KPMG

Illustrative annual report for reserved alternative investment funds (RAIFs)

Second edition: Investment Fund Version

Under Luxembourg Generally Accepted Accounting Principles

kpmg.lu

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Foreword

Welcome to the second edition of KPMG Luxembourg's illustrative annual report for reserved alternative investment funds (RAIFs).

KPMG Luxembourg's Private Equity Group has produced this guide to help the alternative investment community prepare and present financial statements of RAIFs in accordance with Luxembourg generally accepted accounting principles (Luxembourg GAAP). It illustrates one possible format for a fictitious private equity fund set up as a RAIF based on the Luxembourg legal and regulatory requirements as of 31 March 2021.

The Law of 23 July 2016 on RAIFs ("the RAIF Law") allows RAIFs to be set up either with a risk-spreading aim ("a risk-spreading RAIF") or with the exclusive objective of making risk capital investments ("a risk capital RAIF"). This guide provides example disclosures for a risk capital RAIF that has used the investment fund sectorial format, one of the two options provided by the RAIF Law to present its financial situation.

This illustrative annual report provides guidance on the following areas, among others:

Environmental, social, governance (ESG)

ESG is playing an increasingly important role in companies' strategy and operations, while investment decisions are increasingly being driven by ESG metrics. With both regulators and investors increasingly demanding a focus on ESG, financial reporting has become a differentiator of quality for ESG factors in investment management process reporting.

Recent initiatives have made clear that ESG is quickly moving to the forefront of regulators' agendas. This is in response to investors' growing interest in ESG factors when making investment decisions, coupled with the increasing public awareness of companies' responses to ESG risks.

For more information, please refer to our ESG reporting resource center.

Potential impacts of the COVID-19 pandemic on funds' financial statements

The heightened economic uncertainty and risk caused by the continuing COVID-19 pandemic may have significant financial implications for RAIFs. The COVID-19 supplement to our annual financial statements guide — Illustrative disclosures (September 2020) — illustrates additional disclosures that entities may need to provide for accounting issues arising from the COVID-19 pandemic. Throughout this guide, we also note any additional disclosures that a fund may consider regarding COVID-19's impact in the areas most likely affected. However, this list is not exhaustive, and a fund may have other areas of disclosures that are affected.

The pandemic is likely to affect different entities in different ways. Each fund will need to consider which changes in disclosures are relevant to its operations, and appropriately reflect the information available at the time of reporting. Funds will face many difficult accounting challenges arising from COVID-19 and will need to consider how to provide transparent disclosures. They may enter into types of transactions that are new to them, or for which they have not yet developed accounting policies, estimation techniques, or disclosures.

Potential impacts of Brexit on a fund's financial statements

If an entity has any potential exposure to Brexit-associated risks, it should assess the impact of these risks on its annual financial statements and provide relevant entity-specific disclosures. Please refer to our Managing Brexit - KPMG Luxembourg center for expert analysis, opinion and guidance to not only mitigate the effects of Brexit but also help you reset your future.

Disclosure requirements not in the scope of Luxembourg GAAP

We have included disclosure requirements driven by legislation, such as the Alternative Investment Fund Managers Directive (AIFMD), company laws, or listing rules. We have also provided some references to US GAAP, as some US managers would provide a reconciliation note to bridge the gap between Luxembourg GAAP and US GAAP to comply with the Custody Rule.

At the time of publication of this guide, it is also expected that Luxembourg's regulation will be amended in 2021 to allow limited partnerships to prepare their financial statements under US GAAP. For additional guidance on US GAAP financial statements for private equity funds, please see our Alternative Investments Illustrative Financial Statements 2020 for private equity funds.

We have prepared these illustrative financial statements as a guide for private equity funds, investment managers and service providers — with pragmatic suggestions based on observations from the RAIF landscape. To make it as practical a tool as possible, we have also included several references to laws and regulations. These legal references, and the application of the articles referred therein, are discussed further in the accompanying explanatory notes. General discussions on presentation and disclosures without specific references to laws are presented in the guidance notes.

The guide also includes an example of the report of factual findings on investment in risk capital that should be filed with the Administration des Contributions Directes for risk capital RAIFs.

Financial reporting is not just about technical compliance; it's also about effective communication. As investors continue to demand better quality of business reporting, preparers should be careful not to focus on compliance at the expense of relevance. When preparing their annual report, entities must seek to improve their communication by reporting financial information in a meaningful way. While Luxembourg GAAP provides for some flexibility, entities must strike the right balance between compliance and transparency.

The sample disclosures in the illustrative financial statements should not be considered as the only acceptable form of presentation — we have not illustrated all possible disclosures, nor are entities required to display these line items in practice. We have also included some items that apply to other financial reporting frameworks — this is only to illustrate items commonly encountered in practice. The fund's governance body is responsible for the form and content of each reporting entity's financial statements.

We hope this publication will be helpful to you.

If you have any feedback or questions about this guide, please get in touch with the KPMG Alternative investment team.

Mickael Tabart

Partner, Private Equity Leader

Vishalinee Seeparsad

Associate Partner, Private Equity

Glossary

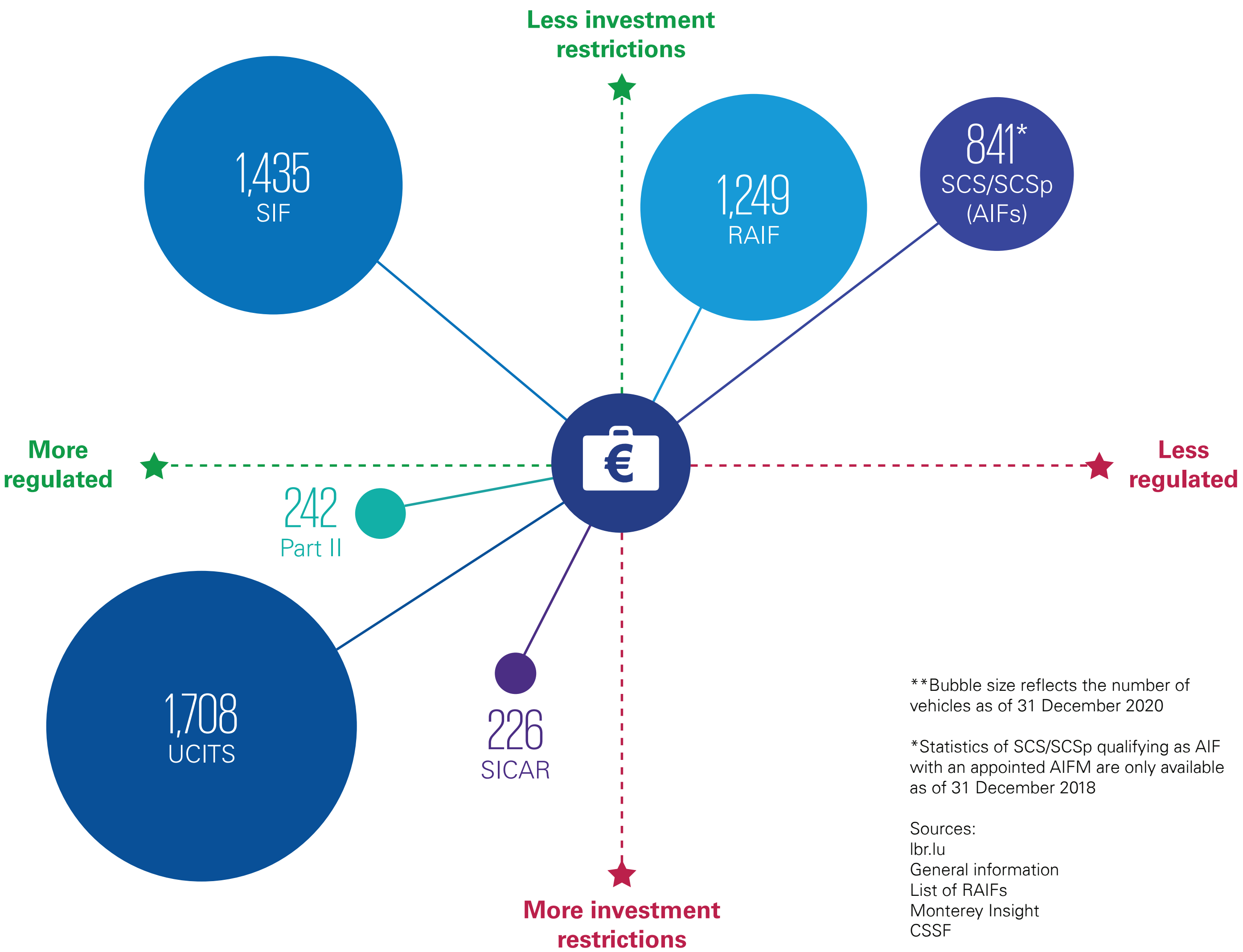
AIFMD	Alternative Investment Fund Managers Directive
ALFI	The Association of the Luxembourg Fund Industry
Financial statements	For "risk-spreading RAIFs" and "risk capital RAIFs" opting for sectorial schema: the statement of net assets, statement of operations and changes in net assets, statement of changes in number of shares (not applicable for RAIFs set up under corporate forms SCS and SCSp), statement of investments and the accompanying notes For "risk capital RAIFs" opting for the eCDF format: the balance sheet, the profit and loss account and the accompanying notes
Annual report	The annual publication comprising the financial statements, the activity report and other information disclosed therein
CNC	Commission de Normes Comptables — Luxembourg's Accounting Standards Committee
Company Law	The Law of 10 August 1915 on commercial companies, as consolidated by the Regulation of 5 December 2017
CoopSA	Société coopérative organisée sous forme de société anonyme
CSSF	Commission de Surveillance du Secteur Financier — Luxembourg's financial regulator
FCP	Fond commun de placement
Luxembourg GAAP	Luxembourg generally accepted accounting principles. The legal and regulatory requirements as laid out in Title II of the Law of 19 December 2002 on the register of Commerce and Companies as well as the accounting and annual accounts of companies, as amended by the Law of 10 December 2010, including the provisions of the Law of 23 July 2016 ("the RAIF Law")
RAIF	Reserved alternative investment fund
RAIF Law	The Law of 23 July 2016 on reserved alternative investment funds
RCS	Registre de Commerce et des Sociétés du Grand-Duché de Luxembourg — Luxembourg's Trade and Companies Register
S.A.	Société anonyme
S.à r.l.	Societe à responsabilité limitée
SCA	Société en commandite par actions
SCS	Société en commandite simple
SCSp	Société en commandite spéciale
SICAF	Société d'investissement à capital fixe
SICAR	Société d'investissement en capital à risque
SICAV	Société d'investissement à capital variable
SIF	Specialised investment fund

Context

The Luxembourg fund industry today

Luxembourg has continued to develop its strong reputation as a center of excellence for a large variety of investment funds. The legal and regulatory framework is constantly being improved to offer the best tools for investment managers to structure their investments and to protect investors' interests

Luxembourg's investment funds universe



**Bubble size reflects the number of vehicles as of 31 December 2020

*Statistics of SCS/SCSp qualifying as AIF with an appointed AIFM are only available as of 31 December 2018

Sources:
lbr.lu
General information
List of RAIFs
Monterey Insight
CSSF

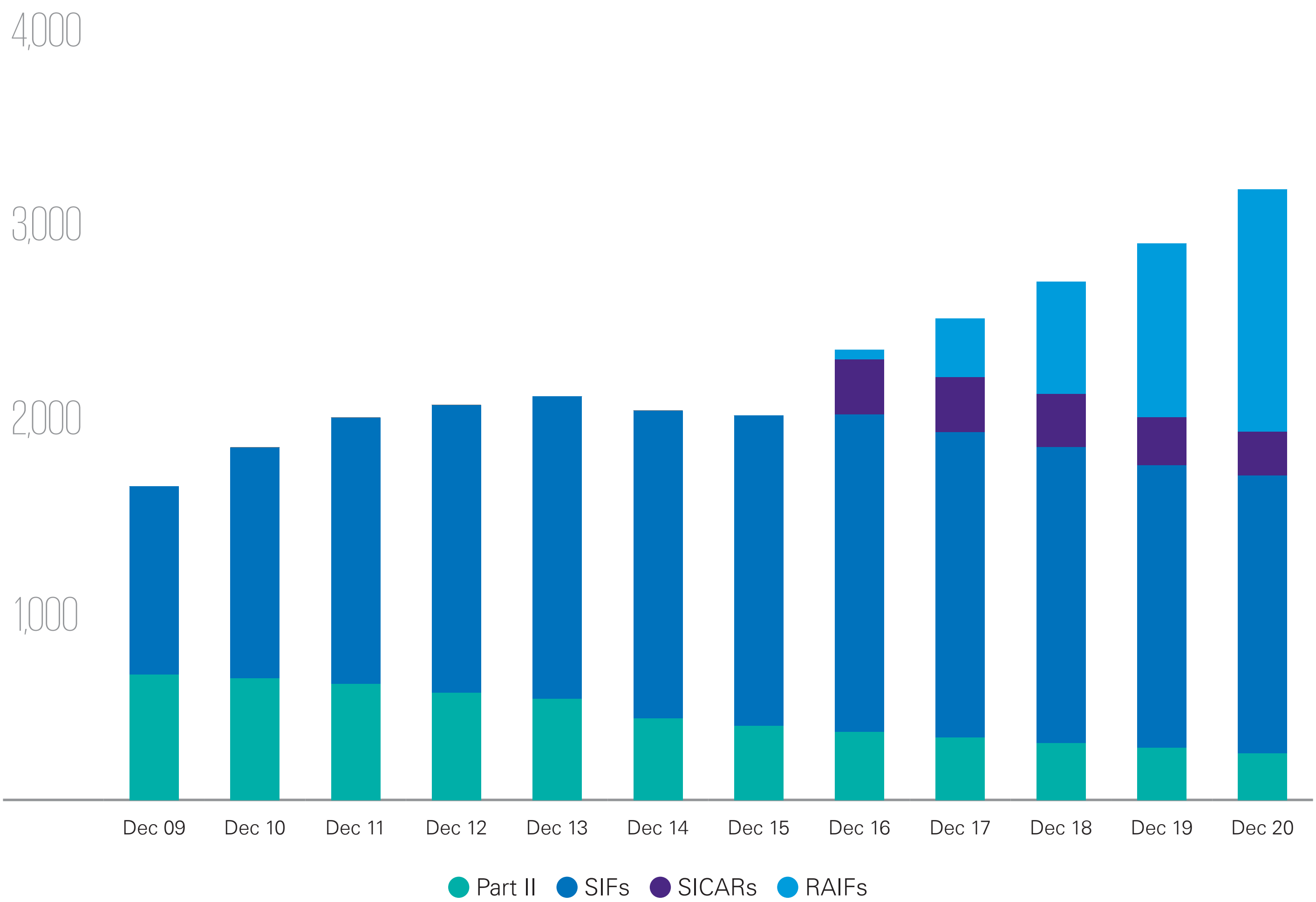
Alternative investment funds and managers

By being among the first countries to transpose the Alternative Investment Fund Managers Directive (AIFMD) into local law, Luxembourg consolidated its leading position for structuring alternative investment funds. Many of the large UCITS managers also hold an alternative investment fund manager (AIFM) license, building on existing expertise and operations to manage both AIFs and UCITS funds.

The Luxembourg government has continued its strong commitment to the funds industry, making an important upgrade to the range of fund structures with the creation of the RAIF. This vehicle meets the demands of many AIFMs and professional investors who had been calling for the removal of the dual regulatory approach whereby both manager and fund are subject to regulation and supervision.

The RAIF is similar to the popular SIF and SICAR structures, but differs in its removal of this double layer of regulation. As a result, its overall time to market is very short. Only authorized AIFMs are permitted to manage RAIFs. Such has been their success that there were already 1,249 RAIFs on the market as at December 2020.

Number of AIFs (excluding SCS/SCSps) between December 2009 and December 2020

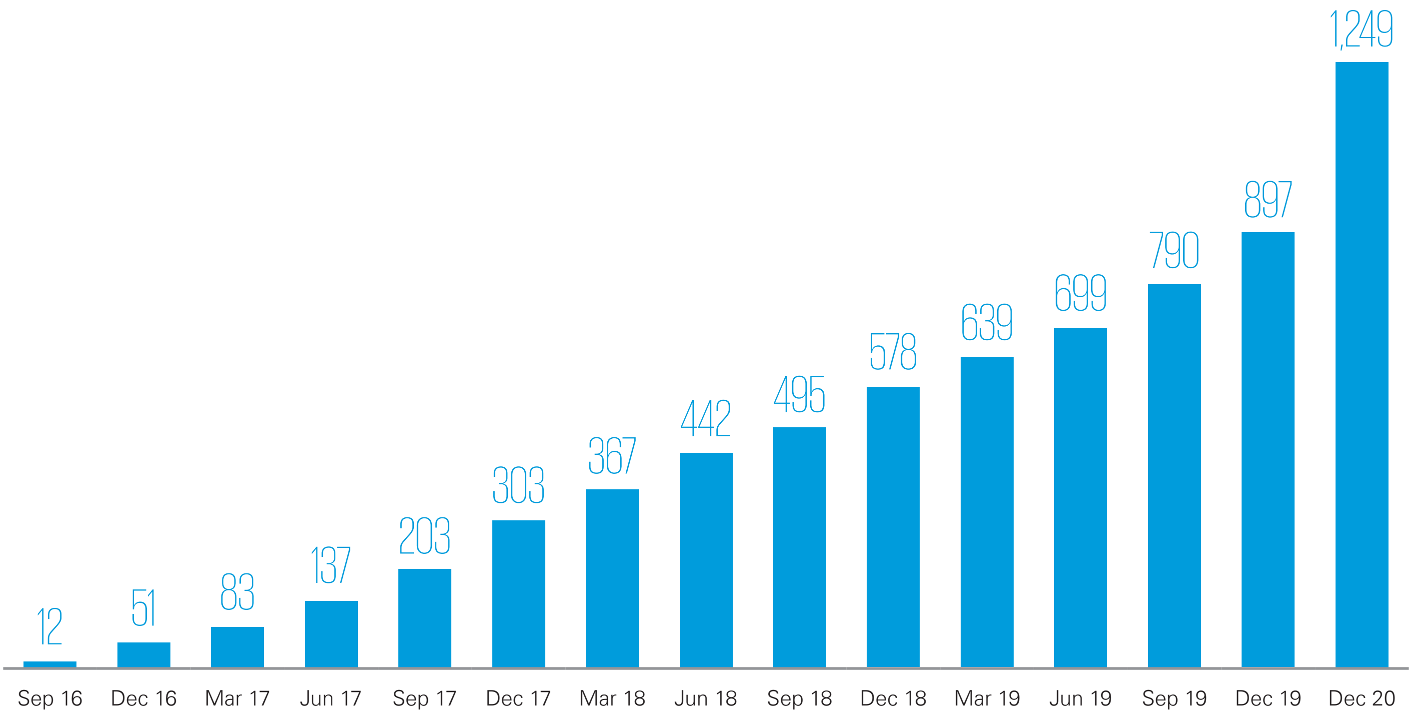


Number of directly or indirectly supervised AIFs as at December 2020

Source: CSSF

The CSSF continues to play an important role in providing guidance on the legal framework governing alternative investment funds and their managers, and regularly updates its AIFMD Frequently Asked Questions (FAQ). This FAQ covers scope, the content of the application file, loan origination and loan participation by AIFMs, the rules on delegation of regulated activities, the role of the depositary, marketing rules, reporting and transparency requirements, valuation, and prudential capital rules.

Number of RAIFs from July 2016 (inception of the RAIF Law) to December 2020



Sources: Luxembourg Business Registers (lbr.lu); general information; list of RAIFs

RAIFs: overview

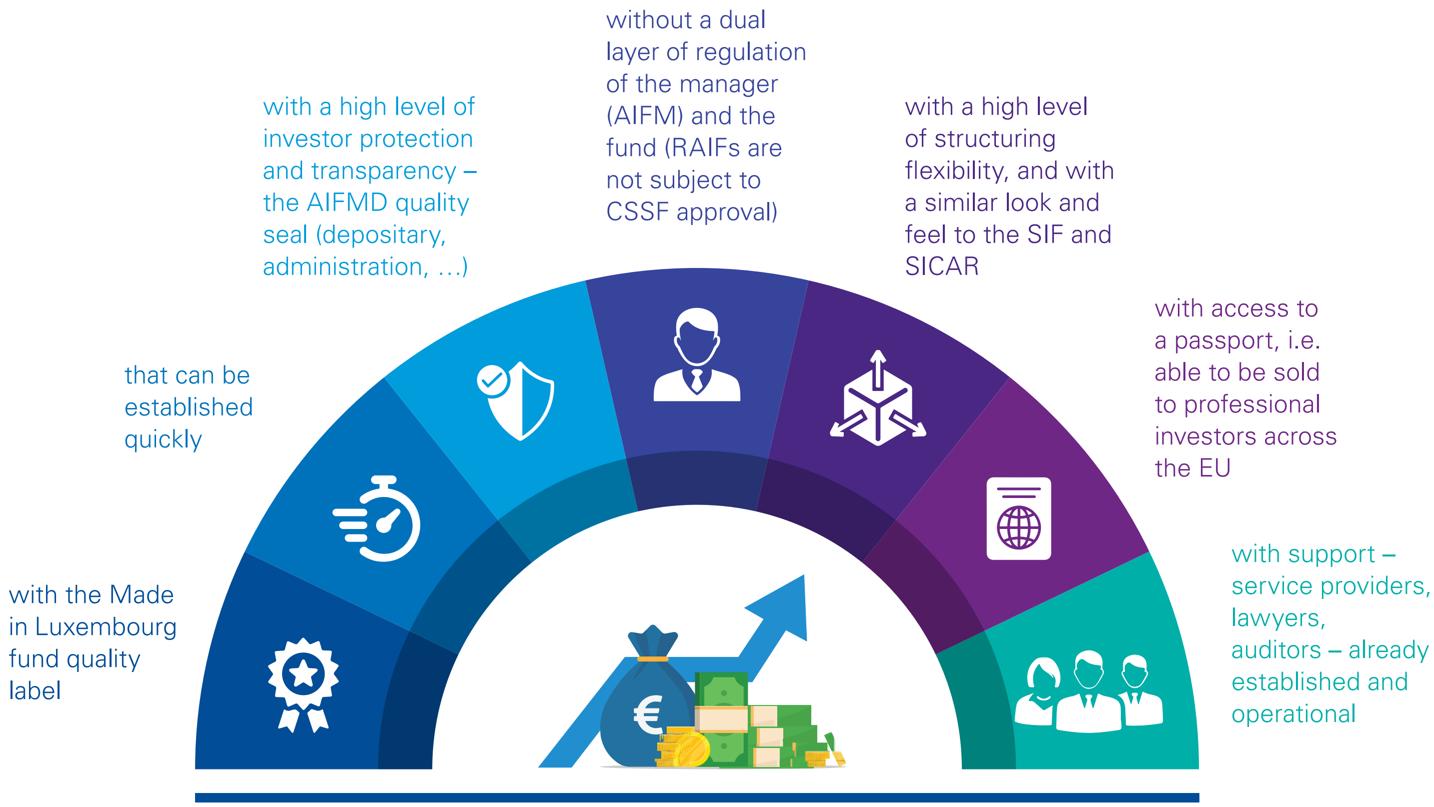
What is a RAIF?

Introduced in Luxembourg in 2016, the RAIF is a flexible and unregulated alternative investment vehicle available to well-informed investors.

The Law of 23 July 2016 (RAIF Law) distinguishes between two types of RAIF: risk-spreading RAIFs and risk capital RAIFs as per Article 48(1) of the RAIF Law.

Why choose the RAIF?

The RAIF has strong market appeal to investors looking for a fund ...



Who are the stakeholders?

Target investors

- Institutional, professional, or sophisticated retail investors (minimum investment €125,000)
- The RAIF has access to a passport enabling it to be sold to professional investors across the EU
- Investor marketing materials (the prospectus or private placement memorandum) need to meet AIFMD disclosure standards.

1 Marketing passport for EU professional investors

Institutional investors including large corporates, insurers, funds, pension funds and banks

2 Depositary, accounting and administration

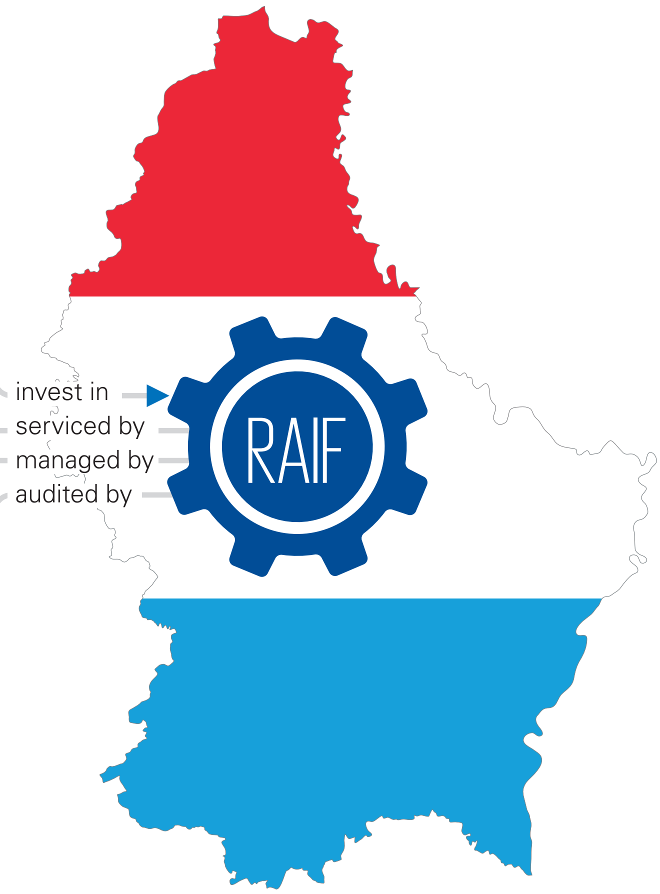
Luxembourg regulated firms

3 Authorised AIFM (Luxembourg/ EU member state/eligible third country)

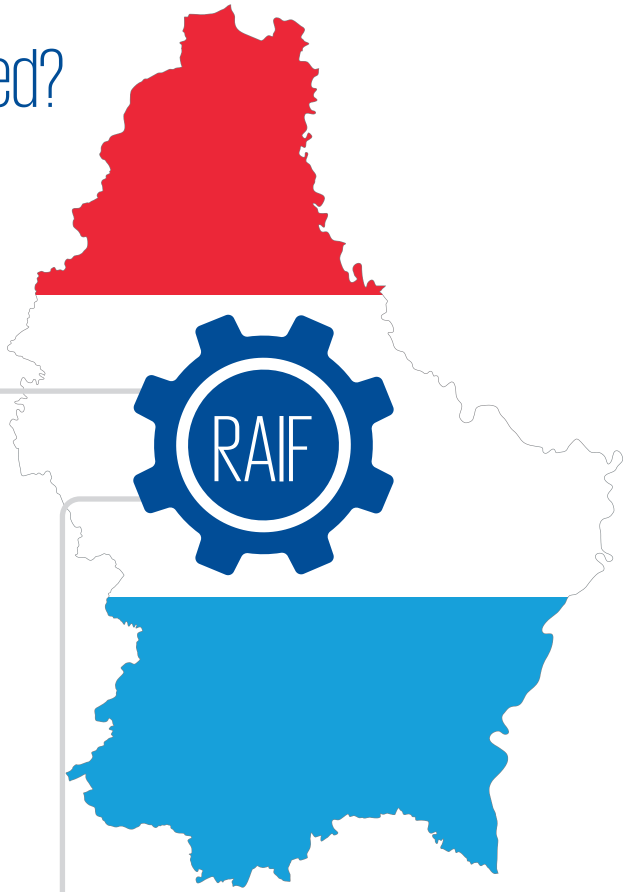
supervised by CSSF or supervisory peer

- Portfolio management
- Risk management
- Independent valuation
- Strong governance

4 Approved statutory auditor



Which investment strategies are covered?



Investment strategy

The RAIF was designed with flexibility in mind, and as such can accommodate all asset classes and investment strategies. No risk diversification limits are defined, but the risk-spreading principle needs to be respected. In order to ensure compliance, a RAIF would, for example, be free to apply the diversification limits defined for SIFs. No risk diversification rules apply if a RAIF invests solely in risk capital.

Eligible assets

- **Transferable securities**
  Listed shares, others
- **Private equity**
  Investment in participations, in private equity deals, financing, direct lending
- **Hedge funds**
  Equity-hedge, event-driven, macro, relative value, fund of funds, emerging markets
- **Real estate**
  Direct or indirect investment via subsidiaries, direct lending to promoters, construction, promotion, residential or commercial properties
- **Art or other collectibles**
  Sculptures, paintings, coins, antiques, wines, diamonds, jewellery, musical instruments, cars …
- **Currency and precious metals**
  US dollars, gold, silver, platinum, iridium, palladium
- **Derivatives**
  Managed futures, options, trading, swaps, others
- **Renewable energy**
  Investment in projects, infrastructure, solar panels, wind farms …
- **Others**

Debt issuance

- **Loans and mortgages**
- **Bond issuance**
- **Subordinated and convertible bonds**
- **Hybrid debt instruments**
  - Convertible preferred equity certificates (CPECs)
  - Preferred equity certificates (PECs)
  - Profit participative bonds
  - Warrants
  - Tracker certificates
  - Equity loans
  - Any other debt instruments

RAIFs: the essentials

Target investors

The RAIF's target clientele are well-informed investors, who are defined as institutional investors, professional investors and other investors. Other investors are typically sophisticated retail investors or private investors who will need to confirm in writing that they adhere to the status of well-informed investors and either invest a minimum of €125,000 in the RAIF or have been subject to an assessment by a credit institution or a UCITS management company or an authorized AIFM, certifying their expertise, experience and knowledge to adequately appraise an investment in the RAIF.

Product and share class features

RAIFs offer a great deal of flexibility in this area. For instance, they can be set up either as stand-alone funds or as umbrella funds with segregated liability between compartments. This latter possibility is especially handy compared to, for example, an unregulated limited partnership, which cannot set up compartments. These compartments are furthermore permitted to invest in one or more compartments of the same RAIF. In terms of share classes, RAIFs permit some with different characteristics, e.g. different distribution policy, currency exposure, fees and others.

RAIFs need a minimum capital of €1,250,000 which must be reached within 12 months.

Appointment of an AIFM

A RAIF must be externally managed by an authorized AIFM which must be established in Luxembourg or in another EU member state. The AIFM can delegate either portfolio management or risk management to a third party in accordance with the provisions of the AIFMD.

Legal forms

RAIFs come in a variety of legal forms. The RAIF Law refers to the contractual fund (fonds commun de placement, or FCP) and the investment company (société d'investissement à capital variable, or SICAV), but does not limit the legal forms: e.g. an investment company with fixed capital (société d'investissement à capital fixe, or SICAF) is also available.

A RAIF set up as an investment company can adopt one of the following corporate forms: a public limited company (société anonyme, or S.A.), a private limited company (société à responsabilité limitée, or S.à r.l.), a partnership limited by shares (société en commandite par actions, or S.C.A.), a common limited partnership (société en commandite simple, or SCS), a special limited partnership (société en commandite spéciale, or SCSp) or a cooperative in the form of a public limited company (société coopérative organisée sous forme de société anonyme, or CoopSA).

Set-up

A RAIF can be set up by notarial deed or by private deed. The investment company and contractual fund legal forms are governed, respectively, by the articles of incorporation and limited partnership agreement for a SICAV and by the management regulations for an FCP. Authorization from Luxembourg's financial regulator, the CSSF, is not needed to set up a RAIF, which significantly improves the time to market.

Investor reporting

As with any product that falls under the scope of the AIFMD, the RAIF's financial statements and investor disclosures must meet AIFMD disclosure requirements. They must be audited by an approved statutory auditor (réviseur d'entreprises agréé), and the accounting standards to be followed will, generally, be either Luxembourg GAAP or IFRS® Standards.

Distribution

Through its authorized AIFM, the RAIF benefits from the EU passport allowing the AIFM to distribute the shares, units or partnership interests to professional investors (as defined in the AIFMD) within the EU. The distribution of the RAIF to well-informed investors which do not qualify as professional investors requires compliance with the local rules.

The main investor marketing materials (the Prospectus or Private Placement Memorandum (PPM)) need to meet AIFMD disclosure standards.

Conversion to RAIF

AIFs that are set up under the Company Law, and which are not governed by the amended Law of 17 December 2010 on undertakings for collective investment, the amended Law of 13 February 2007 relating to specialized investment funds or the amended Law of 15 June 2004 relating to investment companies in risk capital, may convert to a RAIF by a resolution of a general meeting passed with a majority of two thirds of the votes cast, irrespective of the portion of the capital represented. A RAIF may also convert into a regulated vehicle using the same procedures.

Tax treatment

Risk capital RAIFs

Risk capital RAIFs are not subject to subscription or withholding tax. Neither income derived from transferable securities, nor any income arising from the transfer, contribution or liquidation of such investments, constitute taxable income. Realized losses resulting from the transfer of investments, and unrealized losses accounted for upon the reduction of the value of these assets, cannot be deducted from taxable income. Income arising from cash, pending its investment in risk capital assets, does not constitute taxable income provided such assets are reinvested in risk capital assets within twelve months and it can be established that the funds have effectively been invested in risk capital.

The RAIF is subject to the minimum net wealth tax.

An approved statutory auditor has to issue a report to the Administration des Contributions Directes (Direct Tax Administration) annually, certifying that the RAIF has invested in a portfolio of risk capital during the financial year.

Risk-spreading RAIFs

Risk-spreading RAIFs pay only subscription tax ("taxe d'abonnement"). The amount distributed is not subject to withholding tax and is not taxable if received by non-residents. The rate of the annual subscription tax payable is 0.01% based on total net assets, valued on the last day of each quarter.

RAIFs: financial reporting requirements

Overview of financial reporting requirements

RAIFs

- *Legal forms*: FCP[1], Investment Company
- *Types of Investment Company*: SICAV, SICAF
- *Corporate forms*: S.A., S.à r.l., S.C.A., SCS[2], SCSp[2], CoopSA[1]
- *Types of RAIFs*: Risk Spreading RAIFs, Risk Capital RAIFs
- *Legal requirements*: RAIF Law, AIFM Law, Law of 19 December 2002, as subsequently amended, Law of 10 August 1915, as subsequently amended

Financial reporting framework[3]

LUX GAAP

- Risk spreading RAIFs
- Risk Capital RAIFs opting for the Sectorial Schema
- Risk Capital RAIFs opting for the eCDF layout

International Financial Reporting Standards as adopted by the EU (IFRS Standards)

- Risk spreading RAIFs and Risk Capital RAIFs[5]

Primary statement layout

- Sectorial Schema (annex to the RAIF law)
- eCDF layout
- IAS 1

Financial reporting requirements

Sectorial Schema (annex to the RAIF law)

1) Annex to the RAIF Law

- Statement of assets and liabilities (break down in annex to RAIF Law - see p.33)
- Breakdown of developments concerning the assets during the period (breakdown of income, expenses in annex to RAIF Law - see p.33)
- Notes to the accounts
- Number of units in circulation
- Net asset value per unit
- Qualitative and quantitative information on the investment portfolio
- Comparative table covering the last three financial years and including, for each financial year, at the end of the financial year:
  – the total net asset value
  – the net asset value per unit

2) Specific provisions of the Law of 19 December 2002 as subsequently amended and Law of 10 August 1915 as subsequently amended to be used as reference when appropriate[4]

- Formation expenses
  (Article 39 (4) and 53 of the Law of 19 December 2002 as subsequently amended)
- Contingent liabilities
  (Article 38 of the Law of 19 December 2002 as subsequently amended)
- Commitments
  (Article 38 of the Law of 19 December 2002 as subsequently amended)
- Related parties
  (Article 65 of the Law of 19 December 2002 as subsequently amended)
- Liquidations (article 1100-15 Law of 10 August 1915, as subsequently amended)
- Subsequent events
  (Article 65 18° Law of 19 December 2002, as subsequently amended)

eCDF layout

1) eCDF layout
(Law of 19 December 2002 as subsequently amended and Grand-Ducal Regulation of 18 December 2015)

- Balance sheet
- Profit & loss account
- Notes to the accounts

2) Application as appropriate of the law of 19 December 2002, as subsequently amended[4]

- unless provisions are derogated by the RAIF Law

IAS 1

1) IFRS Standards

- Statement of financial position
- Statement of comprehensive income
- Statement of cash flows
- Statement of changes in equity
- Notes to the accounts

2) Annex to the RAIF Law

- Qualitative and quantitative information on the investment portfolio
- Comparative table covering the last three financial years and including, for each financial year, at the end of the financial year:
  – the total net asset value
  – the net asset value per unit

3) Specific provisions of the Law of 19 December 2002, as subsequently amended, not provided for by the IAS® Standards and RAIF Law[4]

AIFM Law

- Report on activities of the financial year
- Material changes in the information provided to investors during the financial year
- Remuneration disclosures/Risk Management policy disclosures
- Net asset value per unit

Audit report: For umbrella-type RAIFs, audit report should be on the combined financial statements

1) For the purpose of the Illustrative annual report, we will focus on RAIFs which are established as investment company excluding those with a corporate form of a cooperative in the form of a public limited company.

2) Under Article 25(1)° of the Law 19 December 2002, as subsequently amended, SCS and SCSp referred to in Article 13 of the Commercial Code are exempted from the general provisions of the Luxembourg Company Law. However, KPMG's view is that if references are made to the law of 19 December 2002 as subsequently amended, the financial statements shall consider where appropriate the disclosures required by the law of 19 December 2002 as subsequently amended except in those cases where the RAIF Law expressly derogates therefrom.

3) Following the draft amendment published on 6 April 2021 to the Luxembourg AIFM Law, AIFs in the form of SCSp would be allowed to use, in order to comply with Article 20(3) of the AIFM Law in addition to LUX GAAP and IFRS Standards, the equivalent accounting standards of certain third countries which include in particular, the US GAAP.

4) Investment companies are subject to the provisions of the Luxembourg Company Law except in those cases where the RAIF Law expressly derogates therefrom.
In the latter case, the RAIF Law takes precedence.

5) We have included Risk Spreading RAIFs and Risk Capital RAIFs together as there is no difference between them on the layout and legal requirements under IFRS Standards.

Key references to financial reporting requirements

Art 38(2) Law of 23 July 2016	The annual report must be made available to investors within six months from the end of the period to which it relates.
Art 38(4) Law of 23 July 2016	The annual report must include a balance sheet or a statement of assets and liabilities, a detailed income and expenditure account for the financial year, a report on the activities of the past financial year, as well as any significant information enabling investors to make an informed judgment on the development of the activities and of the results of the RAIF.
Art 38(5) Law of 23 July 2016	RAIFs and their subsidiaries are exempt from the obligation to consolidate the companies owned for investment purposes.
Art 48(1) Law of 23 July 2016	Reference is made to RAIFs whose exclusive object is the investment of their funds in assets representing risk capital.
CNC Q&A 19/018	RAIFs investing exclusively in a portfolio of risk capital can either follow the sectorial schema as per Article 38(4) of the RAIF Law or the eCDF format. "Risk-spreading RAIFs" should follow the layout of accounts prescribed as per Article 38(4) of the RAIF Law.

BLUE RISK CAPITAL SCSp SICAV-RAIF

Société en Commandite Spéciale

ANNUAL REPORT

FOR THE YEAR ENDED [closing date]

WITH THE REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ THEREIN

2 rue de l'Investissement

L-1234 Luxembourg

R.C.S. Luxembourg: B 999999

Explanatory note

Duration of extended financial period

For RAIFs set up under corporate forms – S.A., S.C.A.

By analogy to Article 450-8 of the Company Law on the timing of the first general meeting of shareholders, the first set of financial statements can be set up for a maximum of 18 months.

For RAIFs set up under corporate forms – S.à r.l, SCS, SCSp

Article 15 of the Code de Commerce and Law of 19 December 2002, as subsequently amended

The Company shall draw, once a year, a complete inventory of its assets and rights of any kind and of its liabilities, obligations and commitments of any kind. The accounting books shall be summarized in a descriptive document which shall form the financial statements.

Guidance

Duration of extended financial period

For RAIFs set up under corporate forms – S.à r.l, SCS, SCSp

Once a year mentioned in Article 15 of the Code de Commerce and Law of 19 December 2002, as subsequently amended is not defined anywhere in the Law. It is open to interpretation. If Management decides to have an extended financial period, this should be supported by legal documentation which explains the reason for an extended financial period.

For all RAIFs

If the financial period is less than or exceeds one year, the financial statements should refer to the period from "opening date" to "closing date".

BLUE RISK CAPITAL SCSp SICAV-RAIF

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Guidance

In the illustrative financial statements, Blue Risk Capital SCSp SICAV-RAIF is referred to as either the "Fund" or the "RAIF".

BLUE RISK CAPITAL SCSp SICAV-RAIF

Management and administration

REGISTERED OFFICE
BLUE RISK CAPITAL SCSp SICAV-RAIF
2 rue de l'Investissement
L-1234 Luxembourg

RÉVISEUR D'ENTREPRISES AGRÉÉ
KPMG Luxembourg, Société Coopérative
39, avenue John F.Kennedy
L-1855 Luxembourg

GENERAL PARTNER
BLUE RISK CAPITAL S.à r.l.
2 rue de l'Investissement
L-1234 Luxembourg

BOARD OF MANAGERS OF THE GENERAL PARTNER
[Name]
[Address]

ALTERNATIVE INVESTMENT FUND MANAGER ("AIFM")
[Name]
[Address]

ADMINISTRATIVE AGENT, REGISTRAR AND TRANSFER AGENT
[Name]
[Address]

DEPOSITARY
[Name]
[Address]

LEGAL ADVISOR
[Name]
[Address]

Guidance

Describe the key players in the supervision/operating activities of the RAIF

BLUE RISK CAPITAL SCSp SICAV-RAIF

Explanatory note

The RAIF Law provides for some mandatory service providers.

Article 4(1) of the RAIF Law

The RAIF shall have an authorized AIFM which has its registered office in an EU member state.

Article 2(2) of the AIFM Law

The AIFM Law shall not apply to:

a. holding companies;

b. institutions for occupational retirement provision which are covered by Directive 2003/41/EC, including, where applicable, the authorised entities responsible for managing such institutions and acting on their behalf referred to in Article 2(1) of that Directive, or the investment managers appointed pursuant to Article 19(1) of that Directive, in so far as they do not manage AIFs;

c. supranational institutions, such as the European Central Bank, the European Investment Bank, the European Investment Fund, the European Financial Stability Facility S.A., the European Stability Mechanism, the European Development Finance Institutions and bilateral development banks, the International Monetary Fund and other supranational institutions and other similar international organisations, in the event that such institutions or organisations manage AIFs and in so far as those AIFs act in the public interest;

d. the Central Bank of Luxembourg and other national central banks;

e. national, regional and local governments and bodies or other organisations or institutions which manage funds supporting social security and pension systems;

f. employee participation schemes and employee savings schemes;

g. securitisation special purpose entities.

Article 5(1) of the RAIF Law

A depositary shall be assigned to the custody and safekeeping of the RAIF's assets.

Article 3 of the RAIF Law

A central administrative agent — whose usual responsibilities include the accounting and net asset value (NAV) calculations, keeping the register of shareholders/unit holders, the handling of subscriptions and redemptions, and the preparation of financial statements — which should be based in Luxembourg.

Article 43 of the RAIF Law

The financial statements should be audited by an approved statutory auditor in Luxembourg.

Guidance

Changes to the above information as well as the effective date shall be disclosed.

BLUE RISK CAPITAL SCSp SICAV-RAIF

Activity report

Explanatory note

Article 38(4) of the RAIF Law

The annual report of a RAIF must include a report on the activities of the past financial year, as well as any significant information enabling investors to make an informed judgment on the development of the activities and of the results of the RAIF.

Article 20(2d) of the AIFM Law

The annual report shall disclose any material changes in the information listed in Article 21 of the AIFM Law during the financial year to which the report refers. The list referred to in Article 21(1) of the AIFM Law covers delegated management functions, investment strategy, contractual and service arrangements, valuation procedure, risk management, investor treatment, prime broker and depositary relationship, periodic and regular disclosures.

For Risk Spreading RAIFs and Risk Capital RAIFs opting for the sectorial schema

Depending on its legal form, for Risk-spreading RAIFs and Risk capital RAIFs opting for the sectorial schema, we may refer to Article 68 of Law of 19 December 2002, as subsequently amended for the content of the activity report.

The article describes the content of the management report applicable for commercial companies, as detailed below:

1. The management report must at least include a fair review of the development of the Fund's business, its performance and its position, together with a description of the principal risks and uncertainties that it faces.
2. The analysis of the Fund's development, performance or position shall include both financial and, where appropriate, non-financial key performance indicators relevant to the particular business, including information relating to environmental and employee matters.
3. The management report shall, where appropriate, include references to and additional explanations of amounts reported in the financial statements.
4. The report shall also give an indication of the Fund's likely future development, activities in the field of research and development, acquisition of own shares, the existence of branches of the Fund, transactions carried out in relation to the allocation of free shares, the Fund's financial risk management objectives and policies, and exposure to price risk, credit risk, liquidity risk and cash flow risk.

For Risk Capital RAIFs opting for the eCDF layout

The above description on the content of the management report applies for all Companies incorporated under Luxembourg Law and which are required to prepare a management report in accordance with article 68(1a) of Law of 19 December 2002, as subsequently amended, except for small-sized companies as defined in Article 35 of the Law of 19 December 2002, as subsequently amended.

Article 68(3) of the Law of 19 December 2002, as subsequently amended:

Small sized companies are not required to prepare a management report, provided that they include in their notes to the accounts information concerning any acquisition of their own shares as prescribed by Article 49(5) paragraph (2) of the Company law. This does not apply to companies listed on a European Stock Exchange.

As per Article 35 of the Law of 19 December 2002, as subsequently amended, small sized companies are companies, which on their balance sheet dates, do not exceed the limits of at least two of the following three criteria:

Balance sheet total: 4.4 million euros
Net turnover: 8.8 million euros
Average number of full-time staff employed during the financial year: 50

Guidance

The below presentation of an activity report should be viewed as an example. Each entity needs to adapt the content and presentation of the activity report to its specific situation.

BLUE RISK CAPITAL SCSp SICAV-RAIF

Dear Investors,

BLUE RISK CAPITAL S.à r.l. has the pleasure to present the financial statements of BLUE RISK CAPITAL SCSp SICAV-RAIF for the financial year ended [closing date] based on the reported and unadjusted Net Asset Value of the Fund.

During the year, the Fund drew down EUR [amount] million in commitments and consequently as at [closing date], the Fund has drawn [X%] of total commitments. To date the Fund has made distributions of EUR [amount] million primarily in relation to the Fund partial realization, together with some smaller distributions of cash interest receipts from the other portfolio assets. Cumulative distributions as at [closing date] represented amount [X] of cumulative drawn capital, further details are provided in the following table:

First closing date	Date	DD/MM/YY
Final closing date	Date	DD/MM/YY
Total fund commitments	Amount	X
Total commitments drawn	Amount	%
Remaining undrawn commitments	Amount	%
Total distributed capital	Amount	X
Distributed money multiple	Amount	X

Financial highlights	
Internal rate of return, since inception:	
Beginning of year	%
End of year	%
Ratios to average limited partners' capital:	
Expenses before carried interest to General Partner	%
Offset expenses	%
Carried interest to General Partner	%
Expenses, including carried interest to General Partner	%
Net investment loss	%

Financial highlights are calculated for the limited partner class taken as a whole (if applicable). An individual limited partner's return and ratios may vary based on different management fee and carried interest arrangements.

The metric, internal rate of return (IRR) is used to estimate the profitability of investments.Due to the limitation of the standard IRR methodology, the standard IRR should only be read in conjunction with the equity multiple (i.e. realized investment cash flows divided by total invested capital) in order to assess the financial performance of the investments.

The internal rate of return of the limited partner class since inception of the Fund is net of carried interest to the general partner and computed based on the actual dates of capital contributions and distributions and the ending aggregate limited partners' capital balance (residual value).

The net investment loss ratio does not reflect the effect of carried interest to the general partner.

BLUE RISK CAPITAL SCSp SICAV-RAIF

Guidance

Under the above point, the General Partner can discuss the financial performance of the RAIF from an investor perspective.

For periods greater than or less than one year, indicate that the ratios, excluding non-recurring expenses and carried interest to the general partner have been annualized.

Portfolio overview

Explanatory note

Article 27(1) of the AIFM Law

AIFMs managing one or more AIFs which, either individually or jointly, on the basis of an agreement aimed at acquiring control (holding more than 50% of the voting rights of the company) — and AIFMs cooperating with one or more other AIFMs on the basis of an agreement pursuant to which the AIFs managed by those AIFMs jointly acquire control — of a non-listed company, must:

- request and use best efforts to ensure that the annual report of the non-listed company is made available by the board of directors of the company to the employees' representatives or, where there are none, to the employees themselves, within the period such annual report has to be drawn up in accordance with the national applicable law. The additional information to be included in the annual report of the company or AIF must include at least a fair review of the development of the company's business, representing the situation at the end of the period covered by the annual report. The report must also give an indication of any important events that have occurred since the end of the financial year, the company's likely future development and the information concerning acquisitions of own shares prescribed by paragraph (2) of Article 22 of Council Directive 77/91/EEC; or
- for each such AIF, include in the annual report the following:

  a. a balance sheet or a statement of assets and liabilities

  b. an income and expenditure account for the financial year

  c. a report on the activities of the financial year

  d. any material changes in the information listed in Article 21 of the AIFM Law ("Disclosure to Investors"), during the financial year to which the report refers

  e. the total amount of remuneration for the financial year, split into fixed and variable remuneration, paid by the AIFM to its staff, and the number of beneficiaries, and, where relevant, carried interest paid by the AIF

  f. the aggregate amount of remuneration broken down by senior management and members of staff of the AIFM whose actions have a material impact on the risk profile of the AIF.

Guidance

The portfolio overview should contain information on the methods and assumptions that have been used to value the investee companies and other relevant information such as recent performance and transactions. The General Partner may also provide an investment outlook in this section. An example is given below.

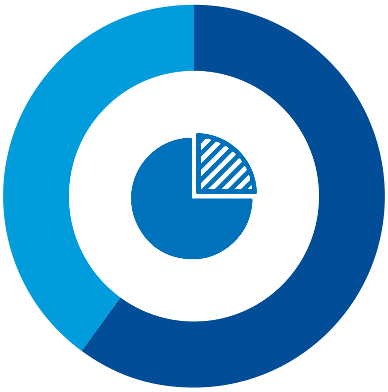
The following chart summarises the returns as at [closing date] for the Fund.

Portfolio Fund (Target investment)	Investment date	Amount invested [EUR]	Market value [EUR]	Money Multiple pre carried interest
ABC Limited	Date	Amount [X]	Amount [X]	Amount [X]

As at [closing date], the Fair Value of Portfolio companies was determined in accordance with the International Private Equity and Venture Capital (IPEV) valuation guidelines, using the EBITDA Multiple valuation technique, except for (name of Portfolio Company) which was kept at cost given the short holding period elapsed since acquisition (mention if applicable). To determine the fair value of each investment, EBITDA multiples of comparable companies and recent transactions have been used and liquidity and complexity discount has been applied.

BLUE RISK CAPITAL SCSp SICAV-RAIF

The following charts illustrate the split between sectors and geographies of the current portfolio of the Fund.



Sector

Geographies

Realizations

Guidance

Under this section, the General Partner can provide information on realized investments. Such information could be presented in a number of ways; one example is the table below.

Investment name	[XYZ Ltd]
Activity description	[Business activity]
Location	[Location]
Date of investment	[Date]
Equity investment	[Amount]
Debt investment	[Amount]
Date of exit	[Date]
Type of exit	[IPO/secondary sale]
Proceeds — equity	[Amount]
Proceeds — debt	[Amount]
Realized IRR*	[%]

BLUE RISK CAPITAL SCSp SICAV-RAIF

Committed capital

The following is a summary of the Fund's investments as at [closing date]:

	(Closing date)	
	EUR	% Capital committed
Committed amount	Amount	%
Capital contributed	Amount	%
Capital distributed	Amount	%
Income for the year	Amount	%
Current income distributed	Amount	%
Value of the Company	Amount	%
Represented by:		
Value of current portfolio	Amount	%
Other assets and cash	Amount	%
Other liabilities	Amount	%
Value of the Company	Amount	%

Key Facts

	(Closing date)	
	EUR	% Capital committed
Capital called	Amount	%
Capital distributed	Amount	%
Income distributed	Amount	%
Total distributions	Amount	%
Net asset value	Amount	%

BLUE RISK CAPITAL SCSp SICAV-RAIF

Results for the financial year

The General Partner proposes to carry forward the net increase/ (decrease) in net assets resulting from operations for the financial year ended [closing date] of EUR (amount).

Remuneration

Explanatory note

Article 20(2) of the AIFM Law

The annual report must contain at least the following:

a. the total amount of remuneration for the financial year, split into fixed and variable remuneration, paid by the AIFM to its staff, and the number of beneficiaries, and, where relevant, carried interest paid by the AIF

b. the aggregate amount of remuneration broken down by senior management and members of staff of the AIFM whose actions have a material impact on the risk profile of the AIF.

In its Q&A related to remuneration (last updated 5 October 2017), the European Securities and Markets Authority (ESMA) clarifies that remuneration-related disclosure requirements under Article 22(2)(e) of the AIFMD also apply to delegates. It further clarifies that the information prescribed by Article 22(2)(e) and (f) should be included in the annual report.

Guidance

While Article 20(2d) of the AIFM Law mentions that the annual report shall disclose any material changes in all items listed in Article 21, for illustrative purposes, we will focus on remuneration and risk management policies and procedures.

Risk management

Explanatory note

Article 20(2d) of the AIFM Law

The annual report shall disclose any material changes in risk management, among other items, during the financial year to which the report refers.

Article 21(4c) of the AIFM Law

This requires that the AIFM disclose the current risk profile of the AIF and the risk management systems it employs to manage those risks.

Guidance

Tailor to the specificities of your entity.

The disclosure required for remuneration and risk management under the AIFM Law can either be included in the activity report or in an unaudited appendix to the financial statements. Please refer to Appendix I for illustration of remuneration and risk management disclosures.

Please refer to the ALFI guidance document on reporting to investors and financial statements under the AIFMD for further guidance on market practice for reporting on AIFMD-required disclosures.

BLUE RISK CAPITAL SCSp SICAV-RAIF

Events during the year

On 11 March 2020, the World Health Organisation declared COVID-19 as a pandemic. The pandemic continues to impact major economic and financial markets, and virtually all industries and governments are facing challenges associated with the economic conditions resulting from efforts to address it. Disrupted global travel and supply chains have adversely impacted two of the sectors in which the Fund invest, namely the transportation and energy. However, there is moderate impact on the portfolio of investments as a result of the Fund's large exposure to defensive sectors such as technology, healthcare and education. The continuation of conditions like financial market volatility, erosion of market value of some portfolio investments and liquidity concerns could have a prolonged negative impact on the Fund's financial condition and results. Under these conditions, it is not possible to determine the financial impact of COVID-19 on the fair value of investments or to provide a quantitative estimate of this impact.

The Investment Manager and the Board of managers of the General partner of the Fund will continue to monitor the pandemic's impact on the economy and on the earnings outlook as well as the policy measures taken by central banks and governments. The Board of Managers of the General Partner of the Fund is implementing appropriate measures to reduce the impact on the recoverability of the investments including discussions with the investors for further capital calls. The Fund is drawing the revolving credit facilities to hold some cash reserve, however, only within committed credit lines and at leverage levels we are comfortable with. In the situation of insufficient liquidity, the Board of Managers of the General Partner of the Fund will consider the option of delaying initially planned investments and other expenditures.

The Board of Managers of the General Partner of the Fund and the Investment Manager will continue to monitor the economic impact on the investments in the portfolio.

To date, the Board of Managers of the General Partner of the Fund do not consider that COVID-19 will impact on the Fund's ability to continue as a going concern.

Explanatory note

Brexit and UK AIFMs managing Luxembourg funds on a cross-border basis

Passporting rights ended on 31 December 2020 with Brexit, requiring Luxembourg investment funds managed by a UK AIFM to appoint an EU-27 manager in order to maintain the EU passporting rights.
Under limited circumstances Luxembourg AIFs whose direct or indirect investors are Professional Investors are allowed to continue to be managed by their current UK managers, which will be considered as third-country managers.

New notifications of cross-border management under Article 33 of the Directive 2011/61/EU (AIFMD) were required to be made in the home Member State of the newly appointed EU-27 manager.

Guidance

Provide details on whether an EU -27 manager has been appointed or if the UK manager will continue to be the AIFM of the RAIF

Disclose the impact of COVID-19 on the portfolio of investments and performance, liquidity, operations and going concern of the Fund.

Events after the balance sheet date

On [date], the Fund sold its x% stake in XYZ Ltd to institutional investors at a gross price of EUR [X].

Guidance

Disclose events of interest occurring after the financial year end but before the issuance of the financial statements.
Examples can be acquisitions/disposals of new investments, capital calls or additional commitments.

BLUE RISK CAPITAL SCSp SICAV-RAIF

Environment, Social and Governance ("ESG")

Sustainable investing is one of the main pillars of Blue Risk Capital SCSp SICAV-RAIF's strategy and is firmly anchored in the Fund's investment strategy. As Board of Managers of the General Partner, we consider a wide range of non-economic financial factors when assessing any deal. In particular, environmental, social, and corporate governance ("ESG") issues are taken into consideration at the different steps of the investment, not only for their intrinsic social relevance, but also for the economic value they can help drive within the Fund. During 2020, the Board of Managers of the General Partner of the Fund made every effort to further stimulate sustainable investing at Blue Risk Capital SCSp SICAV-RAIF.

Blue Risk Capital SCSp SICAV-RAIF is a signatory of the United Nations Principles for Responsible Investing (UNPRI), the world leading proponent of responsible investing and all investment activities comply with UNPRI. In 2020, the Fund was awarded an A+ for most of the modules that were assessed as part of the UNPRI 2020 report.

Focus on stewardship

Fulfilling our responsibilities in the field of stewardship forms an integral part of our approach to sustainable investing.

A core aspect of the Fund's mission is fulfilling its fiduciary duties towards its clients and beneficiaries. We manage investments for a variety of clients with different investment needs. We always strive in everything we do to serve our clients interests to the best of our ability. In our view, the fact that more and more stewardship codes are being introduced around the globe is a positive development, and we are strong advocates of active ownership. For this reason, we publish our own stewardship policy on our website. This policy describes how we deal with possible conflicts of interest, how we monitor the companies in which we invest, how we conduct activities in the field of engagement and voting, and how we report on our stewardship activities.

ESG Integration

Sustainability can bring about changes in markets, countries and companies in the long term. And since changes affect future performance, ESG factors can in our view add value to our investment process. We therefore look at these factors in the same way as we consider a target investment's financial position or market momentum. We consult with leading sustainability experts.

We focus on ESG in our investment-analysis to reach enhanced investment decisions. We are also developing new investment funds with specific sustainable goals and criteria. Furthermore, we measure carbon footprints and climate change risks in our portfolios in order to gain more insight and create awareness.

We have introduced a dedicated section on ESG in the quarterly review of the portfolio companies. In this way, we track the progress made by the portfolio companied in the area of ESG, in a more formal and regular way.

BLUE RISK CAPITAL SCSp SICAV-RAIF

Explanatory note

Under EU SFDR (Sustainable Finance Disclosure Regulation) as from 10 March 2021, the AIFM will be required to:

- Provide more transparency on how they consider ESG risks in all their investment decision/advice;
- Align their remuneration policies accordingly;
- Provide more transparency on how they consider the negative impact that companies in portfolio could have on environment or social matters;
- Review their product strategy and classify their financial products into three main categories (and adapt their offering documents and website accordingly);

1. Non-ESG products (these products will anyway be required to consider ESG risks in the investment decision under article 6 of SFDR);
2. Products promoted as ESG (article 8 of SFDR): these products follow a binding investment process restricting the investment landscape, based on environmental or social characteristics
3. Sustainable investments (article 9 of SFDR): these products have to deliver a positive impact on environmental or social objectives.

In addition, as per the delegated acts on AIFMD and MIFID II that will be applicable by beginning of 2022 (final date to be confirmed), it will be mandatory to:

- Ensure that the sustainability preferences of their investors are duly captured and matched with the product offering;
- Adapt internal processes (investment, compliance, risk management, distribution, product launch, reporting…) accordingly;
- Establish a data approach in order to acquire, validate and activate the new data fields required to satisfy the new transparency requirement (ESG risks, impact indicators, taxonomy alignment…);
- Upskill the entire staff within the organisation, to ensure that all departments are adequately equipped and skilled to meet the challenges.

The following periodic EU SFDR (Sustainable Finance Disclosure Regulation) disclosure requirements is applicable as from 1 January 2022. The disclosures can either be included in a separate report or as part of the Management report included in the financial statements.

BLUE RISK CAPITAL SCSp SICAV-RAIF

	Mainstream products	Products promoting environmental or social characteristics	Products with sustainable investment objective
Principal adverse impacts	Where the financial market participant considers it: information on principal adverse impacts on sustainability factors		
Additional sustainability disclosures	n/a	• The extent to which the **environmental or social characteristics** are met	• The overall **sustainability-related impact** • A **comparison** between the product impact and the impacts of the designated index and of a broad market index
Additional green taxonomy-related information	**Statement** The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities	• Requirements as for products with sustainable investment objective **as applicable** • **Additional statement** that the does not significantly harm ("DNSH") principle is applied only to investments in Taxonomy	• **Taxonomy objective(s)** To which the product contributes • % **investments** in Taxonomy activities • % **of enabling and transitional** activities

Mainstream products: Investment products falling under Article 6 of EU SFDR

Products promoting environmental or social characteristics: Investment products falling under Article 8 of EU SFDR

Products with sustainable investment objective: Investment products falling under Article 9 of EU SFDR

Guidance

For financial year 2020, the investment manager can voluntarily provide information on investments which have social and environmental impact for investors in line with investors' expectations/appetite for each sub-fund in the management report or in a separate report to investors.

Luxembourg, Date

Signature

[Name of Manager]

Board of Managers of the General Partner

BLUE RISK CAPITAL SCSp SICAV-RAIF

Guidance

Adapt audit report to the type of RAIF — i.e. risk spreading or risk capital RAIF. This is an example of a clean opinion of an unlisted RAIF (either risk spreading or risk capital opting for sectorial schema) whose financial statements are prepared on a going concern basis.

To the Board of Managers of the General Partner of
BLUE RISK CAPITAL SCSp SICAV-RAIF
2 rue de l'Investissement
L-1234 Luxembourg
Grand Duchy of Luxembourg

REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ

Opinion

We have audited the financial statements of BLUE RISK CAPITAL SCSp SICAV-RAIF ("the Fund"), which comprise the statement of net assets and the statement of investments as at [closing date], and the statement of operations and changes in net assets attributable to the partners for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at [closing date], and of the results of its operations and changes in its net assets attributable to the partners for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "réviseur d'entreprises agréé" for the Audit of the financial statements » section of our report. We are also independent of the Fund in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Managers of the General Partner of the Fund is responsible for the other information. The other information comprises the information stated in the annual report but does not include the financial statements and our report of "réviseur d'entreprises agréé" thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Managers of the General Partner of the Fund for the financial statements

The Board of Managers of the General Partner of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Managers of the General Partner of the Fund determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Managers of the General Partner of the Fund is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Managers of the General Partner of the Fund either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

BLUE RISK CAPITAL SCSp SICAV-RAIF

Responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers of the General Partner of the Fund.
- Conclude on the appropriateness of the Board of Managers of the General Partner of the Fund's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Luxembourg, Date of the auditor's report

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

Partner/Associate Partner

Explanatory note

Article 43(1) of the RAIF Law

This requires the Fund to have the accounting information given in its annual report audited by an approved statutory auditor.

The approved statutory auditor's report and, as the case may be, its qualifications, are set out in full in each annual report.

Guidance

While there is a legal requirement to file the audited financial statements with the RCS on the combined figures of the RAIF, and the AIFM is required to make available the audited accounts on the combined figures to the CSSF upon request, the statement of net assets as at [closing date], and the statements of operations and changes in net assets for each individual sub-fund can be added in the notes or as appendix to the financial statements.

The General Partner may also opt to prepare financial statements at sub fund level, for which they may require a separate audit opinion for each sub fund.

Article 49(9) of the RAIF Law specifies that a separate annual report may be established for each sub fund provided that it contains, in addition to the information on the sub-fund concerned, the collected data of all sub-funds.

BLUE RISK CAPITAL SCSp SICAV-RAIF

Explanatory note

Article 38(4) of the RAIF Law

Information to be included in the annual report by risk spreading RAIFs:

I. Statement of assets and liabilities:
  a) investments
  b) bank balances
  c) other assets
  d) total assets
  e) liabilities
  f) net asset value

II. Number of units in circulation

III. Net asset value per unit

IV. Qualitative or quantitative information on the investment portfolio enabling investors to make an informed judgment on the development of the activities and the results of the RAIF

V. Statement of the developments concerning the assets of the RAIF during the reference period including the following:
  a) income from investments
  b) other income
  c) management charges
  d) depositary's charges
  e) other charges and taxes
  f) net income
  g) distributions and income reinvested
  h) increase or decrease of capital accounts
  i) appreciation or depreciation of investments
  j) any other changes affecting the assets and liabilities of the RAIF

VI. Comparative table covering the last three financial years and including, for each financial year, at the end of the financial year:
  – the total net asset value
  – the net asset value per unit

Risk Capital RAIFs opting for the sectorial schema as per article 38(4) of the RAIF Law must meet the above requirements.

Article 17 of the AIFM law

This requires that assets are valued and that the NAV is calculated at least once a year.

Article 1 of the RAIF Law

This requires that RAIFs are subject to the principle of risk-spreading, except for RAIFs investing solely in risk capital. There is no explicit provision in the Law in relation to risk-spreading. The principle of diversification and its interpretation in relation to SIFs should be considered.

The Management is responsible for ensuring that the minimum diversification rules implied by the RAIF Law are adhered to.

In the context of risk-spreading RAIFs (SIF-like funds), the CSSF has issued guidelines in its Circular 07/309. In principle, a SIF may not invest more than 30% of its assets or commitments to subscribe to securities of the same type issued by the same issuer.

BLUE RISK CAPITAL SCSp SICAV-RAIF

Explanatory note (continued)

This restriction does not apply to:

- investments in securities issued or guaranteed by an OECD member state or its regional or local authorities, nor by EU, regional or global supranational institutions and bodies
- investments in target UCIs that are subject to risk-spreading requirements at least comparable to those applicable to SIFs. For the purpose of the application of this restriction, every sub-fund of a target umbrella UCI is to be considered as a separate issuer provided that the principle of segregation of liabilities among the various sub-funds vis-à-vis third parties is ensured
- short sales may not, in principle, result in the SIF holding a short position in securities of the same type issued by the same issuer representing more than 30% of its assets
- when using financial derivative instruments, the SIF must ensure, via appropriate diversification of the underlying assets, a similar level of risk-spreading. Similarly, the counterparty risk in an OTC transaction must, where applicable, be limited, having regard to the quality and qualification of the counterparty. In principle, these guidelines apply to all SIFs. The CSSF may grant exemptions upon appropriate justification.

Moreover, in case of specific investment policies, the CSSF may require the SIF to comply with additional investment restrictions.

Guidance

In Q&A 19/018, the CNC mentioned that RAIFs having investments other than risk capital, should follow the layout of accounts prescribed as per Article 38(4) of the RAIF Law.

For open-ended investment companies, NAV will, in general, be calculated more frequently than for closed-ended funds. As a rule of thumb, since risk-spreading RAIFs are liable to subscription tax which should be paid on a quarterly basis, NAV will have to be calculated at least quarterly for all types of funds.

BLUE RISK CAPITAL SCSp SICAV-RAIF

Statement of net assets

As at [closing date]

(Expressed in EUR)

	Notes	[Closing date]
ASSETS		
Formation expenses	3	
Investments	4	
Prepayments	5	
Subscription receivable		
Cash and cash equivalents		
Total assets		
LIABILITIES		
Accounts payable and accrued expenses	6	
Notes payable	7	
Unrealised loss on forward exchange contracts	8	
Management fees payable		
Payable on redemption		
Carried interest payable	10	
Total liabilities		
NET ASSETS ATTRIBUTABLE TO THE PARTNERS	9	

Guidance

In its Q&A 19/018, the CNC clarifies that RAIFs investing exclusively in assets representing risk capital can either follow the sectorial schema as per article 38(4) of the RAIF law or the eCDF format as per the law of 19 December 2002, as subsequently amended, the Accounting Law of 18 December 2015 and the Grand Ducal Regulation of 18 December 2015.

In our view, the sectorial presentation as proposed in Article 38(4) of the RAIF Law and disclosed hereafter is more relevant for investment companies and to align the name of the captions to the AIFMD.

The layout shown here is the sectorial schema.

BLUE RISK CAPITAL SCSp SICAV-RAIF

Statement of operations and changes in net assets attributable to the partners

For the year ended [closing date]

(Expressed in EUR)

	Notes	[Closing date]
INCOME		
Dividend income		
Interest income	11	
Other income		
Total net investment income		
EXPENSES		
Management fees	12	
Carried interest	10	
Depositary fees	13	
Administration and other professional fees	14	
Advisory fees	15	
Amortisation of formation expenses	3	
Interest and other financial charges	16	
Other expenses	17	
Total expenses		
OPERATING PROFIT / (LOSS)		
Change in net realised gain		
- on forward foreign exchange contracts		
- on investments		
Change in net unrealised (loss) / gain		
- on forward foreign exchange contracts	8	
- on investments		
NET INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO THE PARTNERS	9	
INCOME ATTRIBUTABLE TO:		
Limited Partner		
General Partner		

The accompanying notes are an integral part of these financial statements.

BLUE RISK CAPITAL SCSp SICAV-RAIF

Statement of operations and changes in net assets attributable to the partners (continued)

For the year ended [closing date]

(Expressed in EUR)

	Notes	Limited Partner [Closing date]	General Partner [Closing date]
Net assets attributable to the partners at the beginning of the year			
Net increase / (decrease) in net assets attributable to the partners from operations			
Capital contributions	9		
Capital redemptions	9		
Net increase / (decrease) in net assets resulting from capital transactions			
Net assets attributable to the partners at the end of the year	9		

BLUE RISK CAPITAL SCSp SICAV-RAIF

Statistical information

(Expressed in EUR)

	N*	N-1	N-2
Total net assets value			
Net asset value: Limited Partner			
Net asset value: General Partner			

*: N is the closing date

Explanatory note

Annex to RAIF Law

A comparative table covering the last three financial years showing

1. the total net asset value
2. the net asset value per unit

must be disclosed

Guidance

As a partnership is not unitized, the total net asset value and the net asset value per class of interest is disclosed.

BLUE RISK CAPITAL SCSp SICAV-RAIF

Statement of investments

As at [closing date]

Economic classification: Recycling and waste management (example)

Geographical classification: [Country]

BLUE RISK CAPITAL SCSp SICAV-RAIF	Investments held through XYZ (x%)							
Description	**Quantity/ Nominal value** (*)	**Ownership %** (*)	**Coupon**	**Maturity/ expiry date**	**Original currency**	**Cost (in EUR)**	**Carrying amount (in EUR)**	**% of net assets**
SHARES								
ABC Ltd								
- Ordinary shares								
- Preference shares								
LOAN NOTES								
ABC Ltd								
Total (on a look through basis)								

Explanatory note

As mentioned in the Annex to the RAIF Law, the annual report shall include qualitative or quantitative information on the investment portfolio enabling investors to make an informed judgment on the development of the activities and the results of the RAIF.

Guidance

The table should provide an overview of the Fund's investments; this section should include qualitative or quantitative information on the investment portfolio, enabling investors to make an informed judgment on the development of the activities and the results of the Fund.

The table above is for illustrative purposes only.

The level of disclosure will depend mainly on the two following aspects:

- the legal and regulatory requirements applicable to the vehicle
- the governance structure.

Disclose the economic sector and geography of investments representing more than 5% of Net Asset Value where a US GAAP reconciliation is required.

The schedule of investments can be presented either as part of the primary statements or in the notes to the financial statements.

BLUE RISK CAPITAL SCSp SICAV-RAIF

US GAAP hint

Under FASB Accounting Standards Codification (ASC) 946-205-45, an investment company may present a detailed or condensed schedule of investments. Investment partnerships that are exempt from SEC registration under the Investment Company Act of 1940 should disclose the following:

Categorize the investments by type, country or geographic region and industry;

The name, shares or principal amount, value and type of each investment constituting more than 5% of net assets and for investments from the same issuer if their aggregate is more than 5% of net assets;

For derivatives whose fair value exceeds 5% of net assets, the range of expiration dates and fair value of a particular underlying asset should be disclosed;

For investment in another investment company whose fair value exceeds 5% of net assets, the investment objective and restrictions on redemptions should be disclosed.

Guidance

The following layout cannot be used for "risk spreading RAIFs " but is only allowed for "risk capital RAIFs" in addition to the Sectorial Schema presented above.

For comparative purposes, the following table illustrates the distinctions in the specific account balances names for "RAIFs Risk Capital" with "RAIFs Risk Spreading".

"Risk spreading RAIFs " and "Risk capital RAIFs opting for the sectorial schema	"Risk capital RAIFs" opting for ecDF format
Statement of net assets	
Investments	Financial assets
Notes payable	Creditors becoming due and payable after more than one year
Unrealised loss on forward exchange contracts	Financial assets
Carried interest payable*	Creditors becoming due and payable within one year
Statement of operations and changes in net assets attributable to the partners	
Income and expenses excluding carried interest	Gross profit or loss
Carried interest*	Interest payable and similar expenses concerning affiliated undertakings
Dividend income Interest on bonds	Income from other investments and loans forming part of the fixed assets
Change in net unrealised (loss) / gain on forward exchange contracts	Value adjustments in respect of financial assets and of investments held as current assets

* for carried interest which is recorded as an expense. Please refer to note 10 for further guidance.

BLUE RISK CAPITAL SCSp SICAV-RAIF

Balance Sheet

as at [Closing date]

(Expressed in EUR)

ASSETS	Notes	[Closing date]	[Prior year Closing date]
A. Formation expenses	3		
B. Fixed assets			
Financial assets	4 - 8		
C. Current assets			
I. Debtors			
a) becoming due and payable within one year			
b) becoming due and payable after more than one year			
II. Investments			
III. Cash at bank and in hand			
D. Prepayments	5		
TOTAL (ASSETS)			

Explanatory note

Article 29(2) of the Law of 19 December 2002, as subsequently amended

In respect of each balance sheet and profit and loss account item, the figure relating to the corresponding item for the preceding financial year must be shown. Where the figures from one year are not comparable to figures of the next year and where the figures of the preceding year have been adjusted, this must be disclosed in the notes to the accounts, with relevant comments.

Guidance

The financial statements are filed online with the Trade and Companies Register (RCS). The eCDF platform has a built-in application control that prohibits the captions in the eCDF format to be modified or deleted. For illustrative purposes, we have only kept the captions which are usually relevant for investment funds.

BLUE RISK CAPITAL SCSp SICAV-RAIF

Balance Sheet

as at [Closing date] (Continued)

(Expressed in EUR)

CAPITAL, RESERVES AND LIABILITIES	Notes	[Closing date]	[Prior year Closing date]
A. Capital and reserves	9		
Subscribed capital			
Share premium account			
Reserves			
Profit or loss brought forward			
Profit or loss for the financial year			
Interim dividends			
B. Provisions			
C. Creditors			
becoming due and payable within one year	6 - 10		
becoming due and payable after more than one year	7		
D. Deferred income			
TOTAL (CAPITAL, RESERVES AND LIABILITIES)			

BLUE RISK CAPITAL SCSp SICAV-RAIF

Profit and loss account for the year ended (Closing date)

(Expressed in EUR)

	Notes	[Closing date]	[Prior year closing date]
1. to 5. Gross profit or loss	12 - 13 - 14 - 15		
7. Value adjustments			
a) in respect of formation expenses and of tangible and intangible fixed assets	3		
b) in respect of current assets			
8. Other operating expenses	17		
9. Income from participating interests			
a) derived from affiliated undertakings			
b) other income from participating interests			
10. Income from other investments and loans forming part of the fixed assets	4 - 11		
a) derived from affiliated undertakings			
b) other income not included			
11. Other interest receivable and similar income			
a) derived from affiliated undertakings			
b) other interest and similar income			
13. Value adjustments in respect of financial assets and of investments held as current assets	8		
14. Interest payable and similar expenses			
a) concerning affiliated undertakings			
b) other interest and similar expenses	16		
15. Tax on profit or loss	20		
16. Profit or loss after taxation			
17. Other taxes not shown under items 1 to 16	20		
18. Profit or loss for the financial year			

BLUE RISK CAPITAL SCSp SICAV-RAIF

Guidance

For Risk Capital RAIFs using eCDF format only

The layout from page 41 to 43 is presented in the form of an abridged version of the eCDF format which has been used for the illustrative financial statements.

Several captions of the abridged version were removed intentionally as they are not usually used for investment funds' activities.

The abridged balance sheet is only allowed for RAIFs which on their balance sheet dates do not exceed the limits of at least two of the following three criteria:

- Balance sheet total: 4.4 million euros
- Net turnover: 8.8 million euros
- Average number of full-time staff employed during the financial year: 50

The abridged profit and loss is only allowed for RAIFs which on their balance sheet dates do not exceed the limits of at least two of the following three criteria:

- Balance sheet total: 20 million euros
- Net turnover: 40 million euros
- Average number of full-time staff employed during the financial year: 250

BLUE RISK CAPITAL SCSp SICAV-RAIF
Notes to the financial statements as at [closing date]

(1) General information

BLUE RISK CAPITAL SCSp SICAV-RAIF (the "Fund") is an investment Fund with variable capital – reserved alternative investment fund *(société d'investissement à capital variable – fonds d'investissement alternatifs réservés)* organised under the laws of Luxembourg as a special limited partnership (société en commandite spéciale or SCSp). It is registered under number B [999999] with the Trade and Companies Register (RCS) in Luxembourg. It qualifies as an alternative investment fund ("AIF") under the law of 12 July 2013 on alternative investment fund managers (the "AIFM Law") and is subject to the law of 23 July 2016 on Reserved Alternative Investment funds (the "RAIF Law").

The Fund is established as an "umbrella-type" structure with several sub-funds in accordance with Article 49 of the amended Law of 23 July 2016 on Reserved Alternative Investment Funds ("the RAIF Law"). A separate portfolio of assets is maintained for each sub-fund and is invested in accordance with the investment strategy and investment guidelines applicable to that sub-fund.

Each sub-fund corresponds to a distinct part of the assets and liabilities of the Fund. The rights of partners and of creditors concerning a sub-fund or which have arisen in connection with the creation, operation or liquidation of a sub-fund are limited to the assets of that sub-fund (the "ring-fencing" principle). The assets of a sub-fund are exclusively available to satisfy the rights of Partners in relation to that sub-fund and the rights of creditors whose claims have arisen in connection with the creation, operation or liquidation of that sub-fund. For the purpose of the relations between partners, each sub-fund will be deemed to be a separate entity.

Guidance

Although an umbrella structure is a single legal entity, in general, the assets of each sub-fund can be used to satisfy the rights of investors and creditors whose claims have arisen in relation to that particular sub-fund, unless a clause to the contrary is included in the constitutive documents of the RAIF. The RAIF is, however, a single legal entity.

RAIFs and their subsidiaries are exempt from the obligation to consolidate the companies owned for investment purposes.

As a special limited partnership, the Fund has two categories of partners:

- the General partner or associé gérant commandité holding the whole of the general partner interest in the Fund, who is liable without any limits for any obligations that cannot be met out of the assets of the Fund; and
- the limited partners or actionnaires commanditaire, whose liability is limited to the amount of their investments in the Fund.

The Fund is managed by the General Partner in its capacity as sole unlimited partner of the Fund. BLUE RISK CAPITAL S.à r.l. having its registered office at [address], duly incorporated on [date] under the laws of Luxembourg and registered with the Luxembourg trade and companies register under number B [xxx], acts as the "General Partner".

The General Partner has the sole exclusive power to administer and manage the Fund and to determine the investment objective, investment policy and investment powers and restrictions and the course of conduct of the management and business affairs of the Fund and the sub-funds, in compliance with the Limited Partnership Agreement("LPA"), and applicable laws and regulations.

The General Partner has appointed [name of the AIFM] (the "AIFM"), a public limited liability Company *(société anonyme)*, having its registered office at [address], to perform certain management and administrative functions (such as portfolio management and risk management) in respect of the Fund. The AIFM has been designated, pursuant to the AIFM agreement, to serve as the Fund's alternative investment fund manager within the meaning of Chapter 2 of the AIFM Law.

The exclusive object of the RAIF is to invest the funds available to it, directly or indirectly, in any kind of investments in risk capital complying with the launching, development or listing objectives within the meaning of Article 48(1) of the RAIF Law.

The General Partner may, at any time and in its discretion, decide to create additional sub-funds.

The Initial Closing of BLUE RISK CAPITAL SCSp SICAV-RAIF occurred on [date] and the Final Closing of the fund took place on [date].

The Fund is established for an unlimited duration and the Fund will not be dissolved in case the General Partner resigns, is removed, is liquidated, is declared bankrupt or is unable to continue its business.

The Fund's financial year starts on 1 January and ends on 31 December.

BLUE RISK CAPITAL SCSp SICAV-RAIF
Notes to the financial statements as at [closing date]

(1) General information (continued)

Explanatory note

Article 38 (5) of the RAIF Law

The Fund is exempted to present consolidated financial statements.

Article 48(1) of the RAIF Law

This indicates what is meant by investment in risk capital — that is, the direct or indirect contribution of assets to entities in view of their launch, development or listing on a stock exchange. RAIFs whose exclusive object is the investment of their funds in assets representing risk capital are not required to spread investment risks. The approved statutory auditor of the RAIF shall establish for each financial year a report in the form of an agreed-upon procedure (AUP) certifying that during the past financial year, the RAIF has complied with the policy of investing in risk capital. This report shall be transmitted by the General Partner to the Administration des Contributions Directes (Direct Tax Administration) (see Appendix II).

(2) Summary of significant accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with Luxembourg legal and regulatory requirements relating to investment funds under the going concern basis of accounting. The financial statements have been prepared on a historical cost basis, except for measurement of investments which are stated at fair value.

Going concern

Given the significant impact of COVID-19 on two sectors in which the Fund invests in, the Board of Managers of the General Partner has considered COVID-19 in determining the appropriateness of the going concern basis in preparing the financial statements for the year ended [closing date]. The Board of Managers of the General Partner has prepared business plans and cash flow forecasts for a period beyond 12 months from the end of the reporting date, which indicate that, taking into account the reasonably possible downsides, the Fund will have sufficient funds to meet its liabilities as they fall due for that period.

The Board of Managers of the General Partner of the Fund has also reviewed the portfolio companies' abilities to continue as going concerns, taking into consideration the impact of COVID-19 on current trading, operational resilience, and the financial position of each company.

As a result, the financial statements have been prepared on a going concern basis.

Guidance

Disclose Management's assessment of going concern mentioning that Management considered the impact of COVID-19 on going concern and the basis for the conclusion reached (for example, by referring to the cash flow forecasts for the 12 months after the financial reporting date, the business plans, the level of working capital, contractual commitments to make investments to underlying portfolio companies and any commitment undrawn from investors).

Mention whether there are material uncertainties related to events and conditions that may cast significant doubt on the RAIF's ability to continue as a going concern.

The financial statements are prepared by aggregating the financial statements of the sub-funds comprising the Fund.

Guidance

Transactions and balances between sub funds can be eliminated at the combined level. The non-going concern basis of accounting will be adopted in the instance of liquidation.

The financial statements of the Fund are presented in Euro ("EUR"). The books and records of BLUE RISK CAPITAL SCSp SICAV-RAIF are maintained in EUR (the "Presentation Currency").

All values are rounded to the nearest EUR.

BLUE RISK CAPITAL SCSp SICAV-RAIF
Notes to the financial statements as at [closing date]

(2) Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

BLUE RISK CAPITAL SCSp SICAV-RAIF makes investments mainly through the use of investment vehicles of which the fund owns, either directly or indirectly, more than X% of the voting rights, with the exception of co-investment situations in which the fund might own less than X% of the voting rights.

The value of the investment in an investment vehicle is represented in the financial statements on a look through basis considering the percentage of ownership that the Fund owns in the investment vehicle and ultimately in the underlying investment.

In the "Statement of operations and changes in net assets attributable to the partners", income and expenses are also presented on the look through basis described above.

(b) Use of estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires the Board of Managers of the General Partner ("the Management") to exercise their judgment in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the financial statements therefore present the financial position and results fairly.

The Fund makes estimates and assumptions that affect the application of accounting policies, the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent assets and liabilities. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The Board of Managers of the General Partner has considered the impact of COVID-19 in the estimation of uncertainty, techniques and assumptions for measuring the fair value of investments.

Guidance

1. Disclose Management's assumptions about the future and other sources of estimation uncertainty at the reporting date that have a significant risk of resulting in a material adjustment within the next financial year.
2. Mention whether COVID-19 is likely to have a significant impact on such assumptions.
3. Disclose whether COVID-19 will result in increased estimation uncertainty and changes in estimation techniques and assumptions for measuring the fair value of investments as compared to last year.
4. Although the Board of Managers of the General Partner may delegate the actual valuation work — to a subcommittee, the investment advisor, a third-party service provider or other trusted persons — the responsibility for the valuation of investments remains with the General Partner. In addition, Article 19 of the AIFMD mentions that the AIFM shall ensure that, for each AIF they manage, appropriate and consistent procedures are established so that a proper and independent valuation of the assets of the AIF can be performed in accordance with this Article, the applicable national law and the AIF rules or instruments of incorporation. The rules applicable to the valuation of assets and the calculation of the NAV per unit or share or class of interest of the AIF shall be laid down in the law of the country where the AIF is established and/or in the AIF rules or instruments of incorporation. AIFMs shall also ensure that the NAV per unit or share or class of interest of AIFs is calculated and disclosed to the investors in accordance with this Article, the applicable national law and the AIF rules or instruments of incorporation. The valuation procedures used shall ensure that the assets are valued and the NAV per unit or share is calculated at least once a year.

The general information presented in the accounting policy and in relation to each specific investment (in this example, given within the activity report) should enable the reader to understand what methods the General Partner has used to determine the fair value of investments and what level of oversight the General Partner has exercised over the investments and their valuation.

BLUE RISK CAPITAL SCSp SICAV-RAIF
Notes to the financial statements as at [closing date]

(2) Summary of significant accounting policies (continued)

(c) Investment valuation

The assets of the Fund are valued as follows:

I. The value of the securities which are quoted, traded or dealt in on any stock exchange or on any active regulated market shall be based on the latest available price published or, if appropriate, on the bid price on the stock exchange which is normally the principal market of such securities, and each security traded on any other regulated market shall be valued in a manner as similar as possible to that provided for quoted securities.

II. Shares in unquoted instruments shall be valued by the Board of Managers of the General Partner using the private equity valuation guidelines published by the International Private Equity and Venture Capital Association (IPEV), including earnings multiples and discounted cash flow models.

III. The fair value of the underlying funds is based on the net asset value as determined by the Administrator or General Partner. Where no net asset value has been determined at the reporting date the investment is valued using the latest available net asset value adjusted for cash movements up to the reporting date.

IV. The General Partner may adjust the reported net asset value of an underlying fund or perform an independent valuation should the net asset value not be considered as representative of fair value.

V. Cash and other liquid assets are valued at their face value with interest accrued to the end of the preceding day.

VI. The liquidating value of futures, spot, forward or options contracts not traded on stock exchanges nor on other regulated markets shall mean their net liquidating value determined, pursuant to the policies established by the Board of Managers of the General Partner, on a basis consistently applied for each different variety of contracts. The liquidating value of futures, spot, forward or options contracts traded on stock exchanges or on other regulated markets shall be based upon the last available settlement prices of these contracts on stock exchanges and regulated markets on which the particular futures, spot, forward or options contracts are traded by the portfolio — provided that, if a futures, spot, forward or options contract could not be liquidated on the day with respect to which net assets are being determined, the basis for determining the liquidating value of such contract shall be such value as the Board of Managers may deem fair and reasonable.

VII. Values expressed in a currency other than Euro shall be translated to Euro at the average of the last available buying and selling price for such currency.

Explanatory note

Article 33 of the RAIF Law

This requires that the valuation of the assets of the RAIF should be at fair value unless otherwise provided in the constitutive documents. Therefore, assets can also be valued using lower of cost or market value (LOCOM) principle under LUX GAAP.

Fair valuation of financial assets under LUX GAAP usually refers to the most common valuation guidelines derived from IPEV.

Guidance

Description of the valuation policy shall be aligned with the valuation policies documented in the private placement memorandum or LPA.

(d) Foreign currency translation

Transactions and balances

Transactions in foreign currencies are initially translated into the Presentation Currency at the exchange rate prevailing at the transaction or valuation date.

At the end of each reporting period, the investments and the other assets and liabilities expressed in foreign currencies are converted at exchange rate ruling at this date. Except for investments, the realised gains and losses and unrealised losses on foreign exchange are recognised separately in the Statement of operations and changes in net assets attributable to the partners. For investments, the realised and unrealised gains and losses on foreign exchange are included in “Change in net unrealised gain / (loss) on investments”.

The GBP/EUR exchange rate effective at [closing date] considered for the preparation of these financial statements was [X].

BLUE RISK CAPITAL SCSp SICAV-RAIF
Notes to the financial statements as at [closing date]

(2) Summary of significant accounting policies (continued)

(e) Net realized gain or loss on sales of securities

The net realized gain or loss on the sale of securities is calculated on the basis of the average cost of the securities sold.

(f) Income and expenses

Interest income is recorded on an accruals basis net of withholding tax, if any. Dividend income is recognized when declared by the investment.

(g) Carried interest

Carried interest due to the General Partner is recorded as an expense in the statement of operations and changes in net assets attributable to the partners, in line with the provisions of the LPA, and is further described in note 10.

Guidance

IRE FAQ 2020-08

There is no specific guidance under LUX GAAP for the accounting treatment of carried interest. Carried interest can either be treated as a NAV allocation or as an expense.

- Carried interest accounted as a NAV allocation

By analogy to the specific guidance on the disclosure of the NAV allocation that can be found in industry guidelines as published by the International Private Equity and Venture Capital Valuation ("IPEV"), taking the view from the entity's investor's point of view "NAV should be adjusted such that it is equivalent to the amount of cash that would be received by the holder of the interest in the Fund if all underlying Investee Companies were realised at the measurement date".

Chapter 4.2 of the IPEV guidelines (version December 2018) recommends the following adjustment when calculating the NAV: "One of the adjustments mentioned is "[…]the appropriate recognition of potential performance fees or carried interest in the Fund NAV."

Consequently, the NAV attributable to the LPs/shareholders should be net of any allocation of carried interest to the carried interest partner.

- Carried interest accounted as an expense

In accordance with Article 64 of the Law of 19 December 2002, as subsequently amended, a provision should be booked with corresponding effect on profit and loss when there is evidence that certain triggering events occurred in that period, such as reaching cumulative targets or profit.

Depending on the probability of the occurrence of the triggering event, the carried interest would be treated either as a contingent liability, a provision or a liability.

(h) Formation expenses

Formation expenses represent set-up costs of the Fund. Such items are amortised on a straight-line basis over a maximum period of 5 years.

Explanatory note

Article 53 of the Law of 19 December 2002, as subsequently amended

Formation expenses must be written off within a maximum period of five years. The General Partner decides whether to capitalise and amortise or to write off the full amount of formation expenses immediately.

BLUE RISK CAPITAL SCSp SICAV-RAIF
Notes to the financial statements as at [closing date]

(2) Summary of significant accounting policies (continued)

(h) Formation expenses (continued)

Guidance

Formation expenses must be amortised using the method mentioned in the LPA.

(i) Investments

The investments are initially recognized on trade date at cost. The original cost or the price of any subsequent capital increase is considered as an approximation of the fair value at the time of transaction.

The investments have been fair valued following the valuation accounting policy below.

The investments are stated at fair value in accordance with generally accepted valuation principles from the International Private Equity and Venture Capital Valuation (IPEV) Guidelines using the market approach and income approach.

The market approach includes valuation techniques that use observable market data (e.g., current trading and/or acquisition multiples) of comparable companies and applying the data to key financial metrics of the investment. The comparability (as measured by size, growth profile, and geographic concentration, among other factors) of the identified set of comparable companies to the investment is considered in applying the market approach. The Fund generally uses the market approach to value equity investments in private operating companies.

The income approach includes valuation techniques that measure the present value of anticipated future economic benefits (i.e., net cash flows). The estimated net cash flows are forecast over the expected remaining economic life and discounted to present value using a discount rate which reflects the level of risk associated with the expected cash flows. The Fund generally uses the income approach to value equity and debt investments in private operating companies.

The value assigned is based upon available information received from the General Partner and does not necessarily represent the amount which might ultimately be realized.

Unrealized gains or losses are reflected in the statement of operations and changes in net assets under the heading “change in net unrealised (loss)/gain on investments”.

Distributions received from investments are first recorded as a deduction of investments until the cost is repaid and then booked under “dividend income” in the relevant sub-fund.

Guidance

1. ALFI provides the following guidance in the publication – Guidelines on the valuation process for Alternative Investment Fund Managers (AIFM):

The valuation process should be tailored to the specific business environment given that the valuation of alternative assets entails various facets and challenges.

AIFMs can choose the appropriate model from the range of operation models available for the valuation process of alternative asset classes. Where the AIFM performs the valuation (internal valuation), the AIFM can either calculate the asset valuation in-house or determine the valuation based on prices and valuations including reports and supporting documents received from a third-party (for example, prices received from a pricing vendor, broker or, in the case of a fund-of-fund strategy, target fund administrators). In case the AIFM acts as the internal valuer and prepares the valuations in-house, the raw data collected as input parameters for the calculations need to be checked and challenged. In case the AIFM is the internal valuer and involves third-parties or group internal parties in the valuation process, the valuations provided need to be appropriately reviewed and challenged by the valuation function in order to ensure that they are plausible and robust. Moreover, an initial due diligence and monitoring procedures similar to the delegation monitoring requirements are required in order to ensure that the third-party operates in line with the spirit of section 7 of the Commission Delegated Regulation (EU) No 231/2013 (CDR 231/2013), in particular with regards to technical ability, expertise and separation of functions. It is understood that the scope and extent of such controls depend on the operational model, the asset types covered, the complexity of the applied valuation methodologies used and on the type of valuation provider.

BLUE RISK CAPITAL SCSp SICAV-RAIF
Notes to the financial statements as at [closing date]

(2) Summary of significant accounting policies (continued)

(i) Investments (continued)

Guidance (continued)

The AIFM should reflect the valuation engagements and activities in the contractual agreement with involved third-parties where applicable.

Where the AIFM delegates the valuation function to an independent external valuer, the AIFM should establish additional oversight measures in setups where the valuation function is entrusted to several entities, with none of which having a global view over the entire portfolio. In addition, the AIFM should perform an ongoing monitoring of the external valuer. The AIFM uses an external valuer in 3 cases: (1) specific expertise with regard to the valuation of the portfolio assets is required; (2) neither the AIFM nor the portfolio management firm nor the investment advisor is in a position to contribute to the valuation due to lack of resources, lack of expertise or conflicts of interest and (3) the delegation of the valuation function including the liability to an external provider is considered sensible in the light of the fund setup, types of asset and asset location.

The AIFM is responsible for the determination and implementation of a valuation policy that is appropriate for its businesses and operating models in line with applicable regulations.

2. FAQ2020-08 from the Institut des Réviseurs d'Entreprises (IRE) provides the following guidance:

The accounting policy will depend on the description in the LPA, the legal structure and the accounting framework and should be analyzed on a case-by-case basis.

3. The Board of IPEV issued the following guidelines on 31 March 2020 on valuation of investments following the spread of COVID-19:

- Strong valuation processes should continue to be followed.
- Fair value does not equal a "fire sale" price.
- Fair value does represent the amount that would be received in an orderly transaction using market participant assumptions in the current market environment.
- Fair value is based on what is known and knowable at the measurement date.
- A view may need to be taken at the measurement date as to the potential for and impact of possible government subsidies that may impact individual companies and the overall economic environment. The impact of government subsidies or initiatives generally would not be reflected in the results of a portfolio company until it crystalizes or can be reasonably assured.
- Care should be taken not to "double dip" with respect to valuation inputs—if performance metrics have been adjusted to take into account lower expected performance, an appropriate multiple should be applied rather than a multiple derived from comparable public companies whose results have not yet included lower expected performance. The same concept applies when using the income approach, discounted cash flow (DCF). If future cash flows have been adjusted the increase in the discount rate may be less than the increase in the discount rate if cash flows have not been adjusted for the impact of the crisis.
- Market participant views matter – greater uncertainty may translate into greater risk which may translate into greater required returns which may translate into lower asset values.
- It may no longer be appropriate for recent transaction prices, especially those from before the expansion of the pandemic to receive significant, if any, weight in determining fair value.
- The above guidelines should be consistently applied across all investment types, industries and stages of investment (early stage, mid stage and late state).

For further details on specific types of investments, please refer to the IPEV guidelines issued on 31 March 2020.

4. The following factors and adjustments can be considered on the valuation methodologies due to the significant impact of COVID-19:

Valuation considerations:

- Greater uncertainty can lead to a greater number of risks. This in turn creates a need for higher returns and lower asset values.
- Assessing the going concern status of companies is crucial.
- Consideration of the short-term, medium-term and long-term impacts of the crisis is also essential.
- To avoid issues, funds can monitor macro assumptions, valuation ranges, sensitivity analyses and scenario analyses on a continuous basis. Regular reporting and impairment analyses and robust documentation are required.

BLUE RISK CAPITAL SCSp SICAV-RAIF
Notes to the financial statements as at [closing date]

(2) Summary of significant accounting policies (continued)

(i) Investments (continued)

Guidance (continued)

Valuation adjustments:

Income approach

- Adjust business plans, cash flows and discount rates for additional risks not already considered in your valuation.
- Avoid the double counting of risk in both cash flows and discount rates.

Market approach

- Consider maintainable earnings in your market approach by, for example, excluding one-off items.
- Ensure the multiple is congruent with the metric to which it is applied.
- Assess whether the market approach is no longer appropriate for recent transaction prices, especially that date back to before the pandemic began.
- Avoid the double counting of impacts on metrics and multiples.

Other factors

- Reassess liquidity risks, covenant breaches, etc.
- Reassess the credit quality and repayment risk of debt investments.

5. In general, there are two methods to account for distributions:

Recallable distribution is normally recorded as a deduction of net cost.

Non-recallable distribution is, in general, recorded as a dividend and classified as other income from participating interests or dividend income.

(j) Prepayments

This asset item includes expenditures incurred during the financial year but relating to a subsequent financial year. Prepayments are recognised at their nominal value and expensed in the accounting period to which it relates.

(k) Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments which are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash in hand and in banks and short-term deposits which are held to maturity are carried at cost.

(l) Notes payable

Notes payable are carried at their nominal value.

(m) Distributions

Distributions are recognised in the period in which they are declared.

(n) Derivative financial instruments

The Fund may enter into derivative financial instruments such as options, swaps, futures or foreign exchange contracts. These derivative financial instruments are initially recorded at cost. They are subsequently valued at fair value. Unrealised gains or losses are recorded in the Statement of operations and changes in net assets attributable to the partners.

Commitments relating to derivative financial instruments are disclosed in the notes.

BLUE RISK CAPITAL SCSp SICAV-RAIF
Notes to the financial statements as at [closing date]

(3) Formation expenses

The movements for the year ended [closing date] are as follows:

	As at [closing date]
Cost	**EUR**
At the beginning of the year	
Additions for the year	
At the end of the year	
Accumulated amortisation	
At the beginning of the year	
Amortisation for the year	
At the end of the year	
Net book value	
At the beginning of the year	
At the end of the year	

Explanatory note

Article 39(4) of the law of 19 December 2002, as subsequently amended

Movements in the formation expenses must be disclosed as follows:

- purchase price or production cost
- additions, disposals and transfers during the financial year
- cumulative value adjustments at the closing date
- rectifications made during the financial year to the value adjustments of previous financial years.

It is a requirement to disclose the combined figure at RAIF level.

Guidance

For all RAIFs:

The combined figure can be broken down by sub-fund.

BLUE RISK CAPITAL SCSp SICAV-RAIF
Notes to the financial statements as at [closing date]

(4) Investments

	EUR
Cost – Opening balance	
Equity	
Loans	
Additions (call)	
Disposals (return of capital)	
Cost – Closing balance	
Equity	
Loans	

	EUR
Fair value – opening balance	
Equity	
Loans	
Additions (call)	
Disposals (return of capital)	
Fair value adjustments	
Fair value – closing balance	
Equity	
Loans	

Guidance

The RAIF may opt to show the above information by sub-fund.

Given the uncertainties arising from COVID-19, it is not practicable to determine the financial impact of the pandemic on the fair value of investment or to provide a quantitative estimate of this impact.

Guidance

Disclose, where practicable, the financial impact of COVID-19 on the fair value of investments.

Otherwise, disclose that it is not practicable to provide a quantitative estimate of the financial impact at the reporting date.

BLUE RISK CAPITAL SCSp SICAV-RAIF
Notes to the financial statements as at [closing date]

(4) Investments (continued)

(i) Details of other loans

Name	Date of inception	Maturity date	Interest rate	Carrying amount (EUR)	Fair value(EUR)

Explanatory note

For Risk capital RAIFs using eCDF format only

Article 65 (1) 2 Law of 19 December 2002, as subsequently amended:

For Risk capital RAIFs in which the entity holds twenty per cent or more of the capital, the name and registered office, the proportion of capital held, the amount of capital and reserves and the result of the latest financial year of the investee company for which the accounts have been approved are to be disclosed.

This information may be omitted where for the purposes of true and fair view it is immaterial. [Art. 65 (1), 2)].

The information concerning capital and reserves and the profit or loss may also be omitted where the undertaking concerned does not publish its balance sheet and less than 50% of its capital is held, directly or indirectly, by the company [Art. 65, (1), 2)].

The information concerning the amount of capital and reserves and profits and losses for the last financial year for which the accounts have been drawn up may be omitted:

- where the undertakings concerned are included in consolidated accounts drawn up by the parent company or in the consolidated accounts of a larger body of undertakings;
- or where the holdings in their capital have been dealt with by the parent company in its annual or consolidated accounts in accordance with the equity method [Art. 67, (3)].

This information prescribed in Art. 65, (1), 2 may take the form of a statement deposited with the trade register: this must be disclosed in the notes to the accounts [Art. 67, (1), a)].

This information may be omitted when their nature is such that it would be seriously prejudicial to any of the undertakings to which Article 65 paragraph (1) 2 relates. The omission of such information must be disclosed in the notes to the accounts [Art. 67, (1) b)].

BLUE RISK CAPITAL SCSp SICAV-RAIF
Notes to the financial statements as at [closing date]

(5) Prepayments

	As at [closing date]
Management fees (see Note 12)	EUR
Debt issue costs	
Total	

(6) Accounts payable and accrued expenses

	As at [closing date]
Accrued interest on notes payable (Note 7)	EUR
Commitment fees on notes payable (Note 7)	
Accounting fees	
Audit fees	
Depositary fees	
Transfer Agent fees	
Tax compliance fees	
Advisory fees	
Other payable	
Total	

(7) Notes payable

At year-end, the notes payable are composed as follows:

					Outstanding principal amount
Nature	**Lender**	**Maturity date**	**Draw down currency**	**Interest Rate**	**As at [closing date]**
Loan facility – revolving loan facility					
Loan facility – term loan facility					
Total					

On [date], Bank [X] made available to BLUE RISK CAPITAL SCSp SICAV-RAIF a revolving facility for a total commitment of EUR [X] million in order to finance the general corporate purpose including, among others, the coverage of the fund's expenses and other short-term liquidity needs and a term facility for a total commitment of EUR [X] million to carry out direct or indirect investments.

The revolving loan facility is repayable in full on the last day of its interest period. The term loan is repayable bullet at maturity with some mandatory prepayments in case of (partial) exits from portfolio companies.

BLUE RISK CAPITAL SCSp SICAV-RAIF (the "Pledgors") entered into a Bridge facility agreement on [date] (the "Bridge Facility Agreement"). On [date], the Fund and the original lenders agreed to amend its commitments to the facility increasing lending commitments to EUR [X] million.

Under the terms of the "Pledge agreement", the Fund has been granted a pledge over the rights of the Pledgors with respect to Drawable Commitments, including the right to send and/or issue drawdown notices to the Partners or in its own capacity which the Fund would only be entitled to enforce following an event of default under the Bridge Facility Agreement.

BLUE RISK CAPITAL SCSp SICAV-RAIF
Notes to the financial statements as at [closing date]

(8) Forward exchange contracts

At year-end, the Fund has entered into the following forward exchange contracts:

Sell (GBP)	Buy (EUR)	Maturity	Unrealised loss at closing in Euro	Counterparty	% of net assets

As per [closing date], the cumulated unrealised loss amounted to EUR [X].

Explanatory note

In the absence of disclosure requirements on derivatives, the guideline from European Securities and Markets Authority (ESMA/2014/937EN) can be referred to. The Fund's annual report should contain details of the following:

- the underlying exposure obtained through financial derivatives instruments;
- the identity of the counterparty (ies) to these financial derivatives transactions; and
- the type and amount of collateral received to reduce counterparty exposure.

(9) Net assets attributable to the partners

Committed capital

At [closing date], the Fund has total commitments of EUR [X] of which EUR [X] is committed by the limited partner. The General Partner may call capital up to the amount of unfunded commitments to enable the Fund to make investments, pay fees and expenses, or provide reserves. No limited partner is required to fund an amount in excess of its unfunded commitment. At [closing date], the Fund's unfunded commitments amounted to EUR [X], of which EUR [X] is unfunded from the limited partners. The ratio of total contributed capital to total committed capital is X%.

Capital contributions

Capital contributions are due from the partners within 10 business days of advance notice from the General Partner and are subject to certain limitations. The Fund has certain remedies available for defaulting partners.

Certain amounts of the General Partner's capital contributions may be deemed to have been satisfied by applying a cashless contribution to the General Partner, and as such, the actual amount of the General Partner's cash contributions may be less than its pro rata capital commitment amount.

The capital committed, called and uncalled as at [closing date] is as follows:

Partner	Total capital commitment(EUR)	Funded capital(EUR)	Unfunded capital commitment(EUR)
Limited Partner			
Total (commitment based)			
General Partner			
Total (non-commitment based)			
Total funded capital			

Explanatory note

Article 25 of the RAIF law

The subscribed capital of the SICAV, increased by the amount of share premiums or the value of the amount constituting partnership interests, may not be less than 1 250 000 Euros. This minimum must be reached within a period of 12 months following the incorporation of the Fund.

BLUE RISK CAPITAL SCSp SICAV-RAIF
Notes to the financial statements as at [closing date]

(9) Net assets attributable to the partners (continued)

	GP interest	Limited partner interest	Total
	EUR	EUR	EUR
Committed capital			
Cumulative net capital contributions -			
Opening balance			
Recallable distribution - opening balance			
Non recallable distribution - opening balance			
Capital call during the year			
Recallable distribution during the year			
Non recallable distribution during the year			
Cumulative net capital contributions -			
Distributions closing balance			
Cumulative net unrealised result - opening balance			
Net result for the year			
Management fee - Opening balance			
Management fee - Paid out during the year			
Total net assets attributable to the partners			

Guidance

A separate table can be included to give a breakdown of the capital situation of the fund with regards to capital calls and distributions.

(10) Distribution

Net proceeds attributable to the sales of interests in target companies, and any dividends, interest income or other distributions or return of capital received less (i) all principal and interest payments on any third-party indebtedness attributable to BLUE RISK CAPITAL SCSp SICAV-RAIF and other sums due to such lenders, (ii) cash used to pay or held as reserve and (iii) any fees due to the General Partner, service providers or any of their affiliates shall be allocated so that:

- first, 100 % to such Limited Partner until the cumulative amount distributed to such Limited Partner is equal to the aggregate payments and additional capital commitments of such limited partner; then
- secondly 100% to such Limited Partner until the cumulative amount distributed to such Limited Partner is sufficient to provide such Limited Partner with an internal rate of return equal to X% on such Limited Partner's capital payments and additional capital commitments (the "Preferred Return"); then
- Catch up: thirdly, X% to the General Partner until it has reached on a cumulative basis a Carried Interest percentage up to X% of the Preferred Return; then
- Carry split: fourthly and thereafter, 10% to the General Partner and the remainder to the Limited Partner.

The amounts allocated to the General Partner will be returned to the Limited Partner to the extent that following the closure of BLUE RISK CAPITAL SCSp SICAV-RAIF, such Limited Partner has not received distributions sufficient to provide a return of (i) their Drawn Commitments and (ii) their pro rata share of the Preferred Return (such shortfall being defined as the "Clawback Amount").

BLUE RISK CAPITAL SCSp SICAV-RAIF
Notes to the financial statements as at [closing date]

(10) Distribution (continued)

It is envisaged for BLUE RISK CAPITAL SCSp SICAV-RAIF that periodic distributions will be made to its limited partners. Distributions of the net realisation proceeds will be made as soon as practicable upon disposal of investments. Also, the aim of BLUE RISK CAPITAL SCSp SICAV-RAIF is to distribute a yearly X% cash proceed on the capital invested (for this purpose excluding investments in ordinary equity of target investee companies).

The following tables provides an illustrative simulation of the impact of the carried interest that would be due, in accordance with the distribution waterfall mechanism outlined in the LPA.

Simulation as at [closing date]							
	Gross NAV	**Hurdle**	**Catch-Up**	**Profits**	**NET NAV**	**Gross NAV /**	**Net NAV /**
	EUR	**EUR**	**EUR**	**EUR**	**EUR**	**Share**	**Share**
Limited Partners							
General Partner							
Fund Total							

Guidance

IRE FAQ2020-08

Include description of the carried interest mechanism in place as per the RAIF's LPA including sufficient information about the mechanism of the calculation and payment as well as the distribution waterfall.

Disclose the existence of clawback in the carried interest mechanism.

Disclose a comprehensive accounting policy in accordance with Art. 65 (1) 1° of the Law of 19 December 2002, as subsequently amended including indication of economic rights attached to specific classes of shares in accordance with Art. 65 (1) 5°

Include quantified estimates on carried interest when relevant.

Disclose management's assessment whether the conditions as per the LPA are reached for carried interest at year end.

Disclose the amount of all financial commitments or contingencies not included in the balance sheet in the notes to the accounts in accordance with the Law of 19 December 2002, as subsequently amended.

(11) Interest income

Interest income is composed of interest on loans for an amount of EUR [X].

(12) Management fees

During the Investment Period, the General Partner will receive out of BLUE RISK CAPITAL SCSp SICAV-RAIF's assets a management fee equal to a percentage of the Investors' Commitments.

After the Investment Period, the General Partner will receive out of BLUE RISK CAPITAL SCSp SICAV-RAIF's assets a Management Fee equal to a percentage of the aggregate invested capital.

The management fee will accrue and be payable quarterly in advance at the rate of X%.

BLUE RISK CAPITAL SCSp SICAV-RAIF
Notes to the financial statements as at [closing date]

(12) Management fees (continued)

The aggregate invested capital referred to as a calculation basis may be adjusted when, in respect of any given investment, the invested capital has been reduced to zero, but there continues to be an unrealised value to the Fund in relation to such investment. The General Partner may, in its discretion, decide to substitute such investments' invested capital in the calculation basis with up to X% of the original invested capital pertaining to such investment. At the point at which the unrealised part of such investment has been realised, an equalisation adjustment to the management fee charged in relation to the unrealised part is calculated.

The AIFM shall be paid out of the management fee.

(13) Depositary fees

The sub-funds will pay to the depositary, from the assets of the sub-funds X bps per annum of NAV up to EUR [X] and X bps of NAV starting from EUR [X] subject to a minimum fee of EUR [X] per annum, calculated on the last available net asset value of the sub-fund determined on each valuation day. Depositary fees are payable monthly in arrears.

(14) Administration and other professional fees

	As at [closing date]
Accounting fees	**EUR**
Administration fees	
Audit fees	
CSSF fees	
Domiciliation fees	
Legal fees	
Notary fees	
Other contributions to professional organisations	
Tax compliance fees	
Total	

The Central Administration Agent, as administration, domiciliary agent, registrar and transfer agent of the RAIF, is entitled to receive an annual fee, payable monthly in arrears by the General Partner. The Central Administration Agent is also entitled to reimbursement of actual out-of-pocket expenses directly incurred on behalf of the Fund.

The administration fees are calculated in line with the provision of the central administration agreement. The sub-funds will pay to the administrative agent, from the assets of the sub-funds, up to X bps per annum calculated on the last available net asset value of the sub-funds determined on the last valuation day of each financial year subject to a minimum fee of EUR [X] per annum.

(15) Advisory fees

Advisory fees mainly consist of commercial, legal, tax and financial due diligence fees as well as other professional fees incurred in relation with the investments made by BLUE RISK CAPITAL SCSp SICAV-RAIF.

Guidance

There should be a description of the fee structures with regards to General Partner fees, Investment Adviser fees, Depositary fees, Central Administration fees and similar fees. References can be made to the agreements governing the fees or LPA.

BLUE RISK CAPITAL SCSp SICAV-RAIF
Notes to the financial statements as at [closing date]

(16) Interest and other financial charges

	As at [closing date]
Bank account charges	EUR
Negative interest on bank account	
Interest on notes payable	
Arrangement fees on notes payable (Note 7)	
Commitment fees on notes payable (Note 7)	
Total	

(17) Other expenses

	Year ended [closing date]
	EUR
Net wealth tax	
Other general and administrative expenses	
Other taxes	
Total	

Guidance

If the other expenses are material, it is best practice to include a note to the financial statements.

(18) Related party transactions

The Fund considers the General Partner and the Investment Manager, their principal owners, members of management, and members of their immediate families, as well as entities under common control, to be related parties to the Fund. Amounts due from and due to related parties are generally settled in the normal course of business without formal payment terms.

The General Partner of BLUE RISK CAPITAL SCSp SICAV-RAIF is BLUE RISK CAPITAL S.à r.l., a limited liability company (société à responsabilité limitée) organized under the laws of Luxembourg.

The General Partner is advised by [name].

The Investment Manager is [name].

Certain limited partners are related parties of the General Partner. The aggregate value of limited partners' capital owned by related parties at [closing date] is approximately EUR [X].

Certain members of the General Partner serve as members of the boards of directors of certain investments aggregating approximately X% of total capital in which the Fund holds investment positions.

The Fund has amounts due from related parties for advances in the normal course of business.

As of [closing date], EUR [X] is receivable from related parties. Amounts are non-interest bearing and are due on demand.

BLUE RISK CAPITAL SCSp SICAV-RAIF
Notes to the financial statements as at [closing date]

(18) Related party transactions (continued)

Explanatory note

Article 65(1)7ter° of the Law of 19 December 2002, as subsequently amended

Disclose all transactions entered into with related parties: the amount, the nature of the relationship with the related party and any other information needed for an understanding of the financial position of the Company.

Guidance

Mention related parties and provide quantitative and qualitative information regarding related party transactions. The Fund has the option to disclose only the transactions not concluded under normal market conditions.

(19) Off-balance sheet commitments and contingencies

As at [closing date], the Fund had a total commitment of EUR[X] ([closing date of prior year]: EUR[X]) in various investment funds, of which EUR[X] ([closing date of prior year]: EUR[X]) remained undrawn. The undrawn amount does not take into account contributions made outside of commitment.

In the normal course of business, the Fund has been named as a defendant in various legal matters. The Board of Managers of the Fund's General Partner, after consultation with legal counsel, believes that the resolution of these matters will not have a material adverse effect on the financial condition and results of operations or cash flows of the Fund.

The Fund provides financial support to its investees in the normal course of executing its investment strategies. The following tables summarize financial support provided to the Fund's investees during the year ended [Closing date].

Financial support the Fund was contractually required to provide		
Type	**Amount**	**Reasons for providing support**
(Describe the type of financial support)	EUR	(Describe the primary reasons for providing support)

Financial support the Fund was not contractually required to provide		
Type	**Amount**	**Reasons for providing support**
(Describe the type of financial support)EUR	EUR	(Describe the primary reasons for providing support)

The following table summarizes the amount of financial support the Fund will be contractually required to provide to investees subsequent to (Closing date):

Type	Amount	Reasons for providing support
(Describe the type of financial support)	EUR	(Describe the primary reasons for providing support)

Explanatory note

Article 38 of the Law of 19 December 2002, as subsequently amended

All financial commitments, guarantees and contingencies not already included in the balance sheet must be disclosed in notes, with specific disclosure on any collateral granted on assets.

BLUE RISK CAPITAL SCSp SICAV-RAIF
Notes to the financial statements as at [closing date]

(19) Off-balance sheet commitments and contingencies (continued)

Guidance

Disclose any long term commitments and contingencies relevant for the Fund

Disclose 1) amount and nature of financial support provided to investees (for example, loans, capital commitments and guarantees) and 2) the primary reason for providing such financial support.

(20) Taxation

RAIFs subject to Article 48

The Fund is subject to income tax in Luxembourg, however, pursuant to the applicable laws, any income derived from investments held by the Fund as well as any income arising from the transfer, contribution or liquidation of such investments does not constitute taxable income of the Fund.

Realized losses resulting from the transfer of investments, as well as unrealized losses accounted for upon the reduction of the value of these assets, may not be deducted from the taxable income of the Fund.

Moreover, income arising from cash, pending its investment in risk capital assets, does not constitute taxable income either, provided such assets are reinvested in risk capital assets within twelve months.

The Fund is subject to the minimum net wealth tax effective at [date].

Explanatory note

Article 45(2) of the RAIF Law

The RAIF is not subject to withholding tax.

Article 48(2) of the RAIF Law

Income derived from transferable securities, as well as any income arising from the transfer, contribution or liquidation of such investments, does not constitute taxable income of the Fund.

Realized losses resulting from the transfer of investments, as well as unrealized losses accounted for upon the reduction of the value of these assets, may not be deducted from the taxable income of the Fund.

Income arising from cash, pending its investment in risk capital assets, does not constitute taxable income either, provided such assets are reinvested in risk capital assets within twelve months.

Article 57 of the RAIF Law

The RAIF is subject to the minimum net wealth tax.

Article 48(2) of the RAIF Law

The RAIF is not subject to subscription tax.

RAIFs not subject to Article 48

BLUE RISK CAPITAL SCSp SICAV-RAIF is not subject to any Luxembourg taxes on income or capital gains under existing legislation and regulations. The Fund is, however, subject to the "taxe d'abonnement" (subscription tax) at the rate of 0.01% per annum, calculated and payable quarterly to Luxembourg authorities, on the aggregate net asset value of the Fund at the end of each quarter.

BLUE RISK CAPITAL SCSp SICAV-RAIF
Notes to the financial statements as at [closing date]

(20) Taxation (continued)

Explanatory note

Article 45(1) of the RAIF Law

No other tax shall be payable by RAIFs apart from subscription tax.

Article 45(2) of the RAIF Law

The amounts distributed by RAIFs shall not be subject to a withholding tax. They are not taxable if received by non-residents.

Article 46(1) of the RAIF Law

The rate of the annual subscription tax payable by RAIFs shall be 0.01%, based on total net assets valued on the last day on each quarter.

(21) Subsequent events

On [date], the fund has sold its X% stake in XYZ Ltd to institutional investors through a book build process at a gross price of EUR [X] per share net of brokerage fees).

Explanatory note

As per Article 65 (1) 18° of the law of 19 December 2002 as subsequently amended, the notes to the financial statements shall disclose the nature and the financial effect of material events arising after the balance sheet date which are not reflected in the profit and loss account or in the balance sheet.

Guidance

Significant events occurring after the financial year end but before the issuance of the financial statements needs to be disclosed here.

(22) Additional information based on United States generally accepted accounting principles (US GAAP)

Explanatory note

Companies with US investors and an SEC-registered investment advisor can provide the following supplementary information to meet the requirements of rule 206(4)-2 under the Investment Advisors Act of 1940 ("the Custody Rule") as per Question VI.5 of the FAQ of the SEC: "Pooled vehicles organized outside of the United States, or having a general partner or other manager with a principal place of business outside the United States, may have their financial statements prepared in accordance with accounting standards other than US GAAP so long as they contain information substantially similar to statements prepared in accordance with US GAAP. Any material differences with US GAAP must be reconciled. The Division would not recommend enforcement action if that reconciliation is included only in the financial statements delivered to US persons."

US GAAP requires the disclosure of the economic sector and geography of investments for investments representing more than 5% of net asset value in the schedule of investments.

This information can be included in the schedule of investments or provided separately in the US GAAP reconciliation notes.

BLUE RISK CAPITAL SCSp SICAV-RAIF
Notes to the financial statements as at [closing date]

(22) Additional information based on United States generally accepted accounting principles (US GAAP) (continued)

Guidance

This note contains certain information and disclosures, which are prepared under application of US GAAP, in order to meet the requirements of rule 206(4)-2 under the Investment Advisors Act of 1940 ("the Custody Rule").

This note does not purport to be a full US GAAP disclosure but contains financial information that is prepared under application of US GAAP.

For the purpose of the illustrative financial statements, required information on investments are included on page 39.

The US GAAP information is structured as follows:

22.1 Analysis of differences between US GAAP and Luxembourg GAAP as applicable for investment funds

22.2 Fair value measurements

22.3 Financial highlights

22.4 Statement of cash flows

For US GAAP purposes, the Fund is an investment company and follows the accounting and reporting guidance in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 946, Financial Services — Investment Companies.

22.1 Analysis of differences between US GAAP and Luxembourg GAAP as applicable for funds

The General Partner prepares and presents the financial statements in accordance with Luxembourg GAAP as applicable for funds under the going concern basis of accounting. For this note, the General Partner has prepared an analysis of significant differences between Luxembourg GAAP as applicable for investment funds and US GAAP, including the net impact, if any, on net assets as at [closing date] and on the change in net assets attributable to the partners from operations for the financial year then ended. The significant differences between Luxembourg GAAP as applicable for funds and US GAAP include:

22.1.1 Valuation of financial assets

22.1.2 Formation expenses

22.1.3 Subscriptions and redemptions

22.1.4 Interest income

22.1.5 Dividend Income

22.1.6 Uncertain tax positions

22.1.1 Valuation of financial assets

Explanatory note

Under US GAAP, fair value is assumed to be the exit price in an orderly transaction between market participants.

Investments are measured at fair value but methods vary. ASC 820-10-35-24A provides detailed guidance on three acceptable valuation approaches for measuring financial instruments at fair value. The three approaches are the market approach, the income approach, and the cost approach. Additionally, ASC 820-10-35-59 indicates that a reporting entity is permitted, as a practical expedient, to estimate the fair value of certain investments in other entities using the net asset value per share (or its equivalent) of the investment, if the net asset value per share of the investment (or its equivalent) is calculated in a manner consistent with the measurement principles of Topic 946 as of the reporting entity's measurement date.

Under LUX GAAP, for unlisted securities, the valuation shall be based on the fair value, estimated with due care and in good faith.

Unless otherwise provided for in the LPA, the assets of Fund are valued at fair value. The valuation must be determined in accordance with the rules set out in the LPA.

BLUE RISK CAPITAL SCSp SICAV-RAIF
Notes to the financial statements as at [closing date]

(22) Additional information based on United States generally accepted accounting principles (US GAAP) (continued)

22.1.1 Valuation of financial assets (continued)

Under US GAAP, fair value is a market-based measurement, not an entity-specific one. For some assets and liabilities, observable market transactions or market information might be available. For others, observable market transactions and market information might not be available. However, the objective of fair value measurement in both cases is the same — to estimate the price at which an orderly transaction to sell the asset, or transfer the liability, would take place between market participants at the measurement date, under current market conditions. The discussed valuation methods that management uses to determine the fair value of its investments are market-based and they also take into account peer information from similar businesses in the same or similar markets. As such, the valuation methods and resulting fair values as at [closing date] are in line with US GAAP requirements.

22.1.2 Formation expenses

Explanatory note

Under US GAAP, formation expenses should be charged to expense as they are incurred.

Offering costs are treated differently based on the operational nature of the entity, as outlined in Topic 946.

Under LUX GAAP, formation expenses must be written off within a maximum period of five years. The General Partner decides whether to capitalise and amortise or to write off the full amount of formation expenses immediately.

Formation expenses are expensed as incurred under US GAAP, whereas they are capitalised and amortized over five years under Luxembourg GAAP applicable for funds.

The amount of EUR[X] corresponds to the remaining formation expenses as at [closing date].

22.1.3 Subscriptions and redemptions

Explanatory note

Under US GAAP, subscriptions and redemptions are recognised on the date the order to purchase or sell fund shares is received. The trade date is the order date.

Under LUX GAAP, subscriptions and redemptions are recognised on the date the transaction actually takes place in line with the subscription and redemption cut-off policy mentioned in the LPA or private placement memorandum.

Under US GAAP, subscriptions and redemptions are recognised on the date the order to purchase or sell fund shares is received. Under LUX GAAP, subscriptions and redemptions are recognised on the date the transaction actually takes place in line with the subscription and redemption policy mentioned in the LPA or private placement memorandum. An adjustment of EUR [X] for a subscriptions order received before (closing date) is included under reconciling items in the reconciliation table on page 67.

22.1.4 Interest income

Explanatory note

Under US GAAP, interest income is recognized pursuant to ASC 310-20-35-18 and ASC 310-20-35-26 by applying the effective interest method on the basis of the contractual cash flows of the security. However, there are several exceptions to this method of recognizing interest income.

Under LUX GAAP, interest income is calculated on a coupon basis.

Under US GAAP, interest income is recognized by applying the effective interest method on the basis of the contractual cash flows of the debt security. Under LUX GAAP, interest income is calculated on a coupon basis. The difference is shown under reconciling items in the reconciliation table on page 67.

BLUE RISK CAPITAL SCSp SICAV-RAIF
Notes to the financial statements as at [closing date]

(22) Additional information based on United States generally accepted accounting principles (US GAAP) (continued)

22.1.5 Dividend income

Explanatory note

Under US GAAP, dividend income is recorded on the ex-dividend date, net of any applicable withholding tax pursuant to ASC 946-320-25-4.

Under LUX GAAP, dividend income is recognised when declared.

Under US GAAP, dividend income is recorded on the ex-dividend date, net of any withholding tax. Under LUX GAAP, dividend income is recognised when the shareholder's right to receive the payment has been established. All dividends were distributed during the year and no reconciliation is required between LUX GAAP and US GAAP at (closing date).

22.1.6 Uncertain tax positions

Explanatory note

Under US GAAP, in accordance with Topic 740, Income Taxes, a fund is required to determine whether a tax position within the fund is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement.

Under LUX GAAP, there is no specific requirement. However, provisions for liabilities and charges are recognized for losses or debts of a clearly defined nature, which, at the date of the statement of net assets are either likely to be incurred, or certain to be incurred but uncertain as to their amount or the date on which they will arise.

Under US GAAP, a Fund is required to determine whether a tax position within the fund is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position.

Under LUX GAAP, there is no specific requirement. However, provisions for liabilities and charges are recognized for losses or debts of a clearly defined nature, which, at the date of the statement of net assets are either likely to be incurred, or certain to be incurred but uncertain as to their amount or the date on which they will arise.

The Board of Managers of the General Partner of the Fund has analysed the Fund's tax positions and have concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions. Further, the Board of Managers of the General Partner of the Fund is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months.

The Fund has no examinations by tax authorities in progress. No interest expense or penalties have been assessed for the year ended [closing date]. Based on the above, no reserves for uncertain income tax positions, interest or penalties are required to be recorded.

The following reconciliation table aligns reporting under Luxembourg GAAP applicable from investment funds with US GAAP:

	Luxembourg GAAP applicable to Funds	Reconciling items (Description and Amount)	US GAAP
	EUR	EUR	EUR
Total net assets, beginning of year			
Profit or loss for the financial year			

BLUE RISK CAPITAL SCSp SICAV-RAIF
Notes to the financial statements as at [closing date]

(22) Additional information based on United States generally accepted accounting principles (US GAAP) (continued)

22.2 Fair value measurements

The investments are initially recognized on trade date at cost. The original cost or the price of any subsequent capital increase is considered as an approximation of the fair value at the time of the transaction.

The investments are fair valued in accordance with the generally accepted valuation principles from the International Private Equity and Venture Capital Valuation (IPEV) Guidelines.

Fair value – Hierarchy of fair value

The Fund determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the Fund is able to access.

Level 2 – Inputs, other than quoted prices included in Level 1, that are observable either directly or indirectly. These inputs may include (a) quoted prices for similar assets in active markets, (b) quoted prices for identical or similar assets in markets that are not active, (c) inputs other than quoted prices that are observable for the asset, or (d) inputs derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs that are unobservable and significant to the entire fair value measurement.

Investments in private investment companies measured using net asset value as a practical expedient are not categorized within the fair value hierarchy.

The availability of valuation techniques and observable inputs can vary from investment to investment and are affected by a wide variety of factors, including the type of investment, whether the investment is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, determining fair value requires more judgment. Because of the inherent uncertainty of valuation, estimated values may be materially higher or lower than the values that would have been used had a ready market for the investments existed. Therefore, the degree of judgment exercised by the Fund in determining fair value is greatest for investments categorized in Level 3.

In some circumstances, the inputs used to measure fair value might be categorized within different levels of the fair value hierarchy. In those instances, the fair value measurement is categorized in its entirety in the fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

The Fund's assets recorded at fair value are categorized as Level 3.

Changes in Level 3 measurements

The following table presents changes in assets classified in Level 3 of the fair value hierarchy during the year ended [Closing date] attributable to the following:

	Shares	Loan notes
Purchases	-	-
Transfers into Level 3	-	-
Transfers out of Level 3	-	-

Transfers between Levels 3 and 1 and 2 relate to when an investment becomes quoted in an active market in which the Fund has the ability to access or when the liquidity restrictions are reduced or eliminated.

Guidance

If applicable, a table shall be inserted to present the changes in assets classified in Level 3 of the fair value hierarchy for the year ended [closing date].

BLUE RISK CAPITAL SCSp SICAV-RAIF
Notes to the financial statements as at [closing date]

(22) Additional information based on United States generally accepted accounting principles (US GAAP) (continued)

22.2 Fair value measurements (continued)

(In thousands)	Fair value at [closing date]	Valuation technique	Unobservable inputs	Range of inputs (weighted average)*
Assets				
Investments, at fair value				
Shares	EUR [X]	Discounted cash flow model	Terminal value growth rate	%-%(%)
			Discount rate/ weighted average cost of capital	%-%(%)
	EUR [X]	Market comparable companies	EBITDA valuation multiples	X-X(X)
			Last 12 months revenue multiples	X-X(X)
			Discounts for lack of marketability	%-%(%)
Notes	EUR [X]	Discounted cash flow model	Remaining maturities	X-X Months (X months)
			Discount rates	%-%(%)
	EUR [X]	Market comparable companies	Discount margin	%-%(%)
			Market yield/yield to maturity	%-%(%)
			Discounts for lack of marketability	%-%(%)

Guidance

To satisfy the requirement to provide quantitative information about significant unobservable inputs used for Level 3 fair value measurements, a fund may disclose the range of significant unobservable inputs by class or disclose the significant unobservable inputs for each individual Level 3 fair value measurement.

Change in valuation technique

During the year ended [closing date], the Fund changed the valuation technique used to value shares from market approach to income approach.

The Fund believes the change in valuation technique and its application results in a measurement that is equally or more representative of the fair value in the circumstances.

Guidance

Disclose the reasons of the change in valuation approach or valuation technique, which may result from events such as development of new markets, new information becoming available, information previously used becoming no longer available, valuation techniques improve, or changes in market conditions.

BLUE RISK CAPITAL SCSp SICAV-RAIF
Notes to the financial statements as at [closing date]

(22) Additional information based on United States generally accepted accounting principles (US GAAP) (continued)

22.3 Financial highlights

Explanatory note

Under US GAAP(ASC-946-205-50), the disclosure of financial highlights is required, for each class of common shares that are not a management class, either as a separate schedule, or within the notes to the financial statements.

Under LUX GAAP, only the disclosure is required of the following statistics for each of the last three financial year-ends:

- The total net asset value.
- The net asset value per share for each class of share/class of interest.

Pursuant to US GAAP, non-public investment entities are required to disclose certain financial highlights relating to investment performance and operations.

Financial highlights for the year ended [closing date] are as follows:

The metric, internal rate of return (IRR) is used to estimate the profitability of investments.Due to the limitation of the standard IRR methodology, the standard IRR should only be read in conjunction with the equity multiple (i.e. realized investment cash flows divided by total invested capital) in order to assess the financial performance of the investments.

Total internal rate of return (IRR)	
Beginning of the year	%
End of the year	%
Ratio to average limited partner's capital	
Expenses before carried interest to general partner	%
Offset expenses	%
Carried interest to general partner	%
Expenses, including carried interest to general partner	%
Net investment loss	%

Financial highlights are calculated for the limited partner class taken as a whole. An individual limited partner's return and ratios may vary based on different management fee and carried interest arrangements.

The internal rate of return (IRR) of the limited partner class since inception of the Fund is net of carried interest to the general partner and computed based on the actual dates of capital contributions and distributions and the ending aggregate limited partners' capital balance (residual value).

The net investment loss ratio does not reflect the effect of carried interest to the general partner.

22.4 Statement of cash flows

Guidance

The Fund is exempted from the preparation of a statement of cash flows if all of the following conditions are met:

1. During the financial year, substantially all of the Fund's investments were carried at fair value and classified as Level 1 or Level 2 measurements in accordance with Topic 820.
2. The Fund had little or no debt, based on the average debt outstanding during the period, in relation to average total assets.
3. The Fund provides a statement of changes in net assets / statement of changes in net assets attributable to the partners.

BLUE RISK CAPITAL SCSp SICAV-RAIF
Financial statements of sub-fund I

Statement of cash flows for the year ended [closing date]

(in EUR)

Cash flows from operating activities	
Management fees paid	
Other expenses	
Other income	
Contributions to investees	
Distributions from investees	
Purchase of investments	
Proceeds from disposal of investments	
Net cash provided by (used in) operating activities	
Cash flows from financing activities	
Contributions received from investors	
Distributions paid to investors	
Other net cash movements from financing activities	
Proceeds from loans and notes payable	
Repayments of loans and notes payable	
Net cash from financing activities	
Net variation in cash and cash equivalents	
Cash and cash equivalents at the beginning of the year	
Cash and cash equivalents at [closing date]	

(Include the following disclosure if cash, cash equivalents, and amounts generally described as restricted cash are presented in more than one line item within the Statement of net assets (Statement of assets and liabilities under US GAAP). At [Closing date] the amounts included in cash and cash equivalents (including restricted cash) include the following:

Cash and cash equivalents	
Restricted cash	
Total cash and cash equivalents (including restricted cash)	

Supplementary disclosure of cash flow financing activities	
Cash paid during the year for interest	
Supplementary disclosure for noncash financing activities	
Disclosure of securities, at fair value (cost basis of EUR [X])	

BLUE RISK CAPITAL SCSp SICAV-RAIF
Financial statements of sub-fund I

Statement of net assets as at [closing date]

(Expressed in EUR)

	Notes	[Closing date]
ASSETS		
Formation expenses	3	
Investments	4	
Prepayments	5	
Subscription receivable		
Cash and cash equivalents		
Total assets		
LIABILITIES		
Accounts payable and accrued expenses	6	
Notes payable	7	
Unrealised loss on forward foreign exchange contracts	8	
Management fees payable		
Payable on redemption		
Carried interest payable	10	
Total liabilities		
Net assets attributable to the partners	9	

BLUE RISK CAPITAL SCSp SICAV-RAIF
Financial statements of sub-fund I

Statement of operations and changes in net assets attributable to the partners for the year ended [closing date]

(Expressed in EUR)

	Notes	[Closing date]
INCOME		
Dividend income		
Interest income	11	
Other income		
Total net investment income		
EXPENSES		
Management fees	12	
Carried interest	10	
Depositary fees	13	
Administration and other professional fees	14	
Advisory fees	15	
Amortisation of formation expenses	3	
Interest and other financial charges	16	
Other expenses	17	
Total expenses		
Operating profit / (loss)		
Change in net realised gain		
- on forward foreign exchange contracts		
- on investments		
Change in net unrealised (loss) / gain		
- on forward foreign exchange contracts	8	
- on investments		
Net increase/(decrease) in net assets attributable to the partners	9	
Income attributable to:		
Limited Partner		
General Partner		

BLUE RISK CAPITAL SCSp SICAV-RAIF
Financial statements of sub-fund I

Statement of operations and changes in net assets attributable to the partners

(Expressed in EUR)

	Notes	Limited Partner [Closing date]	General Partner [Closing date]
Net assets attributable to the partners at the beginning of the year			
Increase / (decrease) in net assets attributable to the partners from operations			
Capital contributions	9		
Capital redemptions	9		
Net increase / (decrease) in net assets resulting from capital transactions			
Net assets attributable to the partners at the end of the year	9		

Appendices

BLUE RISK CAPITAL SCSp SICAV-RAIF
Appendix I: Report of the AIFM (Unaudited)

Explanatory note

Articles 20(2) and 21 of the AIFM Law require AIFs to report on specific disclosures.

For remuneration disclosures in particular, the financial statements must contain at least the following:

the total amount of remuneration for the financial year, split into fixed and variable remuneration, paid by the AIFM to its staff, and the number of beneficiaries and, where relevant, carried interest paid by the AIF

the aggregate amount of remuneration broken down by senior management and members of staff of the AIFM whose actions have a material impact on the risk profile of the AIF.

The implications of the AIFMD on the RAIF must be assessed on a case-by-case basis.

In its Q&A related to remuneration (last updated 5 October 2017), ESMA clarifies that remuneration-related disclosure requirements under Article 22(2)(e) of the AIFMD also apply to delegates. It further clarifies that the information prescribed by Article 22(2)(e) and (f) should be included in the financial statements.

Guidance

Tailor to the specificities of your entity.

The disclosure required under the AIFM Law can either be included in the activity report or in an unaudited appendix to the financial statements.

The remuneration policy has been included in this appendix.

Please refer to the ALFI guidance document on reporting to investors and annual reports under the AIFMD for further guidance on market practice for reporting on AIFMD-required disclosures.

Remuneration policy

The AIFM has established and applies a remuneration policy and practices ("the Remuneration Policy") that are consistent with, and promote, sound and effective risk management, and that neither encourage risk-taking which is inconsistent with the risk profiles, rules, the LPA or the Articles nor impair compliance with the AIFM's obligation to act in the best interest of the RAIF.

The Remuneration Policy includes fixed and variable components of salaries and applies to these categories of staff: senior management; risk-takers; control functions; and any employee receiving total remuneration that falls within the remuneration bracket of senior management and risk-takers and whose professional activities have a material impact on the risk profiles of the AIFM, the Company or the Sub-funds. Within the AIFM, these categories of staff represent [X] persons.

The Remuneration Policy is in line with the business strategy, objectives, values and interests of the AIFM, the Fund and the Partners and includes measures to avoid conflicts of interest.

In particular, the Remuneration Policy will ensure that:

a. staff engaged in control functions are compensated in accordance with the achievement of the objectives linked to their functions, independently of the performance of the business areas that they control;

b. the fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component;

c. the measurement of performance used to calculate variable remuneration components or pools of variable remuneration components includes a comprehensive adjustment mechanism to integrate all relevant types of current and future risks.

The following table shows the fixed and variable remuneration for the year ended [closing date] for the identified staff ([X] persons), who were fully or partly involved in the activities of all the funds managed by the AIFM.

BLUE RISK CAPITAL SCSp SICAV-RAIF
Appendix I: Report of the AIFM (Unaudited)

Staff expenses split into fixed and variable remuneration

Wages and salaries

Staff code	Fixed remuneration EUR	Variable remuneration EUR	Total EUR
S			
R			
C			
O			

S = Senior management

R = risk-takers, including staff members whose professional activities can exert material influence on AIFs managed by the AIFM

C = staff engaged in control functions (other than senior management) who are responsible for risk management, compliance, internal audit and similar functions

O = any other staff member receiving total remuneration that takes them into the same remuneration bracket as senior management and risk-takers, and whose professional activities have a material impact on the AIFM's risk profile

A paper copy of the summarized Remuneration Policy is available free of charge to the Partners upon request.

No material changes have been made to the Remuneration Policy.

Risk management

Explanatory note

Article 20(2d) of the AIFM Law

The annual report shall disclose any material changes in risk management during the financial year to which the report refers.

Article 21(4c) of the AIFM Law

This requires that the AIFM disclose the current risk profile of the AIF, and the risk management systems it employs to manage those risks.

Guidance

Tailor to the specificities of your entity.

The disclosure required under the AIFM Law can either be included in the activity report or in an unaudited appendix to the financial statements.

Please refer to the ALFI guidance document on reporting to investors and annual reports under the AIFMD for further guidance on market practice for reporting on AIFMD-required disclosures.

Investment in the Fund involves a significant degree of risk.

There can be no assurance that the Fund's investment objective will be achieved, that any appreciation in the value of investments will occur or that there will be a return of capital. The value of investments and the income derived from them may fall as well as rise and investors may not recoup the original amount they invest in the Fund.

BLUE RISK CAPITAL SCSp SICAV-RAIF
Appendix I: Report of the AIFM (Unaudited)

The Board of Managers of the General Partner of the Fund and the AIFM have considered the impact of COVID-19 on the risks arising from investments and other assets.

Guidance

Disclose, where practicable, the impact of COVID-19 on credit risks, market risks, liquidity risks, valuation risks and how Management manages these risks. Disclose any changes from the previous period and any concentration of any of these risks.

Disclose judgement used to determine specific risk disclosures relevant to the RAIF.

The main categories of risk to which the Fund is or might reasonably be expected to be exposed include the following.

Market risk

The risk of loss resulting from fluctuation in the market value of positions in the Fund is attributable to changes in market variables such as interest rates, foreign exchange rates, equity and commodity prices or an issuer's creditworthiness; and, as regards derivatives, through movements in markets for derivatives or the underlying asset, currency, reference rate or index to which a derivative relates.

This includes imperfect correlation between movements in the securities or currency on which a derivatives contract is based and movements in the related securities or currency in the Fund. The market risk can be divided into interest rate risk and valuation risk.

Interest rate risk

The credit instruments invested may include variable, floating or fixed rates of interest as part of the overall return. The credit instruments with floating rates of interest expose the Fund to interest rate risk by virtue of fluctuations in the value of the Fund's investment portfolio, which is recorded at fair value. At [closing date], the portfolio is funded by capital contributions.

The Fund is susceptible to changes in base rates, which could impact the investment income due to floating rates.

Interest rate sensitivity as at [closing date]:

	Up to 3 months EUR	3 months to 1 year EUR	More than 1 year EUR	Non-interest bearing or fixed rate EUR	Total EUR
Assets					
Investments					
Cash and cash equivalents					
Liabilities					
Payables					
Total interest rate sensitivity gap					

Valuation risk

Valuation risk is the financial risk that the Fund's unquoted securities, valued as at [closing date] at EUR[X], are overvalued and worth less than expected on maturity or disposal. Factors contributing to valuation risk can include incomplete data, market instability, financial modeling uncertainties and poor data analysis. The AIFM considers the appropriateness of the valuation model inputs, as well as the valuation result, using various valuation methods and techniques generally recognized as standard within the industry.

BLUE RISK CAPITAL SCSp SICAV-RAIF
Appendix I: Report of the AIFM (Unaudited)

Credit/counterparty risk

Credit risk is the risk of loss resulting from the possibility that a counterparty to a transaction may default on its obligations prior to the final settlement of the transaction's cash flow. For derivative instruments which are transacted over the counter on a bilateral basis there is a direct exposure to the counterparty.

The AIFM has a disciplined investment policy such that all investments presented to the Board of Managers of the General Partner have been through a structured and rigorous due diligence process. Once approved by the AIFM, those investments are passed to the Board of Managers of the General Partner for consideration and, if appropriate, investment is made.

Once invested, the reference entities in the portfolio transaction investments are regularly monitored by the investment team and Investment Committee. The AIFM monitors the credit ratings assigned to each reference entity and reference obligation via a variety of institutions including credit rating agencies and bank counterparties, when available. The AIFM also monitors probabilities of default and loss given default for each reference obligation, based on a variety of sources, including observed market prices, bank counterparties' ratings or disclosures, credit rating agencies' statistics, or the Fund's current and forecast performance, when available. The AIFM reviews the risk of the investments held by the Fund. The Fund has credit exposures to assets across the whole credit spectrum, from high-grade to non-investment grade.

The following table sets out the Fund's exposure to credit risk arising through the reference obligation entities at the reporting date. The AIFM rates the reference obligations and maps them to Standard & Poor's risk-rating scales for reporting purposes.

Exposure to credit risk by Standard & Poor's rating	**[Closing date]**
AA rating	%
A rating	%
BBB rating	%
BB rating	%
B rating	%
CCC rating	%
CCC & below rating	%
NR	%
Total investments	**100%**

The AIFM regularly reviews its large counterparty exposures, monitoring several sources of information on counterparties' credit quality, including credit ratings, public financial statements and disclosures and observed market prices of credit obligations, when available, and taking into account the terms and conditions of the exposure to the counterparty, any regulation applicable and any structural mitigant, among other factors.

Exposure to credit risk by asset type	**[Closing date]**
	EUR
Investments	
Cash and cash equivalents	
Total	

BLUE RISK CAPITAL SCSp SICAV-RAIF
Appendix I: Report of the AIFM (Unaudited)

Liquidity risk

Liquidity risk is the risk that a position in the Fund's portfolio cannot be sold, liquidated or closed at limited cost in an appropriate time frame and that the ability of the Fund to meet its settlement obligations is thereby compromised.

The table below details the Fund's liabilities by relevant maturity funding, based on the remaining period, at the statement of net assets date, to the contractual maturity date. The amounts disclosed are the net contractual cash flows.

Liabilities by maturity	Remaining period to contractual maturity date			
	Less than 1 year	1 to 5 years	More than 5 years	Total
	EUR	EUR	EUR	EUR
Payables				

The Fund is funded by contractual commitments from Limited Partners which are drawn as funds are required. The AIFM regularly monitors the amount of undrawn commitments against the Fund's outstanding investment portfolio requirements and financial liabilities.

Leverage

Subject to the applicable restrictions of the private placement memorandum, the Fund may apply leverage to its portfolio by utilizing: financial gearing, such as bank borrowing and overdrafts; synthetic gearing through derivatives and/or other non-fully funded instruments; or techniques for efficient portfolio management purposes such as stock lending. Typically, leverage will arise through the use of index futures, forward foreign exchange contracts or contracts for difference, where cash is paid to the counterparty as margin against the current mark-to-market value of the derivative contract. As a result, and depending on the type of instrument, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may even result in a loss exceeding any margin deposited. The use of leverage therefore creates additional risks and may significantly increase the market and counterparty risk of the Fund through non-fully funded exposure to underlying markets or securities. The maximum amount of asset-backed leverage that the Fund or a wholly owned subsidiary may incur on a recourse basis would not exceed [x]% of the Fund's total commitments at the time such leverage is incurred.

Concentration risk

RAIFs which invest in a narrow range of stocks or collective investment schemes, or in specialized sectors, may be more volatile than more broadly diversified funds. Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. In order to mitigate excessive concentration of risk, the Board of Managers of the General Partner of the RAIF monitors the Fund's exposure to ensure concentrations of risk remain within acceptable levels (including having consideration for levels stipulated in the AIFM Agreement) and either reduces exposure or may use derivative instruments to manage the excessive risk concentrations when they arise.

BLUE RISK CAPITAL SCSp SICAV-RAIF
Appendix II: Report of factual findings on investment in risk capital

To the Board of Managers of the General Partner of
BLUE RISK CAPITAL SCSp SICAV-RAIF
2, rue de l'Investissement
L-1234 Luxembourg
Grand Duchy of Luxembourg

We have performed the procedures agreed with you and enumerated below with respect to the requirements of Article 48 paragraph (1) letter b) of the law of 23 July 2016 on reserved alternative investment funds regarding BLUE RISK CAPITAL SCSp SICAV-RAIF's ("the RAIF") compliance with the policy of investing in risk capital for the financial year ending [closing date].

Our engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed upon procedures engagements (ISRS 4400) as adopted for Luxembourg by the "Institut des Réviseurs d'Entreprises".

The procedures were performed solely to assist you in meeting the requirements of Article 48 paragraph (1) letter b) of the law of 23 July 2016 on reserved alternative investment funds regarding compliance with the policy of investing in risk capital for the financial year ending [closing date] and are summarized as follows:

1. We have obtained from the Board of Managers of the General Partner of the RAIF the LPA of the RAIF and we have ensured that its exclusive object is the investment of its funds in assets representing risk capital.

2. We have obtained from the Board of Managers of the General Partner of the RAIF the accounting information such as the statement of net assets, Statement of operations and changes in net assets attributable to the partners and general ledger as at [closing date] as well as the list of investments held by the RAIF as at [closing date] and the list of divestments made during the financial year then ended including a detailed description outlining the eligibility of each investment as "risk capital" (hereinafter the "Descriptive List"). The Descriptive List as well as the supporting documents obtained from the Board of Managers of the General Partner of the RAIF are attached to our report.

3. We have compared the amounts in the Descriptive List with the accounting information such as the statement of net assets, Statement of operations and changes in net assets attributable to the partners and general ledger obtained during the audit in order to verify the accuracy and completeness of the information included therein.

4. For each investment in the Descriptive List, for the investments held by the RAIF as at [closing date] and for each divestment during the financial year:

   4.1. We have obtained from the Board of Managers of the General Partner of the RAIF the detailed description and analysis regarding the eligibility of each investment as "risk capital". This information is attached to this report.

   4.2. We have checked the consistency of the detailed description and analysis of the Board of Managers of the General Partner of the RAIF regarding the eligibility of each investment as "risk capital" with the information provided to us by the Board of Managers of the General Partner of the RAIF.

   4.3. We have checked that the elements indicated in the detailed description and analysis of the investment regarding its eligibility as "risk capital" would not contradict the concept of "risk capital" as described in Circular 06/241 issued by the Commission de Surveillance du Secteur Financier (CSSF). As mentioned in this circular, the relevant criteria are: a high-risk element, the concept of development (value creation at the level of portfolio companies/active intervention) and the holding duration which includes an exit strategy.

   The procedures listed in item 4 are applicable to all investments held by the RAIF as noted in the Descriptive List.

5. We have obtained the list of capital calls made during the financial year ended [prior year closing date] as well as a table detailing their respective uses. We have compared the dates and amounts of the list of capital calls and the table detailing their respective uses with the accounting information (such as the general ledger, bank statements, cash flow, etc.) to check the completeness and accuracy of the information received.

   We have checked that the capital calls made during the financial year ended [prior year closing date] have been used, within a period of 12 months, primarily to finance the acquisition or the development of eligible investments.

6. We have obtained the list of cash generated by the divestments made during the financial year ended [prior year closing date] as well as a table detailing their respective use.

   We have compared the dates and amounts in the list of cash generated by the divestments and the table detailing their respective use with the accounting information (such as the general ledger, bank statements, cash flow, etc.) to check the completeness and accuracy of the information received.

   We have checked that the cash generated by the divestments made during the financial year ended [prior year closing date] have been used, within a period of 12 months, primarily to finance the acquisition or the development of eligible investments, or primarily distributed to the investors of the RAIF.

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BLUE RISK CAPITAL SCSp SICAV-RAIF
Appendix II: Report of factual findings on investment in risk capital

We report our findings below:

1. With respect to procedure 1, we found no evidence that the exclusive purpose of the RAIF is not the investment of its funds in assets representing risk capital.
2. With respect to procedure 2, the Descriptive List and the supporting documents obtained from the Board of Managers of the General Partner of the RAIF have been attached as Appendix 1 to this report.
3. With respect to procedure 3, we did not identify any inconsistency between the amounts in the Descriptive List and the accounting information.
4.
   4.1 With respect to procedure 4.1, the detailed description and analysis regarding the eligibility of each investment as "risk capital" obtained from the Board of Managers of the General Partner of the RAIF has been attached as Appendix 2 to this report.

   4.2 With respect to procedure 4.2, in the detailed description and analysis of the Board of Managers of the General Partner of the RAIF regarding the eligibility of each investment as "risk capital", we did not identify any evidence of inconsistency with the information provided to us by the Board of Managers of the General Partner of the RAIF.

   4.3 With respect to procedure 4.3, in the detailed description and analysis of the Board of Managers of the General Partner of the RAIF regarding the eligibility of each investment as "risk capital", we did not identify any evidence which contradicted the concept of "risk capital" as described in Circular 06/241 issued by the CSSF.
5. With respect to procedure 5, we did not identify any inconsistency between the dates and amounts in the list of capital calls and the table detailing their respective uses, and the accounting information.

   We found no evidence that the capital calls made during the financial year ended [prior year closing date] had not been used, within a period of 12 months, primarily to finance the acquisition or the development of eligible investments.
6. With respect to procedure 6, we did not identify any inconsistency between the dates and amounts in the list of cash generated by the divestments and the table detailing their respective uses, and the accounting information.

   We found no evidence that the cash generated by the divestments made during the financial year ended [prior year closing date] had not been used, within a period of 12 months, primarily to finance the acquisition or the development of eligible investments, or primarily distributed to the investors of the RAIF.

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the Descriptive List and other information used in the context of our procedures.

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

The procedures described above have been performed based on information available as at the date of our report.

This report relates only to items specified above and does not extend to any account balance of the financial statements of the RAIF, taken as a whole. The audited financial statements of the RAIF are included in Appendix 3 of this report.

Our report is solely for the purpose set forth in the third paragraph of this report and for the information of the Board of Managers of the General Partner of the RAIF and the Administration des Contributions Directes under the law of 23 July 2016 on reserved alternative investment funds and is not to be used for any other purpose or to be distributed to any other parties.

We cannot be held accountable for any claims, debts, losses, damages or costs suffered by the RAIF as a result of our report.

Luxembourg, [date of the auditor's report]

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

Partner/Associate Partner

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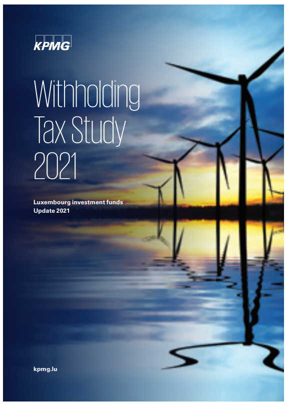

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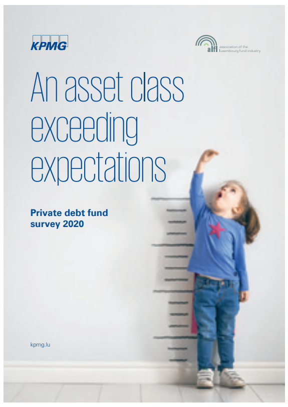

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