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NIC DCP III K/S

Bredgade 40
1260 Copenhagen
CVR No. 43220101

Annual report 27.04.2022 - 31.12.2022

The Annual General Meeting adopted the annual report on 31.05.2023

Anders Stubkjær Dalhoff
Chairman of the General Meeting

Contents

Entity details

Entity
NIC DCP III K/S

Bredgade 40

1260 Copenhagen

Business Registration No.: 43220101

Date of foundation: 27.04.2022

Registered office: Copenhagen

Financial year: 27.04.2022 - 31.12.2022

Executive Board
Advantage Club GP ApS, Anders Stubkjær Dalhoff

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management

The Executive Board has today considered and approved the annual report of NIC DCP III K/S for the financial year 27.04.2022 - 31.12.2022.

The annual report is presented in accordance with the Danish Financial Statements Act.

In my opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 27.04.2022 - 31.12.2022.

I believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

I recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 31.05.2023

Executive Board

Advantage Club GP ApS
Anders Stubkjær Dalhoff

Independent auditor's report

To the Limited Partners of NIC DCP III K/S

Opinion

We have audited the financial statements of NIC DCP III K/S for the financial year 27.04.2022 - 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 27.04.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management 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, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives 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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark 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 conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism 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 Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report 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 auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

We did not identify any material misstatement of the management commentary or the supplementary report.

Copenhagen, 31.05.2023

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Michael Thorø Larsen
State Authorised Public Accountant
Identification No (MNE) mne35823

Management commentary

Primary activities

NIC DCP III K/S (DCP III) is an alternative investment fund with a geographical focus on global infrastructure investments primarily in Europe and North America. DCP III has made one commitment (DIF Core-plus Infrastructure Fund III) and expects to make a commitment to a DIF CIF III Co-investment vehicle. DCP III is still in fundraising. DCP III was established 27 April 2022 and this annual report therefore covers the period from 27 April 2022 to 31 December 2022.

Development in activities and finances

The financial year resulted in a loss of EUR 0.66 million which is in line with both management expectations and a function of the expected so-called J-curve shape of an infrastructure portfolio. Besides the overall negative results of the portfolio funds – see below, the result was burdened by management fee, establishment cost and due diligence cost associated with the completion of the portfolio fund commitment.

The overall result on investments in portfolio funds was positive by EUR 0.71 million. Establishment cost, legal and tax due diligence cost and other administrative expenses in the form of management fee and fund operating expenses amounted to EUR 1.16 million whereafter the overall result was negative by EUR 0.45 million. Since inception the portfolio fund has in general performed according to plan.

DCP III's own external expenses in the form of management fee, establishment cost, due diligence cost associated with the completion of the portfolio fund commitment and fund operating expenses amounted to EUR 0.21 million.

In the financial year an aggregate amount of EUR 12.4 million was paid-in by the limited partners corresponding to 11.5% of the limited partners' committed capital. An aggregate amount of EUR 12.1 million was contributed to the portfolio fund during the financial year corresponding to 18.6% of the commitments to the portfolio fund. An amount of USD 0.0 million was distributed from portfolio funds during the financial year.

Particular risks

Financial risk

The objective of DCP III is to provide capital to the portfolio fund, and thereby finance the underlying investments in competitive infrastructure companies in primarily Europe and North America. The highest factor of risk is the changes in the valuations of the companies in which DCP III's portfolio fund invests in, which are based on both the development in earnings and the valuations of comparable listed companies. The portfolio valuations are based on an estimate and therefore subject to some degree of uncertainty.

Interest rate risk

DCP III is less sensitive to changes in interest rate levels.

Foreign exchange currency risk

DCP III's portfolio fund commitments are made in EUR. As the capital in DCP III is also in EUR, the currency risk is considered insignificant.

Liquidity risk
DCP III's cash resources as of 31 December 2022, include cash and cash equivalents and outstanding commitments from the limited partners and are deemed sufficient to cover DCP III's current liabilities.

Outlook

Overall, infrastructure investments maintain strong secular tailwinds, while also facing considerable shorter-term challenges. The ongoing energy transition, particularly in Europe and accelerated by the war in Ukraine, generates new investment opportunities, but may pose risks to legacy assets. Furthermore, rising interest rates increase the emphasis on contract formation, to ensure that infrastructure assets, which should theoretically offer a reliable hedge against inflation, live up to this expectation. Lastly, governments worldwide acknowledge the necessity of rebuilding and enhancing their infrastructure. This presents promising investment opportunities but demands skillful navigation to sidestep political pitfalls.

The result for 2023 is expected to be slightly positive as a function of the expected so-called J-curve shape of an infrastructure portfolio.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Supplementary reports

Periodic disclosure for Article 8 financial products

Please refer to page 18 for NIC DCP II K/S's periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2, and 2a of Regulation (EU) 2019/2088 and Article 6, first paragraph of Regulation (EU) 2020/852 for the period 27.04.2022 - 31.12.2022.

Income statement for 2022

	Notes	2022 EUR
Fair value adjustments of other investment assets		(451,065)
Other external expenses	1	(134,445)
Gross profit/loss		**(585,510)**
Other financial expenses		(79,140)
Profit/loss for the year		**(664,650)**
Proposed distribution of profit and loss:		
Retained earnings		(664,650)
Proposed distribution of profit and loss		**(664,650)**

Balance sheet at 31.12.2022

Assets

	Notes	2022 EUR
Other investments		11,688,860
Financial assets	2	**11,688,860**
Fixed assets		**11,688,860**
Cash		**177,298**
Current assets		**177,298**
Assets		**11,866,158**

Equity and liabilities

	Notes	2022 EUR
Contributed capital		12,420,000
Retained earnings		(664,650)
Equity		**11,755,350**
Other payables		110,808
Current liabilities other than provisions		**110,808**
Liabilities other than provisions		**110,808**
Equity and liabilities		**11,866,158**
Fair value information	3	
Contingent liabilities	4	
Related parties with controlling interest	5	

Statement of changes in equity for 2022

	Contributed capital EUR	Retained earnings EUR	Total EUR
Increase of capital	12,420,000	0	12,420,000
Profit/loss for the year	0	(664,650)	(664,650)
Equity end of year	**12,420,000**	**(664,650)**	**11,755,350**

The investors have agreed upon a total commitment of EUR 107.5 million. As of 31.12.2022 the total remaining commitment amounts to EUR 95.08 million.

Notes

1 Other external expenses

The Company has no employees.

Management has not received remuneration.

2 Financial assets

The Company has through investments in portfolio funds ownership of mainly unquoted investments. The Company has no controlling or significant influence on the portfolio funds in which the Company has invested.

The portfolio funds in which the Company has invested all use common accepted guidelines for measuring the fair value. The measuring of the fair value of the investments in underlying portfolio funds are made by the managers of the portfolio funds.

Usually, the Company has no or very little information about specific methods and assumptions used by the managers of the portfolio funds when measuring the fair value of the underlying portfolio comapnies. However, quarterly the Company receives information from the managers of the portfolio funds regarding the performance of the underlying portfolio companies including an unaudited capital account. At Q4 the Company receives audited financial statements by an independent auditor from the underlying portfolio funds which is the basis for the year end valuation.

The Company has no influence on the fair value assessment in the underlying portfolio fund why no key assumptions related to the fair value is relevant to disclose. As part of the compilation of the annual report management assesses the fair value principles and accounting estimates of the portfolio fund and evaluate if these principles are fair based on management experience and knowledge of the investment.

The value of a private equity fund is measured as the fair value of each investment in portfolio companies owned by the fund with addition of other net assets in the fund. The valuation of a portfolio company in a portfolio fund is based on the industry, market position and earnings capacity, and the (i) the peer group multiple, i.e., the market value of comparable listed companies, (ii) transaction multiple in recent M&A transactions involving comparable companies, (iii) value indications from potential buyers of the portfolio company, (iv) market value if the portfolio company is publicly traded or (v) future expected proceeds, if there is a concluded agreement on the sale of the portfolio company.

The Company invests in portfolio funds. The investments made by the portfolio funds are classified within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. The three levels of the fair value hierarchy are described below:

Level 1 – Inputs based upon quoted priced for identical assets and liabilities in active markets.

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 – Unobservable input.

Fair market value as of 31 December 2022

EUR	Level 1: Quoted prices	Level 2: Observable input	Level 3: Unobservable input	Total
Investment in portfolio funds	0	0	11,688,860	11,688,860
Total	**0**	**0**	**11,688,860**	**11,688,860**

3 Fair value information

	Unlisted equity EUR
Fair value end of year	11,688,860
Unrealised fair value adjustments recognised in the income statement	(451,065)

4 Contingent liabilities

There is a remaining investment commitment of a total of EUR 52.86 million.

In addition there are no guarantees or other contingent liabilities of the Company.

5 Related parties with controlling interest

Manager

Manager from 27.04.2022:
ADVANTAGE Investment Partners A/S, Bredgade 40, 1260 Copenhagen.

Transactions: Management fee.

General Partner

General Partner from 27.04.2022:
Advantage Club GP ApS, Bredgade 40, 1260 Copenhagen.

Transactions: General partner fee.

Transactions with related parties are carried out at arm's length principle.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

Reporting currency is Euro (EUR).

Non-comparability

This is the Company's first financial year and comprise the period 27.04.2022 - 31.12.2022, and hence no comparative figures have been presented.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

Income statement

Other external expenses

Other external expenses include expenses relating to the Entity’s ordinary activities, including management fee, general partner fee, audit fee etc.

Other financial income

Other financial income comprise interest and net exchange rate adjustments on transactions in foreign currencies.

Other financial expenses
Other financial expenses comprise interest and net exchange rate adjustments on transactions in foreign currencies.

Balance sheet

Other investments
Other investments under non-current assets comprise unlisted investments in portfolio funds.

Investments are measured at fair value through the income statement. When measuring the fair value of an underlying portfolio fund the valuation is based on the fair value of the assets and liabilities included in the individual portfolio fund, which appears in the individual portfolio fund's audited financial statement.

The fair value of the investment assets held in the portfolio fund is calculated based on recognized valuation methods, including the IPEV valuation guidelines, which essentially correspond to the recognition and measurement provisions under IFRS 13. The estimated fair value on the investments under non-current assets thus corresponds to the Advantage share of the capital account of the portfolio fund.

As a result of the investment is made through another portfolio fund, it is not possible to provide further information about the multiples, return requirements etc. applied in valuation. At Q4 the Company receives audited financial statements by an independent auditor from the underlying funds which is the basis for valuation at the balance sheet date.

Since the valuation in the portfolio funds is dependent on assumptions about e.g., future earnings in underlying companies owned by the funds and the development in market multiples, the valuation is associated with a natural uncertainty. This uncertainty will naturally be greater in periods of fluctuations in the financial markets, where market multiples, and thus the valuation, will be affected by, among other things, developments in illiquidity premiums and the possibility of selling underlying companies in the funds.

Outstanding investment commitments at the balance sheet date are disclosed as contingent liabilities in the notes. The Company only holds investments in unlisted equity.

Refer to note 2 for further.

Cash
Cash comprises cash in bank deposits.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

ANNEX IV

Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: NIC DCP III K/S **Legal entity identifier:** 43 22 01 01

Environmental and/or social characteristics

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

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

Did this financial product have a sustainable investment objective?

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

NIC DCP III K/S ("the Partnership") is a closed-ended alternative investment fund, managed by *ADVANTAGE Investment Partners* ("the Manager"). The Partnership is a fund-of-funds, investing equally in n DIF CorePlus Infrastructure Fund III Coöperatief U.A. ("the Cooperative") and DIF Core-Plus Infrastructure Fund III SCSp ("the Debt SCSp") (collectively "the Main Funds") and any co-investment vehicles (each a "Co-Investment Vehicle") established by DIF Capital Partners, each with DIF Capital Partners as its manager ("Portfolio Fund Manager") and any Alternative Investment Vehicles, Feeder or Parallel Funds (each as defined in the Master Fund LPAs) established in accordance with the Master Fund LPAs (collectively the "Master Funds") with the principal objective of creating capital growth for the benefit of the Limited Partners. Any reference in this Disclosure Document to the status or characteristics of the Partnership for purposes of SFDR and EU Taxonomy (EU 2021/825) is a function of the corresponding status or characteristics of the Main Funds as determined by DIF Management.

To what extent were the environmental and/or social characteristics promoted by this financial product met?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The Master Funds, and thus indirectly the Partnership, promote environmental and social characteristics as described in Article 8 of the Sustainable Finance Disclosure Regulation (SFDR 2019/2088).

Environmental and social characteristics were promoted by the Master Funds (and thus indirectly the Partnership), by making investments that contributed to one or more of the four selected Sustainable Development Goals (SDGs):

- SDG 9 - Industry, innovation & infrastructure
- SDG 11 - Sustainable cities and communities
- SDG 13 - Climate action

How did the sustainability indicators perform?

The Investments made by the Master Funds (and thus indirectly the Partnership) are required to report on these pre-defined reporting indicators on an annual basis to ensure that the Portfolio Fund Manager is able to monitor and report on the post-investment contribution to the SDGs. The Partnership's sustainability indicators which are used to measure the SDG contribution post-investment are divided by SDG (9, 11 and 13) and subdivided into social and/or enviornmental indicators, as discussed below:

SDG 9 – Industry, innovation & infrastructure

Social indicators:

- invested capital in basic infrastructure and essential services (% invested in clean drinking water, sewers, sanitation, transport, energy, basic telecommunications, education and vocational training, healthcare, housing)

SDG 11 – Sustainable cities and communities

Social indicators:

- invested capital in basic infrastructure and essential services (% invested in clean drinking water, sewers, sanitation, transport, energy, basic telecommunications, education and vocational training, healthcare, housing)

Environmental indicators:

- renewable energy consumed (%)
- energy consumed (MWh), GHG footprint (tCO_2e Scope 1, 2 & 3)

SDG 13 - Climate action

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

Environmental indicators:
- GHG footprint (tCO_2e Scope 1, 2 & 3)
- GHG emissions reduction (tCO_2e), GHG emissions avoided (tCO_2e)
- net zero targets portfolio coverage (%)

Due to the timing of the Master Funds' reporting on the performance of the sustainability indicators, which is ex-post the publication of this report, the Partnership is unable to elaborate on the performance of the indicators.

…and compared to previous periods?

N/A. Since this is the first periodic disclosure made for the product pursuant to SFDR Level II (EU 2022/1288) and its relevant amendments (EU 2023/363), this section provides information for the current reference period only.

What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?

N/A. The Master Fund did not make sustainable investments.

How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

N/A

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

N/A

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

N/A

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

How did this financial product consider principal adverse impacts on sustainability factors?

N/A

What were the top investments of this financial product?

The investments listed below are the investments made by Master Funds' and thus indirectly by the Partnership. The Master funds' portfolio (and thus indirectly the Partnership's) consisted in a total of six assets. The Invested capital as per 31 December 2022 is used as the basis for calculating the proportion (%) of investments.

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 01.01.2022-31.12.2022

Largest investments	Sector	% Assets	Country
Talbot Group	Healthcare	41%	Ireland
Rail First	Transport	25%	Australia
Tonaquint Data	Digital	13%	United States
Greener	Energy	9%	Netherlands
Airtower Networks	Digital	8%	United States
Bump	Energy	3%	France
Total investments		**100%**	

Asset allocation describes the share of investments in specific assets.

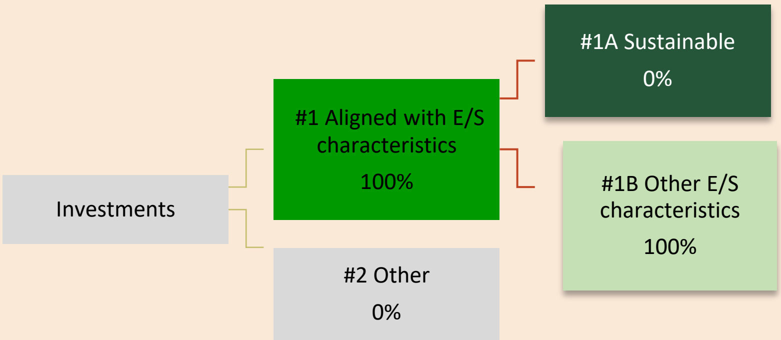
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

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

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

What was the proportion of sustainability-related investments?

What was the asset allocation?



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

In which economic sectors were the investments made?

The Investments made by the Master Funds (and thus indirectly by the Partnership) were in the following sectors:

- Healthcare (41%)
- Transport (25%)
- Digital (21%)
- Energy transition (13%)

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

N/A

Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy[1]?

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

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

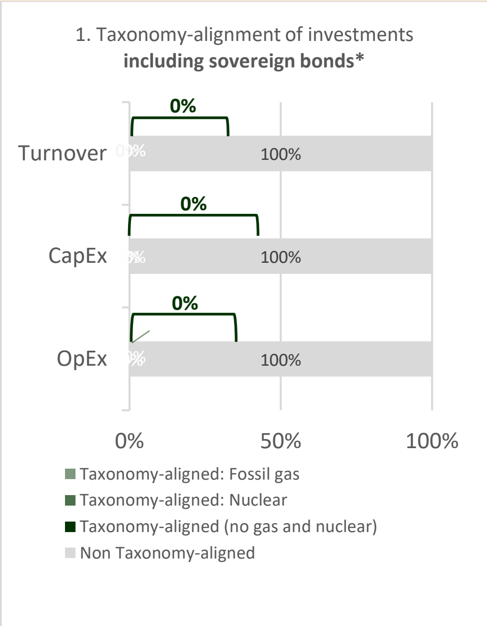
are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

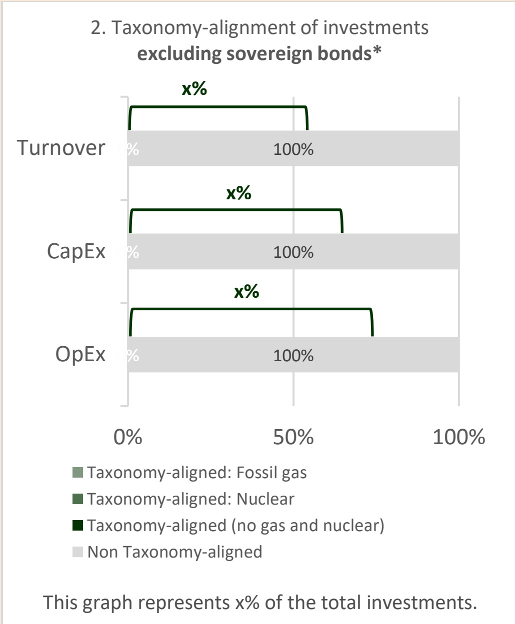
☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

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





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

What was the share of investments made in transitional and enabling activities?

N/A. As of now, no formal EU Taxonomy alignment assessment has been performed by DIF Management in relation to the Main Funds. On this basis, the Manager has assessed that the Partnership's minimum share of investments in transitional and enabling activities was 0%.

How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?

N/A.

What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

N/A. As of now, DIF Management has not performed a formal assessment of the share of socially sustainable investments in relation to the Main Funds. On this basis, the Manager has assessed that the Partnership's share of socially sustainable investments was 0%.

What was the share of socially sustainable investments?

N/A. As of now, DIF Management has not performed a formal assessment of the share of socially sustainable investments in relation to the Main Funds. On this basis, the Manager has assessed that the Partnership's share of socially sustainable investments was 0%.

What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

N/A. DIF Management has deemed this to not be applicable to the Master Funds.

What actions have been taken to meet the environmental and/or social characteristics during the reference period?

ESG is integrated in the Main Funds' investment strategy (and consequently, indirectly, the Partnership's investment strategy) through the Exclusion list, the ESG screening checklist, positive screening based on the intrinsic benefits rating, and through the ESG Path. Binding elements of the Main Fund investment strategy are included in the positive screening based on the intrinsic benefits rating and in the ESG Path:

Positive screening:

Each investment opportunity receives an intrinsic benefits rating based on the investment sector and the country of the investment. This rating is determined by applying the intrinsic benefits tool which is based on the UNEP-FI Impact Radar methodology. The outcome of the positive screening has binding consequences for the next steps followed in the pre-investment process. Investment opportunities that score in the lowest quartile are first subject to a binding opinion by the ESG Committee on whether to further pursue the investment opportunity. Investment opportunities in the lowest two quartiles are assigned both selected negative impact reporting indicators as well as relevant reporting indicators. Investment opportunities in the highest two quartiles are only assigned relevant reporting indicators.

ESG Path:

DIF Management's ESG Path is the active ESG engagement approach during asset management. Through DIF Management's ESG Path the firmwide ESG Policy is enacted which is aimed at ensuring good governance practices are implemented by investment as well as collecting relevant KPIs. The ESG Path follows an iterative approach in which an assessment is performed on an annual basis and followed up with an investment specific ESG action plan. As part of the active engagement through the ESG path DIF Management will also focus on the reporting and performance on relevant KPIs for attaining the selected SDGs. When an investment underreports or underperforms specific improvement action will be included in their ESG action plan. These improvement actions will be included on the board agenda and DIF Management will leverage its board seats to ensure that these actions are implemented.

How did this financial product perform compared to the reference benchmark?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- ***How does the reference benchmark differ from a broad market index?***

N/A

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

N/A

- ***How did this financial product perform compared with the reference benchmark?***

N/A

- ***How did this financial product perform compared with the broad market index?***

N/A