Pathfinder ALVARIUM

POLICY NAME	PRIVATE ASSETS VALUATION POLICY		
EFFECTIVE DATE	November 2025	VERSION NO.	2
POLICY OWNER & CONTACT DETAILS	Investment Team		

APPLIES TO					
BUSINESS UNITS	Investment Team	Ethics and Investment Committee			
TEAMS					

VERSION HISTORY				
VERSION	APPROVED BY	REVISION DATE	DESCRIPTION OF CHANGE	AUTHOR
1.0	Ethics and Investment Committee	August 2023	New policy	
2.0	Ethics and Investment Committee	November 2025	Review valuation methodologies and timing, new Pricing Review Committee to review quarterly pricing	K Tyne

POLICY REVIEW AND APPROVAL

November 2025

Private Assets Valuation Policy

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TERMS AND DEFINITIONS

Define any acronyms, jargon, or terms that might have multiple meanings.

TERM	DEFINITION
Fair Value	An estimation of the price at which an orderly transaction would take place between market participants at the measurement date
EIC	Ethics and Investment Committee
Private assets	Assets that are not listed on a recognized stock exchange including assets in the category named “other securities” in the Apex Asset and Liability Valuation Policy

BACKGROUND

Alvarium Wealth (NZ) Limited and Pathfinder Asset Management Limited adopt the valuation methodologies set out in the Apex Asset & Liability Valuation Policy (**Apex Policy**) to value assets held within products and services offered by us. This policy sets out how assets that are not listed on a recognised stock exchange will be periodically valued (**private assets**) and will apply to the category named “other securities” in the Apex Policy

The Ethics and Investment Committee is responsible for approving this Policy. The Investment Team is responsible for ensuring the valuation of private assets is carried out in accordance with this Policy. Valuations may be carried out by the Investment Team and/or an independent valuer. Where a private asset is held by a related party, the Related Party Transaction Policy will apply and any conflicts of interest will be disclosed and handled in accordance with that Policy and summarised in the relevant Product Disclosure Document or Other Material Information document (in the case of retail funds) or Service Disclosure Document (in the case of DIMs)

This Policy is intended to provide:

1) Guidance as to when valuations should be undertaken
2) Preferred approaches to undertaking valuations

Individual valuation guidelines for each private asset will be prepared by the investment team, reviewed by the Chief Investment Officer, and submitted to the Alvarium Wealth Pricing Committee for approval. The Alvarium Wealth Pricing Committee is a subcommittee of the Ethics and Investment Committee which has delegated responsibility to review and approve valuations of private assets under this Policy.

Valuations of private assets will be circulated to the Alvarium Wealth Pricing Committee for approval:

(a) on a quarterly basis; and
(b) upon requisite valuation changes intra-quarter as required by this policy (refer ‘Valuation timing’ below)

This policy broadly aligns with valuation principles defined in the IPEV guidelines. However, we are not obliged to follow the IPEV guidelines and there may be differences with our approach. The IPEV guidelines are published on the IPEV website and are available for further background reading. In determining fair value, we categorise inputs following the fair value hierarchy set out in IFRS 13.

1. PURPOSE OF VALUATIONS

Private assets need to be revalued so unit pricing reflects current fair value of a fund's assets. Asset valuations need to be fair to:

1) Existing members in the fund so they understand the current value of their investment holding
2) Members redeeming fund units, so they receive fair value on exit of their investment
3) New members subscribing for fund units, so they pay fair value for their investment

"**Fair value**" is defined as an estimation of the price at which an orderly transaction would take place between willing market participants at the measurement date.

2. VALUATION TIMING

Each private asset will routinely be valued on a quarterly basis.

In exceptional circumstances, such as:

- an exit,
- a subsequent capital raise,
- any material news release affecting that private asset, or
- any other evidence of material impairment in value,

the Fair Value of the asset will be investigated, and a special (intra-quarter) valuation may be conducted sooner at the Chief Investment Officer's discretion.

Any such asset-level special valuation that implies a valuation change at the Fund level:

- Exceeding 0.15% of Fund NAV should be, in general, reflected in a timely fashion, however consideration may also be given to factors such as proximity of quarter end, and potential pending price adjustments in other private assets that may offset or enhance an aggregate Fund-level price change.
- Exceeding 0.3% of Fund NAV should be applied as soon as practicable.

Any non-executive member of the Ethics and Investment Committee may request an independent valuation be obtained from a qualified third-party, if considered necessary. Circumstances that may lead to the request for an independent valuation include where the Fair Value of an asset has not been audited in the past 12 months, where the asset is material to any of the funds (typically representing more than 1.0% of AUM of a retail fund on a look-through basis), or where there is uncertainty or a high degree of subjectivity surrounding the current Fair Value of the asset.

3. POLICY REVIEW AND APPROVAL

This policy is to be approved by the Ethics and Investment Committee and reviewed bi-annually.

4. VALUATION POLICY: EQUITY INVESTMENTS

4.1. EXTERNAL FUNDS

Private equity assets may be held in an external fund or other third-party investment vehicle such as hedge funds and private equity funds, where a price or Net Asset Value ("NAV") is provided by the manager of that fund/investment vehicle. In this case, we have no direct control over pricing, and no ability to conduct our own valuations of underlying assets.

In this case the most recent fund valuation/NAV provided by the manager will be used (which is expected to be updated at least quarterly).

However, prior to investment in the third-party vehicle, the Investment Team and Chief Investment Officer will evaluate whether the pricing methodology of the managing entity is acceptable to us, particularly as it relates to International Private Equity and Venture Capital ("IPEV") guidelines and fair value hierarchy set out in IFRS 13. The Investment Team and Chief Investment Officer will review any changes in valuation policy of all third-party managers annually, as disclosed in the annual report of the fund. Significant deviation will only be accepted if the size of the investment position means that this deviation is unlikely to create material adverse impacts on our investors.

4.2. DIRECT INVESTMENTS

Where the investment was completed within the last twelve months, the acquisition price (or cost) will be used as the fair value, unless there has been a material change to the business or industry which warrants an adjustment to the acquisition price.

The following valuation methods may be used to value unlisted equity investments and are most appropriate for established businesses with an observable track record of normalised earnings or revenue.

Market Approach

The starting position is that the acquisition price of an investment is deemed fair value at the time of acquisition and valuation techniques applied subsequently should be evaluated using market inputs of a comparable basket of peers.

The details of how we will apply the market approach are described below.

1. At the date of acquisition:

    a. Calculate acquisition price to determine both fair value and the relevant valuation metric. Examples of metrics used could be price to sales ratio, price to earnings ratio, price to book ratio, or industry specific valuation benchmarks (e.g. price per bed, price per subscriber).

b. Select a basket of listed observable and comparable companies ("**Basket**").

   Each Basket to be selected based on a range of criteria which may include:
   - Business activities
   - Revenue model
   - Target markets
   - Size
   - Geography

   Note that companies may be added or removed from the Basket on revaluation dates where appropriate. Companies in the Basket can be weighted in the Basket in a manner deemed most appropriate by the Investment Team, which can include equal weighting or based on their level of comparability

c. Calibrate the investment by comparing the acquisition metrics of the investment with the metrics of the Basket to determine any observable discount due to points of difference between the investment and the Basket, including but not limited to the lack of liquidity

2. On revaluation dates:

   a. Where an investment was not completed within the last twelve months, the market multiple at the valuation date from the Basket will be applied to the appropriate investment metric to calculate the new value (e.g. price to revenue)

   b. The value of the investment will be based on the value implied by the metric of the Basket, and where applicable with an appropriate discount applied (as determined at time of acquisition and described in 1(c) above, and adjusted for any material changes to the comparability of the investment and the Basket since the last valuation date)

   c. The company and Basket metric (e.g. price to revenue) will be updated if relevant. . We will also consider whether the companies in the Basket are still appropriate and whether there are any other qualitatively assessed adjustments required. These adjustments are generally based on considerations like business progress, subsequent transactions etc.

Example of Market Approach:

<u>Step 1</u>: Identify Comparable Companies
To value *Company X*, we first consider a set of listed peers to create the Basket. When selecting the Basket, we will consider companies with similar fundamentals like size, growth rates, margins, and business models.

<u>Step 2</u>: Determine the Appropriate Multiple
There are several valuation multiples that can be applied, such as EV/EBITDA or EV/Revenue. For profitable businesses with a stable earnings profile, EV/EBITDA is generally preferred because it reflects operational performance while remaining independent of capital structure. Since *Company X* has positive and stable EBITDA, we select EV/EBITDA as the most appropriate metric.

<u>Step 3</u>: Derive and Adjust the Peer Multiple
From the selected peer group, the average EV/EBITDA multiple is 9.0x. However, because *Company X* is smaller and privately held, investors may apply a discount to reflect differences in scale, liquidity, and risk. Assuming a 15% discount, the adjusted multiple becomes:

- 9.0x * (1-15%) = 7.65x

<u>Step 4</u>: Apply the Multiple
Company X is forecast to generate EBITDA of $250m. Applying the adjusted multiple:

- Enterprise Value = $250m × 7.65x = $1,913m

<u>Step 5</u>: Adjust for Net Debt
Company X has net debt of $500m. Subtracting this from the enterprise value gives:

- Equity Value = $1,913m – $500m = $1,413m

<u>Step 6</u>: Calculate Price Per Share
Company X has 10m shares on issue. Dividing equity value by number of shares gives price per share:

- Price Per Share = $1,413m / 10m = $141.3

DCF (Discounted Cash Flow) Method

This is a non-market approach and involves a manual calculation of the value of the company based on its future projected cash flows. This is generally more problematic due to the valuation sensitivity to the Cost of Capital input, and the lack of inferred probabilistic assessment of the company's ability to execute, and/or general market risk premium.

NTA (Net Tangible Assets) Method

Deriving the value of a business by reference to the value of its net assets. The NTA method may be used in situations where the company's ability to operate as a going concern has come into question, or for companies where cash has been raised for a project but not spent.

Observable Market

Should an observable secondary market emerge for a company outside a traditional exchange, transaction prices can be considered as an input for valuation.

Cost Basis Method

A company will be valued at cost if (a) no other valuation method is suitable, or (b) the transaction occurred within the last 12 months. In each case there should be no clear evidence of a material subsequent change in value (i.e., material change in immediate investment environment or in the investment itself).

The following valuation methods may be used to value unlisted equity investments and are most appropriate for early-stage investments.

Calibrating to the Price of a Recent Investment

Where an investment was made recently, its cost may provide a good starting point for estimating fair value. Where there have been any other recent investments (e.g. further rounds of funding), the price of that investment may provide a basis for recalibrating inputs to the valuation model. Care must be taken to ensure consideration of rights and preferences among share classes, particularly with early-stage investments where it is common for equity to be structured as either preferred (with attached rights) or common equity.

Scenario Probability-Weighted Expected Return

Early-stage investments often have less measurable key performance indicators (e.g. lack a normalised earnings or revenue profile) and have limited outcomes, success, liquidation, or failure. Therefore, when measuring early-stage investments consideration is given to qualitative factors impacting value (e.g. performance vs. key milestones). Based on an assessment of these and other factors (e.g. macro market backdrop) it can generally be determined whether fair value has increased, decreased or stayed the same. The magnitude of the fair value change may be determined using calibrated probability-weighted expected return models based on a limited number of discrete outcomes (e.g. future up-round, flat round, down round, zero return). It should be noted that selecting inputs for such techniques is highly subjective.

5. VALUATION POLICY: DEBT INVESTMENTS

5.1 **EXTERNAL FUNDS**

Private Debt assets may be held in an external fund or other third-party investment vehicle, where a price or NAV is provided by the manager of that entity. We have no direct control over pricing, and limited ability to conduct our own valuations of underlying assets. In this case the most recent fund valuation/NAV provided by the manager will be used (which is expected to be updated at least quarterly).

However, prior to investment in the third-party vehicle, the Investment Team and Chief Investment Officer will evaluate whether the pricing methodology of the managing entity is acceptable to us, particularly as it relates to IPEV guidelines. The Investment Team and Chief Investment Officer will review any changes in valuation policy annually, as disclosed in the annual report of the fund. Significant deviation will only be accepted if the size of the investment position means that this deviation is unlikely to create material adverse impacts on our investors.

5.2 DIRECT INVESTMENTS

The private asset valuations for debt investments will be as follows:

Level 2 Fixed Income Assets with no observable/quoted market price

These will be valued quarterly (in the following order of hierarchy):

1. At the price determined by an independent valuation obtained by us.

2. Using a method with observable inputs and accepted in the market, such as:
   (a) select a Level 1 fixed income asset with similar duration but of minimal credit risk.
   (b) determine the appropriate spread to be applied to the Level 1 asset to reflect the credit and other specific characteristics. In the case of new bond issues, this can be observed by using the spread upon inception of the bond.
   (c) price the Level 2 asset based on the spread over the Level 1 asset.

Private Loans (Level 3 Fixed Income Assets)

Subject to the applicable requirements of IFRS 9, our starting position is that private loans will be valued at the total of principal value together with interest accrued at the loan lending rate, to the valuation date. For the purposes of IFRS 9, private loans are held for the purpose of collecting principal and interest accruing on the outstanding principal balance. We then use a checklist-based approach to assess any impairment of the loans on a quarterly basis.

The details of how we apply the checklist-based approach are described below:

1. Ask the borrower/arranger of the loan to complete the first five columns of the following checklist. If no new information relating to a loan is made available, the most recent loan impairment checklist will be used. In the case of related party loans, response and supporting materials will be retained and recorded.

	Is the Borrower forecasted to experience any material financial difficulty?	Are instances foreseen where the borrower may break terms of the contract?	Is the borrower requesting, or expected to request in future, concessions on repayments of principal or interest?	Is there any reason to believe that the borrower will enter bankruptcy or other financial re-organisation in the next year?	Are there any anticipated changes in the economic / legal / regulatory environment which will materially affect the ability to repay?	Stage (1, 2, or 3)
Loan A						
Loan B						
-						

2. Assess what "Stage" the loan is, based on the responses and using the following guidelines:

    a. **"Stage 1":** If "No" is selected for all columns, the loan is treated as not impaired. For loans in "Stage 1", the probability of default is the same as when the loan was made, and the loss given default is zero provided the LVR is less than 90% (gives a 10% margin of safety on asset valuation). Note, if an expected credit loss (**ECL**) was provisioned against the loan previously, the impairment allowance is written back to the gross carrying amount of the asset.

    b. **"Stage 2":** If "Yes" is selected in any column, the formulas below are completed to estimate the ECL to be applied to that loan using a Probability of Default (**PD**) of less than 25%.

    c. **"Stage 3":** If "Yes" for all questions, the formulas below are completed to estimate the ECL to be applied to that loan using a PD greater than 90%.

Calculating Expected Credit Loss (ECL)

Expected Credit Loss Calculation:

$$\boldsymbol{ECL = EAD \times PD \times LGD}$$

Where:

EAD = Exposure at Default/Value of Investment

PD = Probability of Default

LGD = Loss Given Default

Loss Given Default Calculation (expressed as a %):

$$\boldsymbol{LGD} \quad = \frac{\boldsymbol{GCA - LV}}{\boldsymbol{GCA}}$$

Where:
GCA = Gross Carrying Amount
LV = Liquidation Value

Calculating Loss Given Default (LGD)

When we deem a loan as “Stage 2” or “Stage 3”, we will work with the arranger to estimate LGD. This will require in depth analysis of factors that may impact the borrower’s ability to repay loan payments or meet loan terms. We may treat interest and principal payments separately in calculating LGD for a loan. Note, the security for individual loans can be made up of several assets. For commonly used collateral we will use the assumptions below to estimate a liquidation value (LV):

<u>Land/completed developments held for sale</u>

- List/feasibility price provided similar/surrounding lots had been selling at list price recently, otherwise registered valuation. For entire sites, using last bid where available and all else being equal – for example, changes in the market, economic or regulatory environment haven’t impacted the value of the collateral. Otherwise, last registered valuation (issued within the last 2 years) is used.

<u>Ongoing Development</u>

- For developments that haven’t yet completed or started selling lots, we would use either most recent registered valuation as base, or land value plus capitalised cost on the project – a land development company will use the cost capitalisation method for valuing assets on their balance sheets.

<u>Equipment</u>

- Cost less accumulated depreciated unless there’s a known actual residual value in the case of a fire sale.

<u>Other</u>

- Assets such as forest crop, last bid is used when available otherwise current valuation discounted by 20%.

RELATED POLICIES AND OTHER REFERENCES

- Apex Asset & Liability Valuation Policy
- Related Party Transaction Policy
- Alvarium Wealth Pricing Committee Terms of Reference

ROLES AND RESPONSIBILITIES

List the job titles and business offices directly responsible for the policy.

ROLE	RESPONSIBILITY
CIO	Prepare individual valuation guideline for each private asset Conduct special valuation of private asset if warranted by a material change in circumstances intra-quarter
Investment Team	Carry out quarterly valuations of private assets in accordance with policy Assess whether pricing methodology used by third party managers is acceptable
EIC	Approve policy and individual asset valuation guidelines Monitor adherence to policy
Compliance	Test compliance with policy
Alvarium Wealth Pricing Committee	Reviews and approves individual private asset valuations prepared by the Investment Team