

Private Asset Valuation Policy

27 June 2020

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This policy sets out how assets that are not listed on a stock exchange will be periodically valued.

Private Assets

In our SIPO, Private Assets are included under two categories. Firstly, **equity investments** are covered under “Other Assets”:

Other Assets	These are direct investments that are unlikely to be stock exchange listed. These can include investments known as ‘impact investments’, ‘venture capital’ and ‘private equity’. This category also includes unlisted property, such as direct ownership in property or ownership of property companies that are not listed on a stock exchange.
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Secondly, **fixed income investments**, for example a private loan, are covered under NZ or International Fixed Income:

NZ Fixed Income	Bonds issued in New Zealand (which includes ‘green bonds’). Loans made in New Zealand.
International Fixed Income	Bonds issued outside of New Zealand which includes international ‘green bonds’. Loans made outside of New Zealand.

There is a high degree of responsibility on Pathfinder to price private assets appropriately. This is required to maintain fairness between current and future investors in our funds.

Valuation frequency

Private assets will be valued at least quarterly by the Investment Committee. They may be valued more frequently, in particular where:

- For unlisted shares: the NZX listed market has moved significantly during the current calendar quarter (for example by 15%)
- For loans: where the Manager becomes aware of a loan being in default

Valuation methods - private equity investments

These will be priced conservatively but fairly. Valuation may take account of:

Fair value of assets not traded on active markets is determined by valuation techniques. These can include a variety of methods that are based on market conditions at the time of valuation:

- Recent arms' length transactions in the same company's shares. This is likely to be new shares issued by the company to other investors or sales between shareholders.
- Comparable recent arms' length transactions by comparable companies. This will be private market transactions for similar companies.
- Comparable quoted assets on active markets (without deduction for selling costs). This is essentially using public market pricing metrics from similar companies.
- Reference to other instruments that are substantially the same
- Discounted cashflow analysis
- Other valuation techniques commonly used by market participants. The preference is for these to make maximum use of market inputs and rely as little as possible on entity specific inputs. This could include option pricing models or market valuation to funds invested models.

Valuation methods – debt securities, loans and private credit

The following decision tree shows how prices of private credit will be determined.

