.e. subject to the risks associated with the underlying companies in which the Fund II has invested (which will include promising, but still unproven, startups), including market conditions, changes in legal and regulatory requirements, quality of management at the portfolio company, interest rates and currencies fluctuations, general economic conditions changes, domestic or foreign political developments, capital market conditions and other factors. Further, the portfolio companies themselves are exposed to certain risks such as ethical concerns/issues, an ever-evolving regulatory landscape, data sourcing/privacy issues, black box algorithms, certain biases, etc. There can be no assurance that the future performance of the underlying portfolio companies in which the Fund II will invest will be positive or result in high rates of return. There can be no assurance that the Fund II will be able to generate returns or that the returns will be commensurate with the risks of investing in the type of companies and transactions described herein. There can be no assurance as to any distribution from the Fund II. Accordingly, an investment in the Fund II should only be considered by persons who can afford a loss of their entire investment.

### **6.6. Risks related to change in technology**

The Fund II could be exposed to the risk that a change could occur in the way a service or product is delivered to it or a portfolio company or other asset rendering the existing technology obsolete. Any technology change that occurs over the medium term could threaten the profitability of a portfolio company or other asset of the Fund II. If such a change were to occur, these assets would have very few alternative uses should they become obsolete.

### **6.7. Risks due to the highly competitive market for investment opportunities**

The activity of identifying, completing and realizing attractive investments involves a significant degree of uncertainty, and the Fund II will compete with companies, the public equity markets and other investors for investment opportunities. There can be no assurance that the AIFM/Investment Advisor will be able to locate and complete investments that satisfy the Fund II's return objectives or realize upon their values or that it will be able to invest fully the Fund II's commitments.

### **6.8. Risks due to the illiquidity of the Partnership Interests of the Fund II**

The Partnership Interests will not be transferable without the consent of the General Partner and will be affected by restrictions on resale imposed under applicable securities laws. There is currently no public market for the Partnership Interests and no public market for the Partnership Interests is likely to develop, and there will be no active secondary market for Partnership Interests. Limited

Partners generally will not be able to redeem their holdings or withdraw from the Partnership. In addition, significant credit, tax, contractual and regulatory restrictions apply with respect to potential transfers of Partnership Interests. The Partnership Interests cannot be sold or transferred by any other means except as provided in the LPA and, in any case, may be transferred only to certain eligible investors which shall meet requirements set forth in the LPA. In addition, the sale or transfer of Partnership Interests of the Partnership by any other means may be subject to additional restrictions on transfer pursuant to local laws applicable to the Limited Partners willing to dispose of those Partnership Interests. There is no liquid market for the Partnership Interests and none is expected to develop. Accordingly, Limited Partners may not be able to liquidate their investment in the Partnership in the event of an emergency or for any other reason, and their Partnership Interests in the Partnership may not be acceptable as collateral for loans. The inability to transfer Partnership Interests may also limit the availability of certain estate planning strategies. Such limitations may also adversely affect the price that a Limited Partner will obtain for Partnership Interests in the Partnership they would be able to sell. Prospective investors should not invest unless they are prepared to retain their Partnership Interests until the Partnership liquidates.

#### **6.9. Risks due to the limited number of investments / lack of diversification**

The Fund II only intends to make a limited number of investments and as a result may be unable to achieve full investment of the Fund II's total commitments during the investment period. The Fund II's operating costs are also likely to remain substantially the same during such period, which could materially affect the total level of returns. Further, there can as such be a lack of diversification of the Fund II's assets over certain periods of time. A limited degree of diversification increases risk because, as a consequence, the aggregate return of the Fund II may be substantially adversely affected by the unfavorable performance of a single investment.

#### **6.10. Risks due to non-controlling investments / co-investments risk**

The Fund II shall hold a non-controlling interest in portfolio companies and, therefore, may have a limited ability to protect its position in such portfolio companies, although as a condition of investment in a portfolio company, it is generally expected that appropriate shareholder rights/board positions generally will be sought to protect the Fund II's interests. However, the Fund II may co-invest with managers and third parties, who may have or manage significantly larger or controlling ownership interests in the portfolio assets. Such investments may involve risks in connection with such third-party involvement, including the possibility that a co-investor may have financial difficulties that negatively impact such Investment. The Fund II will also rely on the existing management, board of directors and significant investors in such portfolio assets, which may include representatives of other financial investors with whom the Fund II is not affiliated and whose interests may at times conflict with the interests of the Fund II. The co-investments are expected to involve risks including the risk that a third-party will be in a position to take (or block) action in a manner contrary to the Fund II's investment or strategic objectives (including, for example, requiring the Fund II to dispose of its investment in such portfolio asset at the same time as such third-party consummates its disposition) resulting in a negative effect on such investment. In addition, the Fund II may in certain circumstances be liable for the actions of its co-investors.

#### **6.11. Risks due to non-EU investments**

The Fund II will invest in companies that will be organized or have substantial sales or operations outside of the European Union. Such Investments may be subject to certain additional risks due to, among other things, potentially unsettled points of applicable governing law, the risks associated with capital repatriation regulations (as such regulations may be given effect during the term of the Fund II), the application of complex European Union and foreign tax rules to cross-border investments, etc. Foreign countries also may impose taxes on the Fund II, the activities of the Fund

II. To the extent possible, the Fund II will structure its investments and activities to minimize these liabilities. However, there can be no assurance that the Fund II will be able to eliminate all liabilities or reduce them to a specified level. In addition, it is conceivable that an investment may trigger a filing requirement for Limited Partners in the particular jurisdiction of investment. The Fund II will attempt to structure transactions so that this is not the case to the extent possible given other investment parameters. However, the Fund II may invest a proportion of its assets in emerging markets. Investment in such markets involves risk factors and special considerations, which may not be typically associated with investing in more developed markets. Political or economic change and instability may be more likely to occur and have a greater effect on the economies and markets of emerging countries. Adverse government policies, taxation, restrictions on foreign investment and on currency convertibility and repatriation, currency fluctuations and other developments in the laws and regulations of emerging countries in which Investments may be made, including expropriation, nationalization or other confiscation could result in a loss to the Fund II. By comparison with more developed securities markets, most emerging countries' securities markets are comparatively small, less liquid and more volatile. In addition, settlement, clearing and registration procedures may be underdeveloped enhancing the risks of error, fraud or default. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in emerging markets may not provide the same degree of investor information or protection as would generally apply to major markets.

#### **6.12. Risks related to Portfolio Valuation**

Prospective investors should acknowledge that the portfolio of the Fund II will be composed of assets of different natures in terms of inter alia sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. As a result, the valuation of the relevant portfolio and the production of the Net Asset Value calculation will be a complex process which might in certain circumstances require the Partnership to make certain assumptions in order to produce the desired output.

#### **6.13. Risks due to exposure to leverage**

Investments may, although rarely, include companies whose capital structures may ultimately, although not at the time of purchase, have significant leverage. Consequently, their financial condition and performance may be more sensitive than other companies to changes in cash flow, interest rates and general economic or market conditions. Any such changes that are adverse may significantly impair their ability to meet their obligations and continue their operations and could materially impair the Fund II's ability to recover its investment. Leverage generally magnifies both the Fund II's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which state is difficult to accurately forecast. During times when credit markets are tight, it may be difficult to obtain or maintain the desired degree of leverage. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of the Fund II's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of the Fund II's investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot guarantee adequate cash flow to meet debt service, the Fund II may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Fund II. Furthermore, should the credit markets be tight at the time the Fund II determines that it is desirable to sell all or part of a portfolio company, the Fund II may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which the Fund II will invest



generally will not be rated by a credit rating agency. Although the AIFM and the Investment Advisor will seek to invest in portfolio companies whose leverage is believed to be prudent, the leveraged capital structure of such companies will increase their exposure to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the company or its industry.

#### **6.14. Risks due to additional financing**

Certain of the Fund II's portfolio companies may be expected to require additional financing to satisfy their working capital requirements. The amount of such additional financing needed will depend upon the maturity and objectives of that particular portfolio company. Each round of financing (whether from the Partnership or other investors) is typically intended to provide the relevant portfolio company with enough capital in order for such portfolio company to reach its next major corporate milestone. If the funds provided are not sufficient, a company may have to raise additional capital at a price unfavorable to the Fund II. In addition, the Fund II may make additional investments in such company in order to preserve the Fund II's proportionate ownership when a subsequent financing is planned, or to protect the Fund II's investment when such portfolio company's performance does not meet expectations. The availability of capital is generally a function of capital market conditions that are beyond the control of the Fund II or any portfolio company. There can be no assurance that the portfolio companies will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available from any source.

#### **6.15. Risk related to losses**

There can be no assurance that the operations of the Fund II will be profitable, that the Fund II will be able to avoid losses of that cash from its Investments. The Fund II will not have a source of funds from which to provide distributions to the Limited Partners other than income and gain received on its investments.

#### **6.16. Risks related to a failure to meet performance expectations**

While the Fund II intends to make investments that are expected to have returns commensurate with the risks undertaken, there can be no assurance that the Fund II will achieve its objective, and there can be no guarantee that capital contributed by Limited Partners will be returned. A number of factors could prevent the Fund II's assets from performing as expected. Estimates of future income and expenses to operate an acquired target by Fund II as originally intended may prove to be inaccurate. Projections will normally be based primarily on the AIFM's and the Investment Advisor's analysis and judgments. In all cases, projections are only estimates of future results based upon assumptions made at the time the projections are developed. There can be no assurance that the projected results will be obtained, and actual results may vary significantly from the projections. General economic conditions can have a material adverse impact on the accuracy of projections.

#### **6.17. Risks due to effecting operating improvements**

In some cases, the success of the Fund II's investment strategy will depend, in part, on the ability of the Fund II to restructure and effect improvements in the operations of a portfolio company. The activity of identifying and implementing potential operating improvements at portfolio companies entails a high degree of uncertainty. Certain features of United States', Asia's and Europe's business environment (e.g., a reluctance or inability to effect layoffs or close or divest of unprofitable business lines) may impede or prevent the implementation of necessary restructuring steps for portfolio companies. There can be no assurance that the Fund II will be able to successfully implement such improvements.

**6.18. Risks due to failure to make contributions / Default**

If a Limited Partner fails to pay when due its contribution to the Fund II, and the contributions made by non-defaulting Limited Partners and borrowings by the Fund II are inadequate to cover the defaulted contribution, the Fund II may be unable to pay its obligations when due as it may be difficult for the Fund II to make up the shortfall from other sources. The other Limited Partners may be required to make additional capital contributions to replace such shortfall, thereby reducing the diversification of their investments. Further, the Fund II may be subjected to significant penalties that could materially adversely affect the returns to Limited Partners (including non-defaulting Limited Partners). Any default by one or more Limited Partners could have a negative effect on the Fund II, its assets and the interests of the other Limited Partners in the Fund II. If a Limited Partner defaults, it may be subject to various remedies, including a forfeiture of its rights in the Fund II.

**6.19. Risks related to reliance on Key Person**

The Fund II will be particularly dependent on Antoine Blondeau (the **Key Person**), Arnaud Barthelemy, Uday Sandhu, Terry Chou and Alberto Pelliccione (the **Team**). The loss of members of the Team, in particular any of the investment professionals/Key Person, could have a materially adverse effect on the Fund II. There can be no assurance that the AIFM and/or Investment Advisor will be able to retain the persons above mentioned and therefore successfully implement the strategies that the Fund II Partnership intends to pursue.

**6.20. Risks related to reliance on the General Partner, the AIFM, the Investment Advisor and their Affiliates**

The ability of the General Partner to successfully manage the affairs of the Fund II will depend in large measure on the AIFM's and the Investment Advisor's respective investment management teams and their respective ability to identify and structure the management of investments. The AIFM and the Investment Advisor will rely on the experience, relationships and expertise of their respective members and key employees. There can be no assurance that these individuals will continue to be able to carry on their current duties throughout the term of the Fund II. The loss of the services of any such individuals could have a material adverse effect on the Fund II's operations.

**6.21. Risks due to removal of the General Partner**

Pursuant to and in accordance with the LPA, the General Partner may be removed for cause, and replaced by a successor General Partner. In the event this course of action was to occur, the Team might cease to be involved in the management or control of the business of the Fund II and the appointment of the Investment Advisor as an investment advisor in relation to the Fund II might be terminated. Therefore, there can be no certainty regarding the Fund II's ability to consummate investment opportunities thereafter. Moreover, it is possible that the Fund II may be dissolved and terminated prematurely, and as a result, may not be able to accomplish its objectives and may be required to dispose of its Investments at a disadvantageous time or make an in-kind distribution.

**6.22. Risks related to conflicts of interest**

The AIFM and the Investment Advisor may engage in other business activities and manage the accounts of investors other than the Fund II. However, to the extent that conflicts of interest should arise on the part of the AIFM, the Investment Advisor and/or their personnel between the Fund II and any other account, company, partnership or venture with which it or they are now or later may become affiliated, they will endeavor to treat all of such entities equitably and in line with each entity's conflicts of interest policy. However, the financial services industry generally, and the activities of private investment funds and their managers, in particular, have been subject to intense and increasing regulatory oversight. Such scrutiny may increase the Fund II's exposure to potential

liabilities and to legal, compliance and other related costs. Increased regulatory oversight may impose administrative burdens on the Fund II including, without limitation, responding to investigations and implementing new policies and procedures. Such burdens may divert the Fund II's time, attention and resources from portfolio/asset management activities. It is anticipated that, in the normal course of business, the Fund II's officers will have contact with governmental authorities and/or be subjected to responding to questionnaires or examinations. The Fund II may also be subject to regulatory inquiries concerning its positions and investment activities.

**6.23. Direct investment and/or personal securities transactions by the Sponsor / Key Person / General Partner / Investment Advisor**

In principle, whereas there is an alignment of interests in the context of the direct investment by the Sponsor/Key Person/General Partner/Investment Advisor in the Fund II, each will have certain interests in the way in which the Fund II is operated which, under certain circumstances, may conflict with the interests of other investors and create an incentive for the Fund II to take certain actions that it would not otherwise take. Certain of these persons may invest in the Fund II by purchasing an interest in a feeder vehicle or linked vehicle whereby a related entity is the sole investor in such vehicle. The involvement of such entity as the intermediary of such investment in the Fund II may create a conflict of interest. The ability of the Sponsor/Key Person/General Partner/Investment Advisor to enter into such investment transactions may be further limited by applicable law and/or the LPA and, in order for them to comply therewith, the AIFM may limit or modify the size, structure, or governance or other terms of investments made by the Fund II. By acquiring a Partnership Interest, each Limited Partner will be deemed to have acknowledged and consented to the foregoing and waived any potential conflicts of interest relating to or arising from the above.

Potential conflicts of interest may be mitigated by the following: (i) (save as permitted in the LPA) neither the General Partner nor the Investment Advisor shall invest, directly or indirectly, in an investment which would be eligible as an investment by the Partnership until the earlier of (a) the date on which at least seventy-five percent (75%) of the Total Commitments have been drawn, committed or reserved for investment or expenses, and (b) the expiration of the investment period, (ii) the Fund II will not, without LPAC Consent, acquire by way of transfer or otherwise all or a portion of an investment held by the Investment Advisor, Key Person or the Sponsors, (iii) unless approved by LPAC Consent, none of the General Partner, the Investment Advisor, the Key Person(s) or any of their Affiliates shall collect fees or income from a Successor Fund until the earlier of: (a) the date on which at least seventy-five percent (75%) of the Total Commitments have been drawn, committed or reserved for investment or expenses; or (b) the expiration of the Investment Period, provided that this shall not apply to the set up and operation of any Parallel Fund, alternative investment vehicle, co-investment vehicle, Investment Holding Vehicle or any other vehicle(s) permitted under the Fund II Documents.

Please note that for the above section 6.23, the following definitions shall apply:

**LPA** means the limited partnership agreement relating to the Fund II, as the same may be amended, modified or supplemented from time to time;

**Total Commitments** means the aggregate Commitments of all Partners;

**Commitment** means, with respect to a Limited Partner, the capital commitment of such Limited Partner to the Fund II in the amount set forth in the books and records of the Fund II, as such amount may be adjusted from time to time pursuant to and in accordance with the provisions of the LPA and the Subscription Agreement of that Limited Partner.

**LPAC** means the limited partners advisory committee established by the General Partner in accordance with clause 14 of the LPA.

**LPAC Consent** means a decision taken with the approval of a simple majority of the members of the LPAC voting on the decision.

#### **6.24. Risks related to Performance Allocations**

The fact that the Team's indirect compensation is based on the performance of the Fund II may create an incentive for the team to cause the Fund II to make investments that are more speculative than would be the case in the absence of performance-based compensation. However, this incentive may be tempered somewhat by the fact that losses will reduce the Fund II's performance and thus the team's indirect compensation, as well as the team's own Commitments.

#### **6.25. Risk related to discretionary management**

The Fund II is managed by the General Partner and the AIFM. The Limited Partners will not be entitled to make decisions with respect to the management, disposal or other realization of any of the Investments of the Fund II, or other decisions regarding the Fund II's business and affairs and will have no opportunity to control or influence the Fund II's daily management or operations. The success of the Fund II is substantially dependent on the General Partner and the AIFM, and the skill and expertise of the investment professionals/members of the investment team belonging to the AIFM and the Investment Advisor and there can be no assurance that such individuals will continue to be employed by such entities or to function on behalf of the Fund II. Should one or more of these members cease, for whatever reason, to participate in the management of the Fund II, the Fund II's performance could be significantly affected. Limited Partners' attention is also drawn to the fact that they will not have the opportunity to review the relevant economic, financial and other information which will be relied upon by the AIFM and the Investment Advisor in the selection, acquisition, monitoring and disposal of Investments. Limited Partners will however have access to regular reports.

#### **6.26. Risks due to indemnification**

The Fund II will be required to use the Fund II's assets to indemnify the General Partner, the Sponsors, the AIFM, the Investment Advisor, their managers, directors, officers, employees, shareholders, agents, representatives or Affiliates who serve at the request of the General Partner on behalf of the Fund II against any and all claims, liabilities, actions, proceedings, demands, costs, damages and expenses, including legal fees, incurred, suffered or threatened, arising out of or in connection with their activities for the account of the Fund II. Such liabilities may be material. Any amount required to be used in that context will reduce the amounts available to the Fund II for investments or distributions, may force the Fund II to liquidate investments and may have a negative impact on the Fund II's return.

#### **6.27. Risks due to hedging policies/risks**

In connection with the financing of certain investments, the Fund II may employ hedging techniques designed to manage the exposure to certain risks and to reduce the risks of adverse movements in market conditions, in interest rates and currency exchange rates. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks. Thus, while the Fund II may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates or currency exchange rates may result in exposing the Fund II to additional costs, such as transactions fees or breakage costs related to hedging agreements and thus a poorer overall performance for the Fund II than if it had not entered into such hedging transactions.

**6.28. Risks upon contingent liabilities on disposition of Investments/Partner giveback**

In connection with the disposition of an investment in a portfolio company, the Fund II may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business, or may be responsible for the contents of disclosure documents under applicable securities laws. The Fund II may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents turn out to be incorrect, inaccurate or misleading. These arrangements may result in contingent liabilities, which might ultimately have to be funded by the Partners. Furthermore, the Partners may be required to return certain distributions (even after the expiry of the term of the Partnership) for the purpose of satisfying certain other obligations and liabilities of the Fund II.

**6.29. Risks due to USD denomination of partnership interests**

Partnership Interests are denominated in USD. Limited Partners subscribing for Limited Partnership Interests in any country in which the USD is not the local currency should note that changes in the value of exchange between USD and such currency may have an adverse effect on the value, price or income of the investment to such Investor. There may be foreign exchange regulations applicable to investments in foreign currencies in certain jurisdictions. Investors should consult with his or her own counsel and advisors as to all legal, tax, financial and related matters concerning an investment in the Fund II.

**6.30. Tax Liability**

Any change in the Fund II 's tax status or in taxation legislation or any interpretation thereof in Luxembourg or any country where the Fund II has assets or operations could affect the value of the assets held by the Fund II or the Fund II's ability to achieve its investment strategy or provide favorable returns to Limited Partners. Any such change could also adversely affect the net amount of any distributions made to Limited Partners. If the Fund II is treated as having a permanent establishment, or as otherwise being engaged in a trade or business, in any country in which it invests or in which its interests are managed, income attributable to or effectively connected with such permanent establishment or trade or business may be subject to tax in the place of such permanent establishment. In order for the Fund II to maintain its tax status, continued attention must be paid to ensure that all relevant conditions are satisfied in all the jurisdictions in which the Fund II operates in order to avail itself of any benefits.

**6.31. Withholding Tax**

To the extent that the Fund II is required to withhold and pay certain amounts to taxing authorities on behalf of or with respect to the Limited Partners: (i) if the amount required to be withheld or paid by the Fund II on behalf of or with respect to a Limited Partner exceeds the amount available for distribution to such Limited Partner, such Limited Partner will be required to pay such amount to the Fund II; and (ii) each Limited Partner will indemnify the Fund II and hold it harmless for any liability with respect to taxes, penalties or interest required to be withheld or paid to any taxing authority by the Fund II.

**6.32. Risks due to taxation in investee jurisdictions**

Where the Fund II makes investments in a foreign jurisdiction, the Fund II may be subject to income or other tax in that jurisdiction. Additionally, branch taxes may be imposed on earnings of the Fund II from Investments in such jurisdiction. In addition, local tax incurred in a jurisdiction by the Fund II or vehicles through which it invests may not entitle Limited Partners to either (i) a credit against tax

that may be owed in their respective home tax jurisdictions or (ii) a deduction against income taxable in such home jurisdictions.

### **6.33. Phantom Income**

Income allocation for tax purposes may occur independently of any distributions under the LPA. There can be no assurance that the Fund II will have sufficient cash flow from other sources to permit it to make annual distributions in the amount necessary to pay all tax liabilities resulting from Limited Partners' ownership of interests. In certain circumstances, the Fund II may be subject to taxation without having received cash flow. It cannot be excluded that tax payments need to be financed with contributions of Limited Partners. Transfers can also trigger trade tax in case of trading.

### **6.34. CFIUS risk**

Certain investments by the Fund II that involve the acquisition of, or investment in, a business could be subject to review and approval by the U.S. Committee on Foreign Investment in the United States (CFIUS) and/or non-U.S. national security/investment clearance regulators depending on the beneficial ownership and control of interests in the Fund II. In the event that CFIUS or another regulator reviews one or more of the Fund II's proposed or existing Investments, there can be no assurances that the Fund II will be able to maintain, or proceed with, such investments on terms acceptable to the Fund II. CFIUS or another regulator could impose limitations on or prohibit one or more of the Fund II's Investments. Such limitations or restrictions could prevent the Fund II from maintaining or pursuing investments, which could adversely affect the Fund II's performance with respect to such investments (if consummated) and thus the Fund II's performance as a whole. In addition, certain of the Limited Partners of the Fund II will be non-U.S. investors, and in the aggregate, may comprise a substantial portion of the Fund II's aggregate Commitments, which would increase both the risk that investments could be subject to review by CFIUS, and the risk that limitations or restrictions will be imposed by CFIUS or other non-U.S. regulators on the Fund II's portfolio companies. In the event that restrictions are imposed on any investment by the Fund II due to the non-U.S. status of a Limited Partner or group of Limited Partners or other related CFIUS or national security considerations, the General Partner could choose to restrict such Limited Partner's or such group of Limited Partners' ability to invest in or receive information with respect to any such portfolio company. However, there can be no assurance that any restrictions implemented on any such Limited Partner or any such group of Limited Partners will allow the Fund II to maintain, or proceed with, any investment.

### **6.35. Passive Foreign Investment Company Income**

The Fund II may be a passive foreign investment company (PFIC) for U.S. federal income tax purposes. The PFIC rules are designed generally to eliminate the benefit of deferral of U.S. federal income tax that a U.S. shareholder otherwise could derive from investing in a foreign corporation. In general, the Fund II will be classified a PFIC if either: (i) seventy-five percent (75%) or more of its gross income for the taxable year is "passive income" (e.g., dividends, interest, certain rents and royalties, and gain from the sale of property producing such income); or (ii) fifty percent (50%) or more of the average quarterly value (unless the holder has made a valid election to use an alternative measuring period) of its assets are held for the production of "passive income". A penalty tax is imposed on any U.S. shareholder of a PFIC when that shareholder directly or indirectly disposes of (or receives an "excess distribution" with respect to) its PFIC stock. In general, the penalty tax is equivalent to U.S. federal income tax at the highest ordinary income rates in effect during the U.S. shareholder's holding period, calculated as if any gain on that sale were realized (or the excess distribution were made) ratably over the U.S. shareholder's holding period for that stock, plus an interest charge on taxes that are deemed due during the period. The PFIC rules do

not apply to a U.S. shareholder if the U.S. shareholder makes a timely election to treat the issuer as a “qualified electing fund” (QEF). Each U.S. shareholder that wishes to make a QEF election should do so by filing IRS Form 8621 with the IRS. See below for a more detailed discussion of the PFIC rules.

**6.36. Risk due to no registration of the Partnership Interest under the 1933 Act or other securities laws**

The Partnership Interests will not be registered under the 1933 Act or any state or other securities laws and may not be transferred unless registered under applicable federal and state securities laws and, in some cases, non-US securities laws, or unless an exemption from such laws is available. The Fund II has no plans, and is under no obligation, to register its Partnership Interests under the 1933 Act.

**6.37. COVID-19 pandemic & risks related to deteriorating market conditions**

Measures taken to contain the health impacts of the COVID-19 pandemic (such as restrictions on the movement of the population) have resulted in adverse impacts on economic activity in Europe and worldwide and the duration for which such measures will remain in place is unclear (including whether there will be subsequent waves of the COVID-19 pandemic and whether and in what manner previously lifted restrictions will be re-imposed). Specific schemes have been initiated by the governments to provide financial support to parts of the economy most impacted by the COVID-19 pandemic. The Fund II relies on models to support its risk management activities, including informing business decisions and strategies and measuring and limiting risk. Models are, by their nature, imperfect and incomplete representations of reality because they rely on assumptions and inputs, and so they may be subject to errors affecting the accuracy of their outputs and/or misused. This may be exacerbated when dealing with unprecedented scenarios, such as the COVID-19 pandemic, due to the lack of reliable historical reference points and data.

Prospective investors should note that the ongoing COVID-19 pandemic and the ensuing global market turmoil, unprecedented global travel restrictions and regional and nationwide quarantines that have been implemented by governments around the world and the slowing and/or complete idling of certain significant U.S. and global businesses and sectors, which have led to economic downturns in North America, Europe and elsewhere, and may happen again. To the extent that current conditions continue (or worsen), the General Partner expects that there will be adverse impacts on the availability of credit or capital to businesses as well as on asset prices, and more generally the public and private markets, which in each case, could impact the Fund II's ability to implement its investment objectives, consummate transactions and/or adequately assess and react to actual and potential downside risks to the Fund II's portfolio of investments. In addition, the full impact of the pandemic and energy price shocks on markets, business activity and the U.S. and global economy, as well as potential changes in U.S. economic and fiscal policies that may be adopted to address the pandemic, price shocks and related externalities, are not yet fully identified or understood. In implementing the Fund II's investment strategy, the General Partner will make a number of assumptions, including as to the severity of the consequences of the COVID-19 pandemic to global economies as well as prospective portfolio companies. There can be no assurances that such assumptions will be correct and unexpected events and developments, including the severity of the pandemic on economies and specific portfolio companies, may be detrimental to the Fund II and its Investments.

Prospective investors should also note that the performance information presented herein should not be relied upon. Certain valuations used to calculate performance information are expected to be lower than those reflected herein and in certain cases, materially so. Accordingly,

correspondingly qualified considerations should be attached to the valuation and performance information included herein.

**6.38. Risks of terrorism or acts of war**

Acts of terrorism or war may disrupt operations or damage assets of the Fund II, which could cause the Fund II and its Limited Partners to suffer losses. In addition, geopolitical events and military and paramilitary conflicts and tensions in certain regions may escalate into war or armed conflict or otherwise escalate to a level that, as a result of economic and other sanctions and/or other punitive and retaliatory measures taken by certain countries or international bodies (together or individually) in response thereto, could have a material and adverse effect on global economic conditions and markets in which the Fund II intends to invest. This in turn could have a material and adverse effect on the Fund II's ability to achieve its investment objectives.

As of the date of this Prospectus, there is ongoing military conflict between Russia and Ukraine. This conflict poses a grave and significant risk to the entire global economy, and has resulted in increasing international actions, including sanctions, that are being imposed by international bodies, including the United States government and the European Union, against persons with relevant connections to Russia and its governing regime (connected persons). Some of the measures are broad and include preventing Russian interests from accessing relevant international payments systems for purposes of making or receiving financial transfers. Although the Fund II does not expect to invest in securities issued by entities formed or registered in Russia, such an investment is not prohibited under the Fund II documentation should an opportunity arise. As a result, the Fund II may be subject to legal, regulatory, political, economic (including value and liquidity), currency, payments and exchange rate risks with regard to such connected investments and/or connected persons.

Also, the global instability arising as a result of the military conflict has the potential to adversely affect the value of the Partnership's portfolio. Target businesses in which the Fund II may invest may be severely disrupted (including in respect of supply chain issues and withdrawal of significant international business interests from the global market), which may cause the Fund II's investments to decline in value. In addition, payments system restrictions, liquidity, exchange and/or currency issues may prevent payments by connected persons and result in adverse impacts on distributions or other relevant returns on any connected investments. Further extension of international sanctions could result in it becoming legally prohibited for the Fund II to receive or deal with income arising from connected investments and/or connected persons, to participate in corporate actions in respect of such securities or to dispose of such securities. Any of the preceding risks may result in a complete loss for the Fund II in respect of any connected investments. Continuation of the conflict could also adversely affect regional and global economic conditions resulting in a global downturn or recession, including as a result of anticipated potential impacts on global energy markets, which, in turn, could adversely affect the Fund II's portfolio more broadly than the impact of connected investments/connected persons alone.

**6.39. Risk of Fraud**

The Fund II could be subject to losses due to fraudulent and negligent acts on the part of third parties, including borrowers, brokers, sellers, counterparties, and vendors.

**6.40. Risks related to inflation**

If a portfolio company is unable to increase its revenue in times of higher inflation, its profitability might be adversely affected. Some of the Fund II's portfolio companies could have long-term rights to income linked to some extent to inflation, including, without limitation, by government regulations and contractual arrangements. Typically, as inflation rises, a portfolio company will earn more



revenue but also will incur higher expenses; as inflation declines, a portfolio company might be unable to reduce expenses in line with any resulting reduction in revenue. Inflation could likely result in higher financing costs for businesses and could therefore result in a reduction in the amount of cash available for distribution to Partners.

**6.41. Risks due to changes in applicable law and regulations**

The Fund II must comply with various legal requirements imposed in Luxembourg, the United States as well as in other jurisdictions under which the Fund II operates. Any of these laws or regulations may change the legal, regulatory or tax requirements to which the Fund II is currently subject and may cause restructuring of the Fund II to comply with these changes. The Fund II will operate in an environment which might be subject to significant and unpredictable changes in governmental and regulatory policies. Also, portfolio companies in which the Fund II will invest are developing products that could have regulatory components that must be approved by outside agencies and thus could prevent market access or hinder product commercialization. Changes in legal, tax and regulatory regimes within the jurisdictions of the respective investments as well as the Partnership may occur during the life of the Fund II. Further, various regulatory changes are expected within the European Union which may materially affect the current performance as well as the current projected performance of any given investment.

**6.42. Counterparty risk**

While the Fund II will seek to structure its investments in a manner that minimizes counterparty risk, it will remain exposed to the risk of default of its counterparties and as such amounts invested by the Fund II may be lost or trapped for a long time in case a counterparty defaults.

**6.43. Settlement risk**

There is always the risk that another party will fail to deliver assets in accordance with the terms of a contract at the time of settlement. Settlement risk can be the risk associated with default at settlement and any timing differences in settlement between the two parties.

**6.44. Distributions in kind**

Although under normal circumstances the Fund II intends to make distributions in cash, it is possible that under certain circumstances (including the liquidation of the Partnership), distributions may be made in kind and could consist of securities for which there is no readily available public market or securities of entities unable to meet required interest or other payments. Distributions in kind may cause valuation issues under respective applicable tax laws.

**6.45. Nature of business**

An investment in the Fund II involves a significant degree of risk. Investment in the Fund II is only suitable for those persons who are able to bear the economic risk of the investment, understand the high degree of risk involved, believe that the investment is suitable based upon their investment objectives and financial needs, and have no need for liquidity of investment. There can be no assurance that the Fund II 's objectives will be achieved or that there will be any return of capital.

**THE CONSIDERATIONS SET OUT ABOVE ARE NOT, AND ARE NOT INTENDED TO BE, A COMPREHENSIVE LIST OF ALL CONSIDERATIONS RELEVANT TO A DECISION TO PURCHASE OR HOLD ANY BONDS.**

## 7. THE BONDS

The following summary of the Bonds does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus and in particular the section "Terms and Conditions of the Bonds" below. Words and expressions defined or used in the section "Terms and Conditions of the Bonds" below shall have the same meaning in this section.

<b>Compartment TC-Pegasus</b>	Compartment TC-Pegasus has been created by the Issuer General Partner of the Issuer in respect of the Bonds. Compartment TC-Pegasus is a separate and segregated part of the Issuer's assets and liabilities. The Shares allocated to Compartment TC-Pegasus are exclusively available to satisfy the rights of the Bondholders and the rights of the creditors whose claims have arisen as a result of the creation, the operation or the liquidation of Compartment TC-Pegasus, as contemplated by the Articles of the Issuer. Payments under the Bonds will be made solely with monies received by the Issuer in respect of the Shares acquired with the issue proceeds of the Bonds.
<b>Description</b>	EUR 300,000,000 Bonds backed by the Units and the Interests.
<b>Redemption Price</b>	100% of the nominal value - Any amount received by the Issuer from Fund I and Fund II will be allocated to the Bond principal reimbursement until euro 1 left of principal, then variable coupon payments based on underlying assets shares performance and finally reimbursement of the €1 if principal left.
<b>Early Redemption</b>	In certain cases, the Bonds can be redeemed early at the option of the Issuer (see Condition 6.2). The Bonds will then be redeemed at the Early Redemption Amount on the Early Redemption Date (all terms as defined in the Conditions).
<b>Form and denomination</b>	The Bonds are issued in bearer form and in a denomination of EUR 150,000 each.
<b>Governing law</b>	The Bonds are governed by, and will be construed in accordance with, the laws of Luxembourg.
<b>Interest Rate</b>	Variable interest rate based on the performance of Fund I Units and Fund II Interests.
<b>Interest Payment Date</b>	The Issuer will pay interest, if any, annually on January 15 <sup>th</sup> of each year, commencing on January 15 <sup>th</sup> , 2025. Interest on the Bonds will accrue from the Issue Date.
<b>Issue Date</b>	June 3 <sup>rd</sup> , 2024
<b>Issue Price</b>	100% of the Par Value
<b>Interests Realization Amount</b>	Means the proceeds received by the Issuer upon disposing of all, but not part of the Interests, according to these Conditions and the conditions applicable to the Interests.
<b>Interests Redemption Amount</b>	Means the proceeds received by the Issuer upon the redemption of the Interests by the Fund II.

<b>Listing and Admission to Trading</b>	Application is made to the LxSE to approve this document as a prospectus in accordance with the Prospectus Law. Application is also made to the LxSE for the Bonds to be admitted to trading on the Euro MTF market and to be listed on the Official List of the LxSE.
<b>Maturity</b>	12 years from the date of issue with a target early redemption in the 6 <sup>th</sup> year.
<b>Meetings of Bondholders</b>	Articles 470-3 to 470-19 of the Luxembourg act dated 10 August 1915 on commercial companies, as amended are not applicable to the Bonds (see Condition 11).
<b>Modification</b>	The Issuer may make, without the consent of the Bondholders, any modification to the Conditions which is of a formal, minor or technical nature, to comply with mandatory provisions or to reflect any change of applicable law.
<b>Negative pledge</b>	The Conditions contain a negative pledge provision (see Condition 4.5), which prevents the Issuer from creating or permitting to exist any security interest upon the whole or any part of its present or future assets or revenues allocated to Compartment TC-Pegasus to secure any of its obligations unless the Bonds share in and are equally and rateably secured by such security interest.
<b>Par Value</b>	EUR 150,000.
<b>Payment Date</b>	means the fifth (5 <sup>th</sup> ) Business Day following the day on which the Issuer has received an amount under or in connection with the Units and the Interests (including the Units Realization Amount, the Units Redemption Amount, the Interests Realization Amount, the Interests Redemption Amount (as defined in the Conditions)).
<b>Payment Rights</b>	The Issuer grants the Bondholders the right to receive payments of monetary amounts calculated by the Issuer in accordance with the Conditions.
<b>Redemption Amount</b>	Means the Total Redemption Amount (as defined below) at Maturity.
<b>Selling Restrictions</b>	The Bonds have not been and will not be registered under the Securities Act and will not be offered or sold within the United States. The Bonds may be sold in other jurisdictions only in compliance with applicable laws and regulations (see the section " <i>Subscription and Sale</i> " below).
<b>Status and ranking</b>	The Bonds represent direct, unsecured limited recourse debt obligations of the Issuer, which rank <i>pari passu</i> and rateably, without any preference among themselves, with all other existing direct unsecured limited recourse, indebtedness of the Issuer which has been or will be allocated to Compartment TC-Pegasus.
<b>Substitution</b>	The Issuer may not be replaced as issuer and principal debtor under the Bonds.
<b>Taxation</b>	All payments in respect of the Bonds by the Issuer will be made without deduction or withholding for taxes or duties of whatever

	nature unless deduction or withholding of such taxes or duties is required by law.
<b>Total Redemption Amount</b>	means the portion of Interests Redemption Amount, the Interests Realization Amount, Units Redemption Amount, the Units Realization Amount as the case may be, allocable to the Bondholders pursuant to Condition 3, subject to the provisions of Condition 6 and as calculated by the Issuer.
<b>Units Realization Amount</b>	Means the proceeds received by the Issuer upon disposing of all, but not part of the Units, according to these Conditions and the conditions applicable to the Units.
<b>Units Redemption Amount</b>	Means the proceeds received by the Issuer upon the redemption of the Units by the Fund I.
<b>Use of proceeds</b>	After payment of and provision for certain costs, the Issuer shall use the net proceeds of the issuance of the Bonds to finance the acquisition of the Units and the Interests (see the section " <i>Use of Proceeds</i> " below).

For a more detailed description of the features of the Bonds please see the section "*Terms and Conditions of the Bonds*" below.

## 8. THE UNITS

*The following summary of the Units does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus.*

<b>Description</b>	The Issuer has subscribed or will subscribe to Units of the Fund (the Units) in an amount equal to 100% of the issue proceeds of the Bonds.
<b>Form</b>	Bearer form
<b>Issue of Units</b>	Minimum initial subscription 30,000,000 Euro
<b>Governing law</b>	The Units are governed by, and will be construed in accordance with, the laws of Luxembourg.

## 9. THE FUND I

### 9.1. Investment objectives

The objective of the Fund I is, over a recommended investment period of twelve (12) years and after taking into account ongoing charges, to seek appreciation of the capital invested over the recommended investment period, by investing at least 70% of its assets in government debt instruments and similar issuers in the euro zone.

### 9.2. Investment Strategy

At initiation, the Fund I will be invested in two strategies:

- 9.2.1. A long-term pocket (representing at least 70% of the assets at initiation): invested in long-term bond assets and in a logic of carry at maturity, making it possible to seek to offer a return corresponding to a rate level interest prevailing in the market.
- 9.2.2. A short/medium term segment: managed in securities with short/medium maturity and in monetary supports which will be gradually disinvested for the client's liquidity needs during the first five (5) years of the Fund I, according to the redemption rates observed.

Due to the successive redemptions envisaged, the distribution profile between the two pockets will change accordingly during the life of the Fund I.

To achieve its management objectives:

- on the short/medium term segment, the manager will invest on a discretionary basis in bond and monetary instruments (state bonds, guaranteed state bonds, quasi-sovereign bonds, government agency bonds, supranational bonds, UCIs Money market and bonds) and in deposits made with credit institutions.
- on the long-term segment, the manager will invest on a discretionary basis, in particular through a carry strategy, in government debt instruments and similar issuers in the euro zone. This includes government bonds, guaranteed government bonds, quasi-sovereign bonds, government agency bonds and supranational bonds.

### 9.3. Term of the Fund I

The Fund I was incorporated on October 26, 2023 for a term of 99 years.

#### 9.4. Fund Management

The Fund I is managed by CPR Asset Management, having its registered office at 91-93, boulevard Pasteur, F-75015 Paris, and registered with the RCS under number 399 392 141.

The Fund I is managed by the management company in accordance with the guidelines defined for the Fund I. The management company acts in all circumstances on behalf of the unitholders and can alone exercise the voting rights attached to the securities included in the Fund I.

Within the framework of its professional activity, and for the purpose of covering the risks linked to the questioning of its liability for negligence, CPR Asset Management has sufficient additional capital.

#### 10. THE INTERESTS

*The following summary of the Interests does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus.*

<b>Description</b>	The Issuer has subscribed or will subscribe to <b>Interests</b> of the Fund II (the <b>Interests</b> ) in an amount equal to approximately 30% of the issue proceeds of the Bonds.
<b>Distributions</b>	<p>All incomes and capital proceeds of Fund II, determined by the General Partner to be in the nature of income or, as the case may be, capital proceeds and available for distribution by Fund II shall be distributed as soon as practicable in the reasonable discretion of the General Partner, after the relevant amounts become available for distribution (unless the General Partner considers the amount to be de minimis) after payment of all expenses including, without limitation, the organizational expenses and the operating expenses (the Net Distributable Proceeds) shall be distributed as follows:</p> <p>(i) first, one hundred percent (100%) to the Limited Partner until the Limited Partner has received cumulative distributions equal to its total Contributions;</p> <p>(ii) second, one hundred percent (100%) to the Limited Partner until it has received cumulative distributions equal to an annual rate of return of eight percent (8%) compounded annually on its total Contributions to the Fund (the Preferred Return);</p> <p>(iii) third, one hundred percent (100%) to the Special Limited Partners (pro rata to their holding of the Special Limited Partnership Interests) until the Special Limited Partners have received cumulative distributions pursuant to this clause 15.2(a)(iii) equal to twenty percent (20%) of the sum of all distributions pursuant to clause 15.2(a)(ii) above plus all distributions of Carried Interest (as defined below) under this clause 15.2(a)(iii); and</p> <p>(iv) fourth, (x) eighty percent (80%) to the Limited Partner, and (y) twenty percent (20%) to the Special Limited Partners (pro rata to their holding of the Special Limited Partnership Interests).</p>

**Governing law**

The Interests are governed by, and will be construed in accordance with, the laws of the Grand Duchy of Luxembourg.

**11. FUND II**

**11.1. Investment Objectives**

The Fund II is formed to make investments invest in advanced deep Artificial Intelligence/Machine Learning (AI/ML) technology-based companies in (without limitation) North America, member states of the EEA, the United Kingdom, Switzerland, Israel, India, and South-East Asia (including Taiwan). The objective of the Partnership is to achieve superior long-term capital appreciation primarily through making investments in (i) companies that are principally engaged in or have substantial operations involving artificial intelligence, and/or (ii) transactions that have a strong nexus with artificial intelligence.

**11.2. Investment Strategy**

The investment strategy of the Fund II is to invest in target companies with deep artificial intelligence & enabling technologies. In particular, the Fund II will mainly invest, directly or indirectly, in capital securities or securities giving access to capital of innovative companies and/or SMEs provided that such securities are not listed on any regulated securities market or a non-regulated securities organized market of a non-EEA state.

The focus sectors may include, but are not limited to, healthcare & biotechnology, cybersecurity, AI-enabling computing architectures, Web3 & videogaming, sustainability, enterprise software, marketing & advertising, physical security & safety, autonomous vehicles, and smart manufacturing & logistics.

The Partnership will target investments located in (but not limited to) the following geographies: North America, member states of the EEA, the United Kingdom, Switzerland, Israel, India, and South-East Asia (including Taiwan).

**11.3. Term of the Fund II**

The Fund II was incorporated on August 12, 2022 for an unlimited term.

**11.4. Investment process**

The Fund II team is usually contacted directly and receives potential opportunities from interested companies themselves, from advisors, from research and academic partners, from friendly VC funds seeking AIC tech validation, and from friendly VC funds seeking AIC's global reach. When a potential opportunity that fits the investment strategy and criteria has been sourced, the opportunity is discussed internally by the team for further screening.

The initial due diligence process will be performed internally by the Fund II team who will conduct a review of the target company's investor deck and start discussing with the management of the target company. If interest is confirmed following this preliminary screening, the Fund II team may, as necessary, appoint third-party experts (including for valuation purposes) to perform a full and comprehensive due diligence on the target investment. This due diligence will encompass the review, as appropriate, of the following documents and information: technology, team, product, market research, competitive landscape, go-to-market strategy, business model, scalability, business plan, scalability, business plan, financial modelling, funding needs, governance rights, exit opportunities.

The Fund II team has extensive experience in conducting due diligence and can easily identify and mitigate potential risks. If an issue identified during the due diligence process represents a potential red flag, additional questions will need to be answered before the process can move to the second step.

After the extended due diligence process, the Fund II team will either withdraw the proposal from consideration or create a formal investment memorandum on the potential target by way of an investment memoranda with a draft term sheet along with the proposed valuation for consideration by the investment committee of the Investment Advisor (Investment Committee).

The Investment Committee will analyze the investment memorandum and may raise questions before deliberating on the proposed investment. Investment recommendations by the Investment Committee must be unanimous and there is no escalation process in case of a deadlock.

If the Investment Committee approves the proposed investment for submission to the AIFM, then the Investment Advisor will prepare an expanded and more detailed version of the investment opportunity presentation and memorandum for consideration by the investment committee of the AIFM. In parallel, the Investment Advisor will initiate the negotiations on the term sheet/legal documentation with the target, whilst continuing corporate and legal due diligence. Agreed valuation criteria and allocation of board seats are part of the process.

The AIFM will consider the proposed investment and a thorough review of all aspects of the proposal will be undertaken including ensuring the proposed investment is aligned with the Partnership's investment strategy and restrictions/limitations (which are also monitored by the Team). The Investment Advisor will perform the requested AML/KYC checks related to the proposed investment.

Each investment must be approved by both the Investment Committee and subsequently by the AIFM's investment committee.

The Issuer General Partner will send a final instruction and share the appropriate documents/information on the investment with the Depository which will prepare the settlement.

The entire process takes up to two-three months generally, depending on the investment's complexity and timeline.

#### **11.5. Divestment process**

There will be various exit options available for each of the companies in the Partnership's portfolio, namely through a Merger and Acquisition, an Initial Public Offering or a Special Purpose Acquisition Company, among others.

#### **11.6. Holding Period**

The Fund II expects to hold each investment for approximately five (5) years. This reflects the Fund II Team's experience of the typical growth trajectory for an AI technology business seeking to optimize its market positioning and maximize exit value.

#### **11.7. Term of the Fund II**

The Fund II will have a term of eight (8) years from the First Closing Day. The General Partner may, in its sole discretion, extend the term for one (1) additional one (1) year period and thereafter for two (2) additional one (1) year periods with LPAC Consent.



**11.8. Fund II Net Asset Value (NAV)**

Fund II audited NAV as at December 31<sup>st</sup>, 2022 was \$13,435,673 (cf. page 5 of Fund II Audited Annual Report) and Fund II unaudited NAV as at June 30<sup>th</sup>, 2023 was \$13,480,667 (cf. page 12 of Q3 2023 AIC Fund II Reporting).

### WHERE TO OBTAIN FURTHER INFORMATION

If you have questions, please contact Transparency Capital via the contact details set out below from Monday to Friday between 9:00 am CET and 5:00 pm CET.

Transparency Capital Contact Details	10 rue Antoine Jans, 1820 Luxembourg +352 691 84 30 91 <a href="mailto:contact@transparencycapital.com">contact@transparencycapital.com</a>
--------------------------------------	---

Please note that the applicable rules and regulations in Luxembourg do not allow Transparency Capital to provide advice on the merits of the offer, the Bonds or to provide investment, business, financial, legal or tax advice. If you are in any doubt as to what action you should take, please consult your business, financial, legal, tax or other professional advisers.

A printed copy of the Prospectus (together with any commercial materials) may be obtained on request, subject to eligibility and availability, during operating hours from Transparency Capital.

### EXPECTED TIMETABLE OF KEY EVENTS

The following timetable sets out some of the key events in relation to the offering of the Bonds:

Offer Opening Date	18 <sup>th</sup> of March 2024 at 9:00 am CET
Offer Closing Date	31 <sup>st</sup> of May 2024 at 4:00 pm CEST
Expected Issue Date	3 <sup>rd</sup> of June at 9:00 am CEST
Expected Listing Date	10 <sup>th</sup> of June 2024 at 9:00 am CEST
Expected Trading Date	10 <sup>th</sup> of June 2024 at 9:00 am CEST

The above timetable is indicative only and is subject to change. The Issuer will publicly announce any changes to the above timetable through its website ([www.transparencycapital.com](http://www.transparencycapital.com)) and/or the Pegasus dedicated webpage ([pegasus.transparency.capital](http://pegasus.transparency.capital)). It is understood that in case of oversubscription, the Issuer shall remain free to terminate the Offer Period unilaterally in advance and thus end the Offer Period at any time prior to the expected Offer Closing Date.

### PERIODIC REPORTING

Quarterly reporting will be provided to the Bondholders with the assistance of GE Lux S.A. Nevertheless, the Issuer will have limited liabilities in relation to the content and delivery timing of the quarterly reports considering that it shall be based and will rely only upon materials and timing provided by the Funds. Moreover, quarterly reporting will be composed of a selected set of information only received by CPR and only a selection with the key metric being the NAV of each Fund.

Moreover, the Funds may only provide us with an audited NAV on a yearly basis.

**DOCUMENTS INCORPORATED BY REFERENCE**

The following documents shall be incorporated in, and form part of, this Prospectus:

- the Issuer's articles of incorporation (*statuts*) (the **Articles**);
- the statutory audited financial statements of the Issuer as of 31 December 2020 (the **2020 Financial Statements**);

Sections	Pages
Report of the auditor	2
Balance Sheet	3 - 7
Profit and loss accounts	8 – 9
Notes to the annual accounts	10 - 17

- the statutory audited financial statements of the Issuer as of 31 December 2021 (the **2021 Financial Statements**);

Sections	Pages
Report of the auditor	1
Balance Sheet	2 - 6
Profit and loss accounts	7 – 8
Notes to the annual accounts	9 - 15

- the statutory audited financial statements of the Issuer as of 31 December 2022 (the **2022 Financial Statements**).

Sections	Pages
Report of the auditor	1
Balance Sheet	2 - 6
Profit and loss accounts	7 – 8
Notes to the annual accounts	9 - 15

The document incorporated by reference, as well as this Prospectus, will be available on the website of the Company ([www.transparencycapital.com](http://www.transparencycapital.com)) and/or the Pegasus dedicated webpage ([pegasus.transparencycapital.com](http://pegasus.transparencycapital.com)) and of the Luxembourg Stock Exchange ([www.luxse.com](http://www.luxse.com)).

## TRANSACTION OVERVIEW

### STRUCTURE AND CASH FLOWS

On the Issue Date, the Issuer has issued the Bonds in an aggregate amount of EUR 300,000,000 at the initial price of 150,000 EUR per Bond

Following the payment of certain fees and expenses and the constitution of a provision for the payment of future fees and expenses (see the section “Fees and Costs” under the heading “General Information”), the Issuer shall use the net issue proceeds from the issue of the Bonds to purchase the Units in the Fund I and the Partnership Interests in the Fund II on or about the issue date of the Bonds. Payments under the Bonds will be made solely with monies received by the Issuer in respect of the Units and the Interests. While subscribing to, or otherwise acquiring, the Bonds, the Bondholders will gain an exposure to the performance (positive or negative) of the Units and the Interests.

The Issuer has no material relationships with the Fund I and the Fund II.

Pursuant to the Conditions, the Issuer grants each Bondholder the right to receive payment of certain monetary amounts linked to the performance and/or value of the Units and the Interests, as set out in the Conditions. Given that the Bonds are limited recourse securities, any payments by the Issuer to the Bondholders under the Bonds are subject to and directly dependent on any payments received by the Issuer in connection with the Units and the Interests.

Subject to the risk factors set out in the section "*Risk factors*" above, the Issuer believes that the Units and the Interests have characteristics that demonstrate capacity to produce the monies to service any payments due and payable on the Bonds in accordance with the Conditions.

For details regarding the Bonds, the Units and the Fund I, the Partnership Interests and the Fund II and more specifically potential liquidity shortfalls, please see the sections "*Risk Factors*", "*Terms and Conditions of the Bonds*" and "*Description of the Parties*" of this Prospectus.

### USE OF PROCEEDS

The Issuer shall use the net proceeds from the issue of the Bonds as set out below:

- approximately 70% of the proceeds are allocated to the acquisition of the Units;
- approximately 30% of the proceeds are allocated to the acquisition of the Partnership Interests.

### TERMS AND CONDITIONS OF THE BONDS

*If Bonds are issued in definitive form, the terms and conditions of the Bonds (the **Conditions** and each a **Condition**) will be as set out below. The Conditions will be endorsed on each Bond in definitive form if they are issued. While the Bonds remain in global form, the same terms and conditions govern the Bonds.*

*The holders of the Bonds expressly acknowledge and accept that the payments under the Bonds will be made solely with monies received by the Issuer in respect of the Shares acquired with the issue proceeds of the Bonds and not with monies received by the Issuer in connection with other assets (even if such assets were allocated to Compartment Transparency Capital Primestone (as defined below)).*

The EUR 300,000,000 bonds (the **Bonds**, which expression shall in these Conditions, unless the context otherwise requires, include any further Bonds issued pursuant to Condition 12) are issued by

Transparency Capital S.C.A., a corporate partnership limited by shares (*société en commandite par actions*) incorporated under the laws of Luxembourg, having its registered office at 10, rue Antoine Jans, L-1820 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés, Luxembourg*) under number B218243, (the **Company**) being subject, as an unregulated securitisation undertaking, to the Luxembourg act dated 22 March 2004 on securitisation, as amended (the **Securitisation Act 2004**) and acting in respect of its Compartment TC-Pegasus (the **Issuer**). References to the Issuer may where relevant and if the context so requires, be construed as a reference to the Company.

## 1. DEFINITIONS

**Agency Agreement** means the agency agreement dated 11<sup>st</sup> of March 2024 and made between the Issuer and the Paying Agent.

**Bondholders** means the holders of one or more Bonds and **Bondholder** means any of them.

**Business Day** means a day (other than a Saturday and a Sunday) on which credit institutions are open for general business in Luxembourg, and which is also a TARGET2 Day.

**Clearstream** means Clearstream Banking, *société anonyme*, Luxembourg.

**Common Depositary** means Société Générale Luxembourg.

**Compartment TC-Pegasus** means the compartment (where compartment has the meaning given to this term in articles 62 *et seq* of the Securitisation Act 2004), created by the Issuer and to which the Bonds and all the Units and the Interests and agreements entered into in connection therewith, have been allocated.

**Company** means Transparency Capital SCA.

**Conditions** means the terms and conditions of the Bonds.

**Early Redemption Amount** means the Total Redemption Amount at the Early Redemption Date (as defined in Condition 5).

**Early Redemption Period** means the period starting 6 years from the date of issue and expiring on Maturity.

**Eonia** means the Euro Overnight Index Average reference rate as calculated by the European Central Bank and published through Thomson Reuters.

**Euro** or **EUR** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

**Euroclear** means Euroclear Bank S.A./N.V.

**Force Majeure Event** means an event or circumstance which prevents or otherwise impedes the determinations or the performance of the duties of the Issuer and/or the Paying Agent in relation to the Bonds. These events and circumstances may include, without limitation, a system failure, fire, building evacuation, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labor disruption or any similar intervening circumstance.

**Fund I** means CPR Transparency Euro.

**Fund II** means Alpha Intelligence Capital Fund II, SCSp, SICAV-RAIF.

**Issue Date** means 3<sup>rd</sup> of June 2024.

**Interests** (and each an **Interest**) means Interests issued by the Fund II which are, at any given time, allocated to Compartment TC-Pegasus and which are acquired by the Issuer with the issue proceeds of the Bonds.

**Interest Payment Date** means the 15<sup>th</sup> of January of each year, if any, commencing on January 15<sup>th</sup>, 2025.

**Interests Realization Amount** means the proceeds received by the Issuer upon disposing of all, but not part of Interest, according to these Conditions and the conditions applicable to the Interests.

**Interests Redemption Amount** means the proceeds received by the Issuer upon the redemption of the Interest by the Fund II.

**Limited Partners** means the investors in Fund II.

**Luxembourg** means the Grand Duchy of Luxembourg.

**Maturity** means, unless previously redeemed or purchased and cancelled, the final maturity date of 12 years from the date of issue on which the Issuer will redeem the Bonds, with an expected early redemption 6 years from the date of issue.

**Netting Event** has the meaning given to such term in Condition 4.

**Payment Date** means the fifth (5) Business Day following the day on which the Issuer has received an amount under or in connection with the Units and the Interests (including the Units Realization Amount, the Units Redemption Amount, the Interests Realization Amount and the Interests Redemption Amount).

**Paying Agent** means Société Générale Luxembourg or any other paying agent appointed by the Issuer from time to time.

**Redemption Amount** means the Total Redemption Amount at Maturity.

**TARGET2 Day** means any day on which the TARGET2 System is open.

**TARGET2 System** means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System.

**Tax Event** means any amendment to or change in the laws or regulations of Luxembourg or in the interpretation or administration of any such laws or regulations which becomes effective on or after the 16<sup>th</sup> of October 2023 pursuant to which the Issuer would be required to pay additional amounts as provided in Condition 9.

**Tax Jurisdiction** means the Grand Duchy of Luxembourg or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal on the Bonds.

**Total Redemption Amount** means the portion of Interests Redemption Amount, the Units Redemption Amount, the Units Realization Amount or the Interests Realization Amount, as the case may be, allocable to the Bondholders pursuant to Condition 3, subject to the provisions of Condition 6 and as calculated by the Issuer.

**Units** (and each **Unit**) means Units issued by the Fund I which are, at any given time, allocated to Compartment TC-Pegasus and which are acquired by the Issuer with the issue proceeds of the Bonds.

**Units Realization Amount** means the proceeds received by the Issuer upon disposing of all, but not part of Interest, according to these Conditions and the conditions applicable to the Interests.

**Units Redemption Amount** means the proceeds received by the Issuer upon the redemption of the Interest by the Fund II.

## 2. FORM, DENOMINATION AND TITLE

### 2.1. Form and Denomination

The Bonds are in bearer form and will, in the case of definitive Bonds, be serially numbered. The Bonds may not be exchangeable for Bonds in registered form. The Issuer will issue on the Issue Date 2,000 Bonds in bearer form having each a denomination of EUR 150,000.

### 2.2. Transfer and Title

#### 2.2.1. Definitive Bonds

Subject as set out below, title to the Bonds will pass by delivery. The Issuer and the Paying Agent will (except as otherwise required by law or as otherwise ordered by a court of competent jurisdiction or an official authority) deem and treat the registered holder of any Bond as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of the Global Note (as defined below), without prejudice to the provisions set out in the next succeeding paragraphs.

#### 2.2.2. Global Note

The Bonds will be represented by a permanent global note (the **Global Note**). The Global Note will be deposited on or about the Issue Date thereof with the common depository on behalf of Euroclear Bank SA/NV, 1, boulevard du roi Albert II, 1210 Brussels, Belgium, and Clearstream Banking S.A., 42, Avenue John F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg, and any successor in such capacity, for global custody. The Notes will be registered in the name of the nominee of, a nominee of a common depository acting on behalf of Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**).

For so long as the Bonds are represented by the Global Note held on behalf of Euroclear and/or Clearstream each person (other than Euroclear or Clearstream) who is for the time being shown in the records (the **Records**) of Euroclear or of Clearstream as the holder of a particular nominal amount of such Bonds (in which regard any certificate or other document issued by Euroclear or Clearstream as to the nominal amount of such Bonds standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Paying Agent as the holder of such nominal amount of such Bonds for all purposes other than with respect to payments in respect of such nominal amount of such Bonds, for which purpose the bearer of the Global Note shall be treated by the Issuer and the Paying Agent as the holder of such nominal amount of such Bonds in accordance with and subject to the terms of the Global Note and the expressions Bondholder and holder of Bonds and related expressions shall be construed accordingly.

The Bonds which are represented by the Global Note will be transferable in accordance with the rules and procedures for the time being of Euroclear and Clearstream, as the case may be.

The Global Note will become exchangeable in whole, but not in part, for Bonds in definitive form in the denomination of EUR 150,000 each when either Euroclear or Clearstream is closed for business for a continuous period of 14 days, other than public holidays, or permanently ceases business or announces an intention to do so.

Definitive Bonds issued in exchange for the Global Note will be issued in bearer form only without coupons attached. The relevant definitive Note will be made available by the Issuer to the persons set forth in the Records.

### 3. REPRESENTATIONS AND WARRANTIES OF THE ISSUER

The Issuer hereby represents and warrants that:

- 3.1. it is a *société en commandite par actions* duly incorporated and validly existing under the laws of the Grand Duchy of Luxembourg and subject, as an unregulated securitisation undertaking, to the Securitisation Law 2004;
- 3.2. it has full capacity, power, authority, legal right and lawful authority conduct the business in which it is currently engaged and has taken all necessary action to authorise its entry into and performance of all documents relating to the Bonds;
- 3.3. it has full capacity, power, authority, legal right and lawful authority to perform all its obligations under these Terms and Conditions;
- 3.4. it is not subject to any bankruptcy proceedings (*faillite*), judicial or voluntary liquidation (*liquidation judiciaire ou volontaire*) or proceedings for voluntary arrangement with its creditors (*concordat préventif de la faillite*), controlled management (*gestion contrôlée*) or suspension of payments (*sursis de paiement*) or any foreign law proceedings having similar effects.

### 4. STATUS; PAYMENT WATERFALL; NEGATIVE COVENANT

- 4.1. The Bonds constitute direct, unsecured and limited recourse, debt obligations of the Issuer and rank *pari passu* and ratably, without any preference among themselves, with all other existing direct, unsecured, limited recourse, indebtedness of the Issuer, which has been or will be allocated to Compartment TC-Pegasus but, in the event of insolvency (including bankruptcy, insolvency and voluntary or judicial liquidation), only to the extent permitted by applicable laws relating to creditors' rights generally.
- 4.2. The Issuer intends to use approximately 70% of the proceeds from the issuance of the Bonds to acquire the Units and approximately 30% of the proceeds from the issuance of the Bonds to acquire the Interests. The Issuer intends to use any cash that it generates from the Units and the Interests to make payments in the following order:
  - 4.2.1. payment of taxes incurred in connection with Compartment TC-Pegasus activities;
  - 4.2.2. payment of certain types of fees and costs due to the Issuer and by the Issuer to various parties which arose in connection with the set-up of Compartment TC-Pegasus and the issue of the Bonds (see section "Fees and Costs" under the heading "General Information");
  - 4.2.3. payments in pro rata settlement of amounts due to the Bondholders in connection with the amortization of the Bonds from their nominal amount of Euro 1,000 each to Euro 1;
  - 4.2.4. payments in pro rata settlement of interest and all other amounts (other than those referred to in iii above) due to the Bondholders in connection with the Bonds.
  - 4.2.5. payments in pro rata settlement of amounts due to the Bondholders in connection with the amortization of the Bonds from their remaining nominal amount of Euro 1 to Euro 0.



The payment obligations specified under 4.2.1. above shall be preferred liabilities (**Preferred Liabilities**).

The payments of interests and the payments in connection with the amortization of the bonds may be settled on the same day.

For the avoidance of doubt, the amortization of the remaining nominal amount of the Bonds of Euro 1 (referred to in 4.2.5 above) will be settled with the last distribution of cash generated by the Shares and will occur at the Maturity.

- 4.3. The order in which payments may be made, as specified above, shall apply to all cash held by Compartment TC-Pegasus, regardless of the point at which the cash inflows to Compartment TC-Pegasus occurred. Unless otherwise specified by Condition 4.3, only those liabilities shall be taken into account that have already arisen at the time of the cash inflow to Compartment TC-Pegasus. Cash may only be used to settle liabilities of a particular ranking in the order of payments if there is cash remaining after all the higher-ranking obligations in the order of payments have already been satisfied or the amounts necessary to settle such higher-ranking obligations have been set aside. Liabilities listed within a ranking in the order of payments shall rank equally with each other; the settlement of such liabilities shall be on a pro rata basis if necessary. If there is a Preferred Liability in existence and the liability cannot be settled with the available cash, the Issuer shall sell some or all of the Units and the Interests as necessary and use the proceeds to settle the existing Preferred Liabilities in accordance with Condition 4.3.
- 4.4. As an exception to the payment waterfall described above, as from the fourth year and until the eighth year from the date of issue, some of the Shares will be redeemed, at the request of the Issuer, in order to cover certain fees; if the redemption amount of the Shares by the Issuer exceeds the amount due in fees in that particular year (such amount, the **Net Amount**), an interim payment in an amount equal to that excess shall be made to the Bondholders (the **Netting Event**).
- 4.5. So long as the Bonds remain outstanding, the Issuer may not create or permit to exist any mortgage, lien (other than liens arising by operation of law), pledge, charge or other security interest upon the whole or any part of its present or future assets or revenues allocated to Compartment TC-Pegasus to secure any loan debt, guarantee or other obligation unless the Bonds share in and are equally and ratably secured by such mortgage, lien, pledge, charge or other security interest, and the instrument creating such mortgage, lien, pledge, charge or other security interest expressly so provides.

## 5. INTEREST AND OTHER PAYMENT RIGHTS

The Issuer grants the Bondholders the right to receive payments of monetary amounts in accordance with these Conditions. The Issuer shall use any amount received under or in connection with the Units and the Interests, to the extent it is allocable to the Bondholders in accordance with the priority of payments set out in Condition 4, to first amortize the Bonds and then pay a variable interest on the Bonds plus any other amounts due to the Bondholders under these Conditions. In the event of a termination on Maturity as specified in Condition 0, the Bondholders shall receive the Redemption Amount. In the event of a termination on an Early Redemption Date as specified in Condition 0, the Bondholders shall receive the Early Redemption Amount. In the event of a Netting Event, the Bondholders shall receive the Net Amount as specified in Condition 4.

## 6. REDEMPTION AND PURCHASE

### 6.1. Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem on Maturity each Bond by paying the Redemption Amount to the relevant Bondholders on the Payment Date. In such a case, the obligations of the Issuer under the Bonds shall be fully discharged and the Bondholders shall have no further claim or recourse against the Issuer.

### 6.2. Early Redemption

#### 6.2.1. Automatic early redemption

The redemption of all Units and Interests, held by the Issuer, by the Fund prior to Maturity of the Bonds shall trigger the early redemption of all (but not some) of the Bonds (if not previously redeemed pursuant to Condition 6.2.2 or 6.2.3).

#### 6.2.2. In the event that:

- (i) the Issuer determines in good faith that the performance of its obligations under the Bonds has or will become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power, or in the interpretation thereof; and/or
- (ii) a Force Majeure Event has occurred; and/or
- (iii) a Tax Event has occurred; and/or
- (iv) the obligations of the Issuer arising under, or in connection with, the Bonds become, in the opinion and at the discretion of the Issuer, unreasonably burdensome; and/or
- (v) the Issuer would be required to increase its commitments in respect of the Units and the Interests; and/or
- (vi) following a change in applicable law or regulation, the costs for the Issuer arising under, or in connection with, the Bonds are higher than the costs that the Issuer reasonably expected to incur at the time of the issue of the Bonds;

the Issuer may at its discretion redeem all (but not some) of the Bonds prior to Maturity (if not previously redeemed pursuant to Condition 6.2.1 or Condition 6.2.3).

6.2.3. In addition, during the Early Redemption Period, the Issuer may at its discretion redeem some of the Bonds from the Bondholders (if not previously redeemed pursuant to Condition 6.2.1 or Condition 6.2.2), pro rata to their respective holdings of the Bonds.

6.2.4. If the Issuer must redeem the Bonds pursuant to Condition 6.2.1 or decides to redeem the Bonds pursuant to Condition 6.2.2 or Condition 6.2.3, it shall issue a notice (the **Issuer Notice**) to the Bondholders in accordance with Condition 13 by which it informs the Bondholders about the early redemption of the Bonds (in whole but not in part) on the Business Day following the 10th calendar day after the issue of the Issuer Notice or such other day as the Issuer, at its sole discretion, may from time to time determine (the **Early Redemption Date**). On the Early Redemption Date, the Issuer shall redeem each Bond by paying the Early Redemption Amount to the Bondholders in accordance with Condition 6. In such a case, the obligations of the Issuer under these Conditions shall be fully discharged, and the Bondholders shall have no further claim or recourse against the Issuer.

6.2.5. In case of early redemption pursuant to Condition 6.2.2, the Issuer shall be entitled to sell the Shares in accordance with the partnership agreement of the Fund.

### **6.3. Purchase**

The Issuer may at any time purchase Bonds in the open market or otherwise at any price. Such Bonds may be held, resold or reissued, or, at the option of the Issuer, cancelled.

### **6.4. Cancellation**

All Bonds purchased by the Issuer pursuant to Condition 6.3 or redeemed by the Issuer upon payment by the Issuer of the Redemption Amount or the Early Redemption Amount will be cancelled forthwith and may not be reissued or resold and the obligations of the Issuer in respect of any such Bonds shall be discharged.

## **7. PAYMENTS**

### **7.1. Payments in EURO**

Subject as provided below, payments in respect of the Bonds will be made in cash by credit or transfer to a EUR denominated account maintained by the payee with a bank located in a member state of the European Union.

### **7.2. Presentation of definitive Bonds**

Payments of the Redemption Amount or the Early Redemption Amount in respect of definitive Bonds will be made in the manner provided in Condition 7.1 only against presentation and surrender of definitive Bonds at the specified office of the Paying Agent.

### **7.3. Payments in respect of the Global Note**

7.3.1. Payments of the Redemption Amount or the Early Redemption Amount in respect of Bonds represented by a Global Note will be made (subject as provided below) in the manner specified above in relation to definitive Bonds and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of the Paying Agent. A record of each payment made against presentation or surrender (as the case may be) of any Global Note will be made on such Global Note by the Paying Agent to which it was presented or surrendered, and such record shall be *prima facie* evidence that the payment in question has been made.

7.3.2. The bearer of a Global Note shall be the only person entitled to receive payments in respect of Bonds represented by such Global Note and the Issuer's payment obligations in respect thereof will be discharged *pro tanto* by payment to, or to the order of, the bearer of such Global Note in respect of each amount so paid. Each of the persons shown in the Records as the beneficial holder of a particular principal amount of Bonds represented by such Global Note must look solely to Euroclear or Clearstream, as the case may be, for his share of each payment made by the Issuer to, or to the order of, the bearer of such Global Note. Such persons shall have no claim directly against the Issuer in respect of payments due on the Bonds for so long as such Global Note is outstanding, and the Issuer will be discharged by payment to the bearer of such Global Note in respect of each amount so paid.

#### **7.4. General provisions applicable to payments**

Every payment in respect of the Bonds to or to the account of the Paying Agent in the manner provided in the Agency Agreement shall operate in satisfaction *pro tanto* of the relative obligation of the Issuer in respect of such Bonds, except to the extent that there is default in the subsequent payment thereof in accordance with the Conditions to the Bondholders. Every payment in respect of the Bonds is conditional upon (i) the receipt of an income under the Units and the Interests or (ii) the realization, (iii) the redemption or (iii) the cancellation of the Units and the Interests and the receipt of the related proceeds by the Issuer.

#### **7.5. Determinations**

All calculations made in respect of the Redemption Amount, or the Early Redemption Amount will be made by the Issuer. Such calculations will (in the absence of wilful misconduct, bad faith or manifest error) be binding on the Bondholders.

#### **7.6. Fractions**

When making payments to Bondholders, if the relevant payment is not of an amount which is a whole multiple of the smallest unit of the relevant currency in which such payment is to be made, such payment will be rounded down to the nearest unit.

#### **7.7. Payments subject to fiscal laws**

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment. The payment made in accordance with the provisions of Conditions 7.1 to 7.6 (inclusive) above shall be a good discharge for the Issuer.

#### **7.8. Delay in payment.**

The Bondholders will not be entitled to any interest or any other payment for any delay after the due date under the Bonds in receiving the amount due as a result of the due date not being a Business Day or if the Bondholders are late in surrendering the relevant Bonds.

#### **7.9. Business Days**

If the payment date referred to in these Conditions above would fall on a day which is not a Business Day, the payment date shall be postponed to the next following day which is a Business Day without that the Bondholders shall be entitled to any interest or other sum in respect of such postponed payment.

#### **7.10. Late Interest**

Without prejudice to Condition 7.9, if a sum is not paid on a Business Day on which such payment should have been made and provided that the Issuer has received such sum in respect of the Units and the Interests (the **Unpaid Amount**), interest at a rate of Eonia minus 0.25% will accrue on the Unpaid Amount until the Unpaid Amount has been unconditionally and irrevocably paid by the Issuer to the holder of the Bonds (the **Late Interest**). The Late Interest shall be payable by the Issuer to the Bondholders together with the relevant Unpaid Amount. For the avoidance of doubt, the Late Interest is not due if the Issuer does not pay the sum due on a Business Day as a consequence of the fact that the Issuer has not received the corresponding sum in respect of the Shares.

## 8. SECURITISATION ACT 2004

By subscribing for the Bonds, or otherwise acquiring the Bonds, the Bondholders expressly acknowledge and accept, and will be deemed to have accepted and acknowledged, that the Issuer (i) is subject to the Securitisation Act 2004 and (ii) has created Compartment TC-Pegasus in respect of the Bonds to which all assets, rights, claims and agreements relating to the Bonds will be allocated. Furthermore, the Bondholders acknowledge and accept that they have only recourse to the assets of Compartment TC-Pegasus (and any assets in relation thereto) and not to the assets allocated to any other compartments created by the Issuer or any other assets of the Issuer. The Bondholders acknowledge and accept that once the assets (and any assets in relation thereto) allocated to Compartment TC-Pegasus have been realised, they are not entitled to take any further steps against the Issuer to recover any further sums due and the right to receive any such sum shall be extinguished. The Bondholders accept not to attach or otherwise seize the assets of the Issuer allocated to Compartment TC-Pegasus or any other assets allocated to other compartments of the Issuer or other assets of the Issuer. In particular, no Bondholders shall be entitled to petition or take any other step for the winding-up, the liquidation and the bankruptcy of the Issuer or any similar insolvency related proceedings. In case of a conflict between the provisions of this Condition 0 and the other Conditions, the provisions of this Condition 0 shall prevail.

## 9. TAXATION

All payments in respect of the Bonds by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes, duties, assessment or governmental charges of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In the event that any withholding tax or deduction for tax is imposed on payments of interest on the Bonds, the holders of such Bonds will not be entitled to receive grossed-up amounts to compensate for such withholding tax.

## 10. PRESCRIPTION

Claims against the Issuer for payment in respect of the Bonds shall be prescribed and become void unless made within ten years from the date on which the relevant payments were due.

The Luxembourg act dated 3 September 1996 on the involuntary dispossession of bearer securities, as amended (the Involuntary Dispossession Act 1996) requires that any amount that is payable under the Bonds, (but has not yet been paid to the holders of the Bonds), in the event that (i) an opposition has been filed in relation to the Bonds and (ii) the Bonds mature prior to becoming forfeited (as provided for in the Involuntary Dispossession Act 1996), is paid to the *Caisse des consignations* in Luxembourg until the opposition has been withdrawn or the forfeiture of the Bonds occurs.

## 11. BONDHOLDERS DECISIONS, MODIFICATION AND SUBSTITUTION

### 11.1. Bondholders Decisions

Articles 470-3 to 470-19 of the Luxembourg law on commercial companies dated 10 August 1915, as amended (the **Law 1915**) are not applicable to the Bonds.

Resolutions by the Bondholders will normally be passed without a meeting of the Bondholders and require a simple majority of the votes cast in writing or by other reliable means, including through Euroclear and/or Clearstream as long as the Bonds are represented by the Global Note, provided

that resolutions which substantially affect the rights of the Bondholders require a majority of 75 per cent of the votes cast. A meeting of Bondholders will only be held if requested in writing by Bondholders holding in aggregate 10 per cent of the outstanding Bonds and justified by a particular interest. The quorum for resolutions held by any such meeting is 50 per cent of the outstanding Bonds; if such quorum is not reached, another meeting of Bondholders shall be convened for which no quorum is required unless a decision shall be taken which requires a special majority (in which case the necessary quorum is 25 per cent of the outstanding Bonds). No trustee or other Bondholder representative has been appointed by the Issuer.

#### **11.2. Modification**

The Issuer may make, without the consent of the Bondholders, any modification to the Conditions which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated or to reflect any change of law which has an impact on the Issuer's obligations under the Bonds.

Any such modification shall be binding on the Bondholders and any such modification shall be notified to the Bondholders by way of a written notice in accordance with Condition 13.

#### **11.3. Substitution**

The Issuer may, under no circumstances, be replaced as issuer and the principal debtor under the Bonds.

### **12. FURTHER ISSUES**

The Issuer may from time to time, without the consent of the Bondholders, create and issue under Compartment TC-Pegasus further Bonds (i) having the same Conditions in all respects as the outstanding Bonds so that such further issue shall be consolidated and form a single series with the outstanding Bonds, and references in these Conditions to the Bonds shall be construed accordingly or (ii) upon such terms and conditions as the Issuer may determine at the time of their issue.

### **13. NOTICES**

#### **13.1. Form of notice**

A notice:

- (a) must be in the English or French language; and
- (b) may be given by the sender itself or on behalf of the sender by a lawyer, director or company secretary of the sender.

#### **13.2. Publication of notices**

All notices including notices convening a meeting in accordance with the provisions of Condition 10 regarding the definitive Bonds will be deemed to be validly given if published on the website of the Luxembourg stock exchange ([www.luxse.com](http://www.luxse.com)). Any such notice will be deemed to have been given on the date of the first publication. In complement, until such time as the definitive Bonds are issued, and so long as the Global Note representing the Bonds is held in its entirety on behalf of Euroclear and/or Clearstream, the relevant notice may be delivered to Euroclear and/or Clearstream for communication by them to the Bondholders. Any such notice shall be deemed to have been given to the Bondholders on the day after the day on which the said notice was given to Euroclear and/or Clearstream.

### **13.3. Publication of notices regarding decisions to be taken by Bondholder or convening of general meetings**

Any notice submitting a matter to the vote of the Bondholders or convening a meeting in accordance with the provisions of Condition 11 shall contain the agenda and will be deemed to be validly given if published on the website of the Luxembourg stock exchange ([www.luxse.com](http://www.luxse.com)).

Notices to be given by the Bondholders shall be in writing and given by lodging the same, together (in the case of the Bonds in definitive form) with the Bonds, with the Paying Agent. While the Bonds are represented by the Global Note such notice may be given by the Bondholders to the Paying Agent through Euroclear and/or Clearstream, as the case may be, in such manner as the Paying Agent, Euroclear and/or Clearstream, as the case may be, may approve for this purpose.

## **14. AGENT**

The Paying Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Bondholders. The Issuer reserves the right at any time, without the prior approval of the Bondholders, to vary or terminate the appointment of the Paying Agent, provided that the Issuer will at all times maintain a Paying Agent having a specified office in Luxembourg. Notice of any such change will promptly be given to the Bondholders in accordance with Condition 13.

All determinations of the Agents made in respect of the Bonds shall be made in their sole and absolute discretion and shall be final, conclusive and binding on the Issuer and the holders in the absence of manifest error. The Bondholders shall (in the absence as aforesaid) not be entitled to proceed against any of the Agents in connection with the exercise or non-exercise by it of its obligations, duties and discretions pursuant to the Bonds.

Any of the Agents may, with the consent of the Issuer, delegate any of its obligations and functions to a third party as it deems appropriate.

## **15. EXCLUSION OF TERMINATION CONDITION (*CONDITION RÉSOLUTOIRE*)**

For the avoidance of doubt, the Bondholders may not initiate proceedings against the Issuer based on article 470-21 of the Law 1915.

## **16. GOVERNING LAW AND JURISDICTION**

### **16.1. Governing Law**

The Bonds are governed by, and shall be construed in accordance with, Luxembourg law.

### **16.2. Jurisdiction**

The Luxembourg district courts are to have jurisdiction to settle any disputes which may arise out of or in connection with the Bonds and accordingly any legal action or proceedings arising out of or in connection with the Bonds (**Proceedings**) may be brought in such courts. Each of the Issuer and the Bondholders irrevocably submit to the jurisdiction of the Luxembourg district courts and waive any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of the Issuer only and shall not affect the Issuer's right to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings by the Issuer in one or more

jurisdictions preclude the taking of Proceedings by the Issuer in any other jurisdiction (whether concurrently or not).



## DESCRIPTION OF THE PARTIES

### 1. ISSUER

#### 1.1. Corporate Information

The Issuer, Transparency Capital S.C.A., was incorporated on October 3, 2017, under the laws of Luxembourg as a securitisation company (*société de titrisation*) in the form of a corporate partnership limited by shares (*société en commandite par actions*) and is subject, as an unregulated securitisation undertaking, to the provisions of the Securitisation Act 2004.

The Issuer has been incorporated for a maximum duration of 50 years and is registered with the RCSL under number B 218243.

The registered office of the Issuer is located at 10, rue Antoine Jans, L-1820 Luxembourg (e-mail address: [contact@transparencycapital.com](mailto:contact@transparencycapital.com)).

The Articles were filed with the RCSL and published on the *Recueil électronique des sociétés et associations (RESA)*.

#### 1.2. Share capital and shareholder

The Issuer has a share capital of EUR 30,100 divided into 30,100 A shares having a par value of EUR1.- held by Transparency Capital Management S.A., the Issuer General Partner and 100 B shares having a par value of EUR1.-. which are held by four separate shareholders.

#### 1.3. LEI Code

The LEI Code of the Issuer is: 213800DR3AYYT5HEXA10

#### 1.4. Business operations

Pursuant to Article 3 of the Articles, the Issuer shall have as its business purpose the securitisation, within the meaning of the Securitisation Law of risks associated to any type of assets.

To that effect, the Issuer may, *inter alia*, acquire or assume, directly or through another entity or vehicle, the risks relating to the holding or ownership of claims, receivables and/or other goods or assets (including securities of any kind), either movable or immovable, tangible or intangible, and/or risks relating to liabilities or commitments of third parties or which are inherent to all or part of the activities undertaken by third parties and finance such activity by issuing securities (*valeurs mobilières*) of any kind whose value or return is linked to these risks. The Issuer may assume or acquire these risks by acquiring, by any means, claims, receivables, securities and/or other goods, structured products relating to commodities or assets, by guaranteeing the liabilities or commitments of third parties or by binding itself in any other way.

The Issuer may, within the limits of the Securitisation Law, proceed, so far as they relate to securitisation transactions, to (i) the acquisition, holding and disposal, in any form, by any means, whether directly or indirectly, of participations, rights and interests in, and obligations of, Luxembourg and foreign companies, (ii) the acquisition by purchase, subscription, or in any other manner, as well as the transfer by sale, exchange or in any other manner of stock, bonds, debentures, notes and other securities or financial instruments of any kind (including notes or parts or units issued by Luxembourg or foreign mutual funds or similar undertakings and exchangeable or convertible securities), structured products relating to commodities or assets (including debt or equity securities of any kind), receivables, claims or loans or other credit facilities (and the agreements or contracts relating thereto) as well as all other types of assets, and (iii) the ownership, administration, development and management of a portfolio of assets (including, among other things, the assets referred to in (i) and (ii) above).

The Issuer may, within the limits of the Securitisation Law and for as long as it is necessary to facilitate the performance of its corporate object, borrow in any form and enter into any type of loan agreement.

It may issue notes, bonds (including exchangeable or convertible securities and securities linked to an index or a basket of indices or shares), debentures, certificates, shares, warrants and any kind of debt or equity securities. The Issuer may lend funds including the proceeds of any borrowings and/or issues of securities, within the limits of the Securitisation Law and provided such lending or such borrowing relates to securitisation transactions, to its subsidiaries, affiliated companies or to any other company.

The Issuer may, within the limits of the Securitisation Law, give guarantees and grant security over its assets.

The Issuer may generally employ any techniques and instruments relating to investments for the purpose of their efficient management, including, but not limited to, techniques and instruments designed to protect it against credit, currency exchange, interest rate risks and other risks.

The Issuer may, within the limits of the Securitisation Law and in accordance with the provisions of the relevant issue documentation of the securities, assign, sell or arrange for the assignment or the sale of the underlying assets and risks which guarantee the rights of the relevant investors.

In general, the Issuer may take, to the largest extent permitted under the Securitisation Law, any controlling and supervisory measures and carry out any financial, movable or immovable, commercial and industrial operations which it may deem useful in the accomplishment and development of its purpose.

### **1.5. Administration and management**

Pursuant to article 1 of the Articles, the Issuer is managed by Transparency Capital Management S.A., its Issuer General Partner. The Issuer General Partner is vested with the broadest powers to perform all acts of administration in compliance with the corporate objects of the Issuer.

The Issuer General Partner may create one or several compartments.

The Issuer General Partner is in turn managed by a board of directors (the **Board**) composed of at least three members, shareholders or not. The Board is vested with the broadest powers to accomplish all acts of disposal and administration in the interests of the Issuer General Partner, with the exception of all operations which are exclusively for the general meeting of shareholders.

The Board can delegate all or part of its powers regarding the daily management, to one or several persons, shareholders or not, for which it fixes the conditions for the exercise of the powers by the signatories accredited by it, as well as the special remuneration attaching to those delegations. The Board can also give special powers to one or several persons of its choice, directors or not.

The current members of the Board are:

- **Compagnie De Gestion De Constance S.A.**, with registered office at 10, av. Joseph Jean Gossiaux, 1160, Bruxelles with Mr Christian Alfonso Ciganer-Albeniz as permanent representative;
- **Wayak S.A R.L.**, with registered office at 7 rue de Villeneuve - 92380 Garches with Mr Jean Cailliau as permanent representative;
- **Mrs Guaraldi Elena**, with address at 10 rue Antoine Jans, L-1820 Luxembourg;
- **Mr Bricout Aurélien**, with address at 39, rue du Général Foy, F-75008 Paris; and

- **Mr Mateu Jean-Bernard**, with address at 3 avenue Mozart, F-75016 Paris.

The principal outside activities of the members of the Board are not significant with respect to the Issuer to the extent that these activities do not obstruct the management of the Issuer General Partner.

## **1.6. Financial information**

### **1.6.1. Accounting**

The Issuer shall produce audited annual financial statements.

The reports in relation to the individual compartments established from time to time are created separately from the financial reports of the Issuer.

In accordance with Articles 461-1, 461-7 and 461-8 of the Law 1915, the Issuer is obliged to publish its annual accounts on an annual basis following approval of the annual accounts by the annual general meeting of the shareholders. The annual general meeting of shareholders shall be held, in accordance with Luxembourg law, in Luxembourg at the registered office of the Issuer, or at such other place in Luxembourg as may be specified in the notice of meeting. It shall be held within six months of the end of the financial year. The Issuer does not publish interim financial statements.

A copy of the published annual audited financial statements prepared for the Issuer can be obtained at the RCSL.

### **1.6.2. Financial year**

The Issuer's financial year begins on the first of January of each year and ends on 31 December of the same year. The first financial year began on the date of the Issuer's incorporation and ended on 31 December 2017.

## **2. FUND I**

### **2.1. General Information of the Fund I**

CPR Transparency Euro is a French *fonds professionnel spécialisé*, under the form of a *Fonds Commun de Placement*, represented by its management company CPR Asset Management, having its registered office at 91-93, boulevard Pasteur, F-75015 Paris, and registered with the RCS under number 399 392 141.

### **2.2. Investment objective of the Fund I**

The objective of the Fund I is, over a recommended investment period of twelve (12) years and after taking into account ongoing charges, to seek appreciation of the capital invested over the recommended investment period, by investing at least 70% of its assets in government debt instruments and similar issuers in the euro zone.

### **2.3. Involved parties of the Fund I**

- (a) Depositary

CACEIS Bank, Société anonyme, RCS Paris 692 024 722, Banque et prestataire de services d'investissement agréés par le CECEI le 1er avril 2005, 1-3, place Valhubert – 75013 Paris.

- (b) Gestionnaire comptable par délégation

CACEIS Fund Administration, Société anonyme, RCS Paris 420 929 481, Administrateur et valorisateur d'OPC (groupe Crédit Agricole), 1, place Valhubert - 75013 Paris.

#### 2.4. Prospectus incorporated by reference

<b>CPR Transparency Euro – Fund I</b>	
	<b>Pages</b>
Fonds Professionnel Spécialisé, Fonds de droit français, Part I : FR0014001780	
Caractéristiques générales ( <i>general characteristics</i> )	3
Acteurs ( <i>parties</i> )	4
Modalités de fonctionnement et de gestion ( <i>management</i> )	5
Informations d'ordre commercial ( <i>commercial information</i> )	18
Règles d'investissement ( <i>investment rules</i> )	20
Risque Global ( <i>Global risk</i> )	20
Suivi des risques ( <i>Risk monitoring</i> )	21
Règles d'évaluation de l'actif ( <i>Asset valuation rules</i> )	22
Rémunération ( <i>remuneration</i> )	24

#### 2.5. Reporting incorporated by reference

Not applicable. Fund I is a fund only dedicated to the Issuer that will invest the proceeds of the Bonds. Fund I will be incorporated by CPR AM before the Issue Date.

### 3. FUND II

#### 3.1. General Information of the Fund II

Alpha Intelligence Capital Fund II, SCSp, SICAV-RAIF, a société d'investissement à capital variable qualifying as a fonds d'investissement alternatif réservé incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 5, Heienhaff, L - 1736 Senningerberg, and registered with the RCS under number B270249.

Alpha Intelligence Capital Fund II, SCSp SICAV-RAIF, a Luxembourg special limited partnership (*société en commandite spéciale*) is organized as an investment company with variable capital (*société d'investissement à capital variable*) qualifying as a reserved alternative investment fund (*fonds d'investissement alternatif réservé*) (RAIF) within the meaning of the law dated 23 July 2016 on reserved alternative investment funds (RAIF Law).

#### 3.2. Investment strategy of the Fund II

The investment strategy of the Fund II is to invest in target companies with deep artificial intelligence & enabling technologies. In particular, the Fund II will mainly invest, directly or indirectly, in capital securities or securities giving access to capital of innovative companies and/or SMEs not listed on any regulated securities market or a non-regulated securities organized market of a non-EEA state.

The focus sectors may include, but are not limited to, healthcare & biotechnology, cybersecurity, AI-enabling computing architectures, Web3 & videogaming, sustainability, enterprise software, marketing & advertising, physical security & safety, autonomous vehicles, and smart manufacturing & logistics.

The Partnership will target investments located in (but not limited to) the following geographies: North America, member states of the EEA, the United Kingdom, Switzerland, Israel, India, and South-East Asia (including Taiwan).

#### 3.3. Involved parties of the Fund II

##### 3.3.1. General partner

Alpha Intelligence Capital GP II S.à r.l, a Luxembourg private limited liability company (*société à responsabilité limitée*) serves as the managing general partner (*associé gérant commandité*) of the Fund II (General Partner).

##### 3.3.2. Alternative Investment Fund Manager

Sanne LIS S.A., a public limited liability company (*société anonyme*) incorporated under the laws of Luxembourg has been appointed by the General Partner as alternative investment fund manager of the Fund II (AIFM), as such term is construed under the 2013 Law. The AIFM shall act as external alternative investment fund manager within the meaning of the law of 12 July 2013 on alternative investment fund managers, as amended under the supervision of the CSSF in charge of the investment management (i.e. portfolio management and risk management), valuation and marketing of the Fund II with effect as from the establishment of the Fund II. The AIFM has appointed, with the approval of the General Partner, Alpha Intelligence Core Limited, an alternative investment management company founded in 2019 under Hong Kong law and licensed by the Securities and Futures Commission Type 4 (advising on securities) and Type 9 (asset management) regulated activities, to act as investment advisor in relation to the Fund II (Investment Advisor). The Investment Advisor shall provide advice to the AIFM with respect to the management of the Investments, in particular in relation to the investment and divestment opportunities of the Partnership.

### 3.3.3. Depositary

Quintet Private Bank (Europe) SA having its registered address at 43 boulevard Royal, L-2449 Luxembourg and registered with the Luxembourg register of commerce and companies under the number B6395.

### 3.3.4. Administrative agent

Sanne Group (Luxembourg) S.A. is a Luxembourg public limited liability company (*société anonyme*), having its registered office at 5, Heienhaff, L-1736 Senningerberg, Grand Duchy of Luxembourg, registered with the RCS under number B138069.

## 3.4. Offering Memorandum incorporated by reference

<b>Alpha Intelligence Capital Fund II, SCSp, SICAV-RAIF– Fund II</b>	
	<b>Pages</b>
a Luxembourg special limited partnership ( <i>société en commandite spéciale</i> ) organized as an investment company with variable capital ( <i>société d'investissement à capital variable</i> ) qualifying as a reserved alternative investment fund ( <i>fonds d'investissement alternatif réservé – RAIF</i> ) pursuant to the Luxembourg law of 23 July 2016 on reserved alternative investment funds	
Executive summary, structure/team and the investment opportunity	8
Executive summary of key terms	16
Risk factors	30
Certain Luxembourg tax considerations	41
Certain other tax considerations	46
Conflicts of interest	51
Information to limited partners (article 23 of the directive 2011/61/eu)	55
Selling restrictions	71

## 3.5. Limited Partnership Agreement by reference

<b>Alpha Intelligence Capital Fund II, SCSp, SICAV-RAIF– Fund II</b>	
	<b>Pages</b>
a Luxembourg special limited partnership ( <i>société en commandite spéciale</i> ) organized as an investment company with variable	

capital ( <i>société d'investissement à capital variable</i> ) qualifying as a reserved alternative investment fund ( <i>fonds d'investissement alternatif réservé – RAIF</i> ) pursuant to the Luxembourg law of 23 July 2016 on reserved alternative investment funds	
Definitions and interpretation	1
The Fund	14
Term – investment period	18
Management of the Fund	21
Co-investments - Transactions with the Fund - Conflicts of Interest - Successor Fund - Alternative Investment Vehicles	26
Key Person Event	29
Commitments – admission to the Fund	30
Closings – equalization	32
Drawdown from Limited Partners	34
Default provisions	35
Partnership Interests - classes - general meetings	37
Restriction on redeeming or converting Partnership Interests	39
Transfer of Partnership Interests	40
LPAC	40
Net distributable proceeds - re-investment - allocation of profits and distribution	41
Expenses	44
Indemnification and exculpation - giveback obligation of Ordinary Limited Partners	47
Preferential Treatment – Disclosure of Side Letters	48
Data protection	50
CFIUS	50
Amendment of this Agreement	52
Base Currency - accounting - accounting year - audit - reporting - calculation of NAV	53

Dissolution – continuation	56
ATAD 2 / Taxes	58
U.S. federal tax matters	59
VAT	60
Excuse	60
Miscellaneous provisions	61

### 3.6. Fund II Audited Annual Reports incorporated by reference

#### 3.6.1.2022 AIC Fund II Audited Annual Report

<b>Alpha Intelligence Capital Fund II, SCSp, SICAV-RAIF– Fund II</b>	
	<b>Pages</b>
a Luxembourg special limited partnership ( <i>société en commandite spéciale</i> ) organized as an investment company with variable capital ( <i>société d'investissement à capital variable</i> ) qualifying as a reserved alternative investment fund ( <i>fonds d'investissement alternatif réservé – RAIF</i> ) pursuant to the Luxembourg law of 23 July 2016 on reserved alternative investment funds	
Management and Administration	3
Report of the Board of Managers of the General Partner	4
Report of the Réviseur d'Entreprises Agréé	7
Statement of Financial Position	10
Statement of Comprehensive Income	11
Statement of Changes in Net Assets Attributable to Partners	12
Statement of Cash Flows	13
Notes to the Financial Statements	14
Information of the Alternative Investment Fund Manager (Unaudited)	32
SFDR Disclosure (Unaudited)	37



### 3.7. Reporting incorporated by reference

#### 3.7.1.Q4 2023 AIC Fund II Reporting

<b>Alpha Intelligence Capital Fund II, SCSp, SICAV-RAIF– Fund II</b>	
	<b>Pages</b>
a Luxembourg special limited partnership ( <i>société en commandite spéciale</i> ) organized as an investment company with variable capital ( <i>société d'investissement à capital variable</i> ) qualifying as a reserved alternative investment fund ( <i>fonds d'investissement alternatif réservé – RAIF</i> ) pursuant to the Luxembourg law of 23 July 2016 on reserved alternative investment funds	
Q4 Update	3
Portfolio Overview	7
Portfolio Companies	11
AI and Market Trends	22
Appendix	25

#### 3.7.2.Q3 2023 AIC Fund II Reporting

<b>Alpha Intelligence Capital Fund II, SCSp, SICAV-RAIF– Fund II</b>	
	<b>Pages</b>
a Luxembourg special limited partnership ( <i>société en commandite spéciale</i> ) organized as an investment company with variable capital ( <i>société d'investissement à capital variable</i> ) qualifying as a reserved alternative investment fund ( <i>fonds d'investissement alternatif réservé – RAIF</i> ) pursuant to the Luxembourg law of 23 July 2016 on reserved alternative investment funds	
Q3 Update	3
Portfolio Overview	7
Portfolio Companies	13
Appendix	20

## 1. PAYING AGENT

The Bonds are issued with the benefit of an agency agreement dated 11<sup>st</sup> of March 2024 (the **Agency Agreement**) entered into with the Paying Agent)

Under the Agency Agreement, the Issuer has appointed Société Générale Luxembourg, as the paying agent (the **Paying Agent**).

The Paying Agent will carry out the tasks set out in the Agency Agreement, including the provision of customary banking services for the Issuer as well as registrar and transfer agent services with respect to the Bonds issued by the Issuer, which normally includes the tasks performed by registrar and transfer agents in Luxembourg.

The liability of the Paying Agent toward the Issuer is restricted to intent and gross negligence. It cannot be held liable if it refuses to perform such tasks in good faith, if it has good reason to believe that they are impermissible or not allowed or are contrary to existing laws or regulations, or if it is prevented from carrying out its tasks due to force majeure. The Issuer declares that it is prepared to indemnify the Paying Agent generally against any liability with respect to losses and damages that have occurred, which were imposed on it within the framework of fulfilling its tasks and duties under the Agency Agreement, insofar as they are not the result of intent or gross negligence. This indemnification is restricted to the assets of the compartment for which the paying agent acts.

## TAXATION

### 1. GENERAL TAXATION INFORMATION

The following information provided below does not purport to be a complete summary of the tax law and practice currently available. Potential purchasers of Bonds are advised to consult their own tax advisers as to the tax consequences of transactions involving the Bonds.

Purchasers and/or sellers of Bonds may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of transfer in addition to the issue price or purchase price (if different) of the Bonds.

Transactions involving Bonds (including purchases, transfer or redemption), the accrual or receipt of any interest payable on the Bonds and the death of a Bondholders may have tax consequences for potential purchasers which may depend, amongst other things, upon the tax status of the potential purchaser and may relate to stamp duty, stamp duty reserve tax, income tax, corporation tax, capital gains tax and/or inheritance tax.

### 2. LUXEMBOURG TAXATION

The following information is of a general nature only and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective Bondholders should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

The residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy, impost or other charge or withholding of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only. In addition, a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*impôt de solidarité*) as well as personal income tax (*impôt sur le revenu*) generally. Investors may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

#### 2.1. Taxation of Bondholders

##### 2.1.1. Withholding Tax

###### 2.1.1.1. Non-resident Bondholders

Under Luxembourg general tax laws currently in force there is no withholding tax on payments of principal, premium or interest made to non-resident Bondholders, nor on accrued but unpaid interest in respect of the Bonds, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Bonds held by non-resident Bondholders.

###### 2.1.1.2. Resident Bondholders

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005, as amended, (the **Law 2005**), there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident Bondholders, nor on accrued

but unpaid interest in respect of Bonds, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Bonds held by Luxembourg resident Bondholders.

Under the Law 2005 payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is resident of Luxembourg will be subject to a withholding tax of 20 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Bonds coming within the scope of the Law will be subject to withholding tax of 20 per cent.

## **2.1.2. Income Taxation**

### **2.1.2.1. Non-resident Bondholders**

A non-resident Bondholder, not having a permanent establishment or permanent representative in Luxembourg to which such Bonds are attributable, is not subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Bonds. A gain realised by such non-resident holder of Bonds on the sale or disposal, in any form whatsoever, of the Bonds is further not subject to Luxembourg income tax.

A non-resident corporate Bondholders or an individual Bondholders acting in the course of the management of a professional or business undertaking, who has a permanent establishment or permanent representative in Luxembourg to which such Bonds are attributable, is subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Bonds and on any gains realised upon the sale or disposal, in any form whatsoever, of the Bonds.

### **2.1.2.2. Resident Bondholder**

#### *2.1.2.2.1. Luxembourg resident corporate Bondholders*

A corporate Bondholder must include any interest accrued or received, any redemption premium or issue discount, as well as any gain realised on the sale or disposal, in any form whatsoever, of the Bonds, in its taxable income for Luxembourg income tax assessment purposes.

A corporate Bondholder that is governed by the law of 11 May 2007 on family estate management companies, as amended, or by the law of 17 December 2010 on undertakings for collective investment, as amended, or by the law of 13 February 2007 on specialized investment funds, as amended, or by the law of 23 July 2016 on alternative investment funds, is neither subject to Luxembourg income tax in respect of interest accrued or received, any redemption premium or issue discount, nor on gains realised on the sale or disposal, in any form whatsoever, of the Bonds.

#### *2.1.2.2.2. Luxembourg resident individual Bondholders*

An individual Bondholder, acting in the course of the management of his/her private wealth, is subject to Luxembourg income tax in respect of interest received, redemption premiums or issue discounts, under the Bonds, except if (i) withholding tax has been levied on such payments in accordance with the Law, or (ii) the individual Bondholder has opted for the application of a 20% tax in full discharge of income tax in accordance with the Law, which applies if a payment of interest has been made or ascribed by a

paying agent established in a EU Member State (other than Luxembourg), or in a Member State of the European Economic Area (other than a EU Member State). A gain realised by an individual Bondholder, acting in the course of the management of his/her private wealth, upon the sale or disposal, in any form whatsoever, of Bonds is not subject to Luxembourg income tax, provided this sale or disposal took place more than six months after the Bonds were acquired. However, any portion of such gain corresponding to accrued but unpaid interest income may be subject to Luxembourg income tax, except if withholding tax has been levied on such interest in accordance with the Law.

An individual Bondholder acting in the course of the management of a professional or business undertaking must include this interest in its taxable basis. If applicable, the tax levied in accordance with the Law will be credited against his/her final tax liability.

## **2.2. Net Wealth Taxation**

A corporate Bondholder, whether it is resident of Luxembourg for tax purposes or, if not, it maintains a permanent establishment or a permanent representative in Luxembourg to which/whom such Bonds are attributable, is subject to Luxembourg wealth tax on such Bonds except if the Bondholder is governed by the law of 11 May 2007 on family estate management companies, as amended or by the law of 17 December 2010 on undertakings for collective investment, as amended, or by the law of 13 February 2007 on specialized investment funds, as amended, or by the law of 23 July 2016 on alternative investment funds. As regards securitisation companies governed by the Securitisation Act 2004, as amended, or capital companies governed by the law of 15 June 2004 on venture capital vehicles, as amended, the Bonds will be taken into consideration for the determination of the minimum net wealth tax.

An individual Bondholder, whether he/she is resident of Luxembourg or not, is not subject to Luxembourg wealth tax on such Bonds.

### **2.2.1. Other Taxes**

#### **2.2.1.1. Inheritance taxes/gift taxes**

Neither the issuance nor the transfer of Bonds will give rise to any Luxembourg stamp duty, value added tax, issuance tax, registration tax, transfer tax or similar taxes or duties. Notwithstanding, documents relating to the Bonds, other than the Bonds themselves, presented in a notarial deed or in the course of litigation may require registration. In this case, and based on the nature of such documents, registration duties may apply.

#### **2.2.1.2. Inheritance taxes/gift taxes**

Where a Bondholder is a resident of Luxembourg for tax purposes at the time of his/her death, the Bonds are included in his/her taxable estate for inheritance tax assessment purposes.

Gift tax may be due on a gift or donation of Bonds if embodied in a Luxembourg deed passed in front of a Luxembourg notary or recorded in Luxembourg.

## SUBSCRIPTION AND SALE

The information provided below does not purport to be a complete summary of all relevant selling restrictions and refers to selected jurisdictions only.

### Notice to US investors

The Bonds have not been, and will not be, registered under the US Securities Act, as amended or with any securities regulatory authority of any state or other jurisdiction of the United States of America. The Bonds are being offered and sold outside of the United States in accordance with Regulation S and may not be offered, sold, exercised, transferred or delivered, directly or indirectly, in or into the United States of America, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable state and other securities laws of the United States of America.

Persons that are located in the United States of America will not be permitted to subscribe for the Bonds. Subscription instructions, application forms or other documents required in respect of the subscription of the Bonds will not be accepted by the Issuer from persons located in the United States of America and custodians and nominees are advised not to pass on such instructions or applications or to affect any subscriptions based on them.

The Bonds have not been approved or disapproved by any U.S. federal or U.S. state securities commission or U.S. regulatory authority.

Any reproduction or distribution of this Prospectus in the United States of America, in whole or in part, and any disclosure of their contents to any person in the United States of America is prohibited. By accepting delivery of this Prospectus, the recipient is deemed to have represented and warranted that such recipient is outside the United States.

Any person who acquires the Bonds will be deemed to have represented, warranted and agreed, by acquiring the Bonds, that he/she/it is acquiring the Bonds in an “offshore transaction” and not by means of any “directed selling efforts” (each as defined by Regulation S under the US Securities Act).

The content of this Prospectus is not to be considered legal, business, financial, investment, tax or other advice. Prospective investors should consult their own counsel, accountants and other advisors as to legal, business, financial, investment, tax and other aspects of a purchase of the Bonds. In making an investment decision, investors must rely on their own examination of the Issuer, the terms of the offering of the Bonds and the merits and risks involved.

### The Grand Duchy of Luxembourg

The Bonds may not be offered or sold to the public in the Grand Duchy of Luxembourg, directly or indirectly, and neither this Prospectus nor any other circular, prospectus, form of application, advertisement, communication or other material may be distributed, or otherwise made available in, or from or published in, the Grand Duchy of Luxembourg, except (i) for the sole purpose of the admission to trading of the Bonds on the Euro MTF market and listing of the Bonds on the Official List of the Luxembourg Stock Exchange and in circumstances which do not constitute an offer of securities to the public pursuant to the provisions of the Prospectus Law or (ii) in other circumstances which do not constitute an offer of securities to the public pursuant to the provisions of the Prospectus Law.

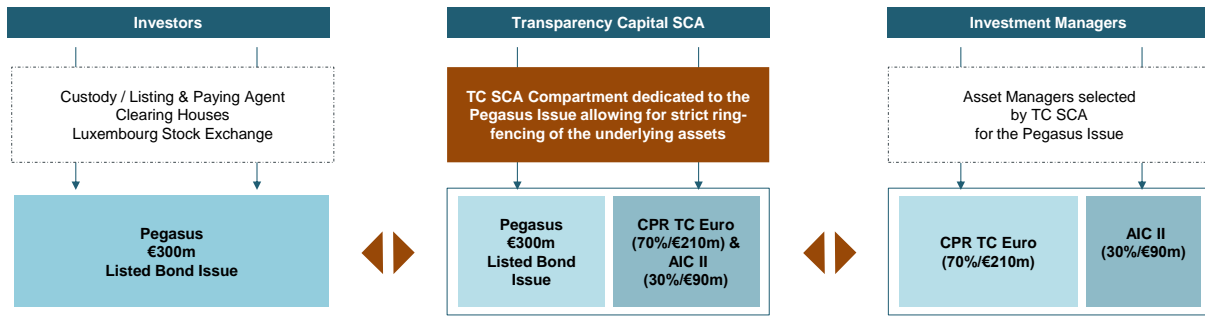
## **General**

Save as described in this section "*Subscription and Sale*", no action has been taken by the Issuer that would, or is intended to, permit an offer to the public of the Bonds in any country or jurisdiction where any such action for that purpose is required. Accordingly, the Issuer undertakes that it will not, directly or indirectly, offer or sell any Bonds or distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Bonds by it will be made on the same terms.

## **Restriction on investors**

The Bonds are only intended to be offered to professional investors as defined in the Directive 2014/65/EU of the European parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (MiFID) and more precisely under Annex II.

**STRUCTURE CHART**



1 TC issues a bond listed on the Euro MTF market in Luxembourg  
Investors subscribe to the TC listed bonds

2 TC uses the bonds' proceeds to buy shares in the CPR TC Euro Fund (70%/€210m) and AIC Fund II (30%/€90m)

**Waterfall**

- Step 1 – Payment of taxes, management fees and fund fees
- Steps 2&3 – Redemption of the principal of the bonds until €1 of nominal remains followed by variable interest distributions based on the underlying investments performance
- Step 4 – Redemption of the €1 of the bonds' principal remaining corresponding to the last cash-flow of the underlying investments

4

5

6

Distribution of net cash-flows generated by the shares in the CPR TC Euro Fund (70%/€210m) and AIC Fund II (30%/€90m) investments to the Bondholders

3



## GENERAL INFORMATION

### 1. AUTHORISATION

The issue of the Bonds and the creation of the Compartment was duly authorized by a resolution of the Issuer General Partner dated February 28, 2024.

### 2. FEES AND COSTS

Transparency Capital Management S.A., as Issuer General Partner, shall be entitled for its management services, to:

- A one-off entry fee of 100 basis points of the aggregate principal amount of the Bonds (to be paid from the gross proceeds of the issuance of the Bonds).
- An annual management fee of 50 basis points of the aggregate principal amount of the Bonds will be paid upfront the first year and then annually from the gross proceeds of the Bonds issuance; and
- An additional fee of 25 basis points of the aggregate principal amount of the Bonds which will arise in relation with the listing of the Bonds and other Compartment TC-Pegasus expenses (such as the fees of the Paying Agent, the auditors, legal etc.) and will be paid upfront the first year and then annually from the gross proceeds of the Bonds issuance.

No further payments will be required from the Bondholder in addition to the Issue Price of the Bonds.

### 3. LISTING AND ADMISSION TO TRADING

The Issuer applied for admission to trading of the Bonds to the Euro MTF market of the LxSE and for listing on the Official List of the LxSE. The Euro MTF market is not a regulated market within the meaning of Directive 2004/39/EC on markets in financial instruments. The Issuer reserves the right to apply at any time after the Issue Date for the admission of the Bonds to trading on any further stock exchange.

In the case where the Bonds have been (i) admitted to trading to the Euro MTF market of the LxSE and (ii) redeemed prior to Maturity, the Issuer is going to publish a notice and to inform the LxSE of this early redemption.

### 4. POST-ISSUANCE TRANSACTION INFORMATION

The Issuer will not make available post-issuance transaction information regarding the performance of the Bonds.

### 5. CLEARING SYSTEMS

The Bonds have been accepted for clearing and settlement through Clearstream and Euroclear. The ISIN for this issue is XS2764400128 and the Common Code is 276440012.

The address of Clearstream is Clearstream Banking, *société anonyme*, 42, avenue JF Kennedy, L-1855 Luxembourg.

The address of Euroclear is Euroclear Bank S.A./N.V., 1, Boulevard du roi Albert II, B.1210, Brussels, Belgium.

The LEI Code of the Issuer is: 213800DR3AYYT5HEXA10.

## **6. DOCUMENTS AVAILABLE**

As long as the Bonds are listed on the official list and admitted to trading on the Euro MTF of the Luxembourg Stock Exchange (and as long as the rules and regulations of the Luxembourg Stock Exchange so require), copies of the following documents will be available, free of charge, during normal business hours at the offices of the Issuer:

- 6.1. The Prospectus of this transaction;
- 6.2. The Issuer's articles of incorporations;
- 6.3. The annual audited financial statements of the Compartment TC-Pegasus (the Issuer does not publish interim financial statements);
- 6.4. Quarterly reports of the Funds;
- 6.5. Unaudited Net Asset Value of the Units and the Interests acquired by the Compartment TC-Pegasus, on a half-year basis;
- 6.6. Audited Net Asset Value of the Units and the Interests acquired by the Compartment TC-Pegasus, on a yearly basis;
- 6.7. Fund I Prospectus and Fund I future annual reports (there is no financials nor NAV reports available at the date of the Prospectus) ;
- 6.8. Fund II Offering Memorandum, LPA and available reporting and NAV reports to date and Fund II 2022 and future audited annual reports.

## **7. SIGNIFICANT OR MATERIAL CHANGE**

Save as disclosed in this Prospectus, there has been no significant change in the financial or trading position of the Issuer since the date of the last financial information included in the Prospectus.

## **8. LITIGATION AND ARBITRATION**

The Issuer is not engaged in any governmental, legal, arbitration, administrative or other proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which are likely to have a material adverse effect upon the Issuer's financial position or profitability.

## **9. STATUTORY AUDITOR**

The approved statutory auditor (*réviseur d'entreprises d'agr e*) of the Issuer is Ecovis IFG Audit SA, having its registered office at 44, rue de Wiltz, L-2734 Luxembourg and registered with the Luxembourg trade and companies register under number RCS Luxembourg B 202014.

**Issuer**

Transparency Capital S.C.A.  
acting in respect of its Compartment TC-Pegasus  
10 rue Antoine Jans  
L-1820 Luxembourg  
Grand Duchy of Luxembourg

**Custodian**

**Listing & Paying Agent**

Société Générale Luxembourg  
11 avenue Emile Reuter  
L-2420 Luxembourg  
Grand Duchy of Luxembourg

**Legal Adviser to the Issuer as to Luxembourg Law**

KLEYR GRASSO  
7 rue des Primeurs  
L-2361 Strassen  
Grand Duchy of Luxembourg