

Annex 2 – ANALYSIS OF PROPORTIONALITY CRITERIA OTHER THAN AuM THRESHOLD

Proportionality element	Specific factor	Interpretation	Actis analysis
Internal Organisation	Whether the AIFM is listed or traded on a regulated market	If the AIFM is listed, this factor favours the application of the Pay-out Process Rules because its compliance is likely to align the interests of the AIFM's staff with external investors.	Actis EU is not listed or traded on a regulated market.
	Ownership structure – whether a significant portion of the firm's equity or such other appropriate legal and/or economic interests is held by investors not working in the business	To the extent that the senior management of the firm own a majority stake in the firm, this would favour the disapplication of some or all of the Pay-out Process Rules on the grounds of proportionality in respect of senior management, such as the requirement on ex-post incorporation risk.	The majority of Actis EU's equity and economic interests are held directly or indirectly by individuals working in the business. Due to the application of the governance concerning equity ownership of the business, at any time, a minority stake is held by individuals who have since left the business. Stakes held by former partners are redeemed in tranches over a period of time.
Nature, scope and complexity of activities	Number of investment strategies/ styles and number of AIFs	To the extent a firm manages a large number of AIFs which implement a wide range of strategies, this is likely to indicate increasing complexity. A firm may consider its activities as non-complex where regulation limits the AIF strategies carried out or scope of investment in such a way so that investor risk is mitigated.	As at 31/12/2023, Actis EU had 8 AIFs, which are in substance organised into 8 funds across two investment strategies. Even if the portfolio management is delegated, the fact that the AIFM managed multi-strategies AIFs brings complexity to the model.
	Risk management and monitoring	Where the discretion of the AIFM or its delegate portfolio manager is strictly controlled within certain pre-defined and narrow parameters and/or investment decisions are rules-based (such as where there is a mandate to track an index), this	Although Actis EU's investment strategies are not formulaic, they operate within tight parameters. In particular, investment size, geographical diversity, quantity of listed investments, level of borrowing and level and purposes of hedging are all subject to strict limits, and a number of investment types are prohibited altogether.

		favours disapplication of the deferral and retention requirements.	In addition, Actis EU as an AIFM has personnel who are mandated to oversee risk management and monitoring and is supported by the Risk Committee of the Actis Group (the members of which include the General Counsel and Chief Financial Officer).
	Level of risk	If a firm is aware of its impact score, this can be used to measure its risk profile. If an AIFM is associated with a low level of risk or an AIFM falls within the lowest-risk impact score, this favours disapplication of the Pay-out Process Rules.	Actis EU estimates its impact score for conduct risk purposes as a low level of risk.
	The nature of any delegation arrangement between the AIFM and its delegate		Actis EU delegates portfolio management to Actis UK Advisers Limited. Actis EU does not delegate risk management to a third party.
	The nature of certain fee structures such as performance fees or carried interest	This factor may be considered where fee structures satisfy the objectives of alignment of interest with investors and avoid incentives for in appropriate risk-taking but perhaps do not meet the requirements of the Guidelines.	With the exception of ALLIF, Actis's AIFs operate whole-of-fund carried interest schemes, which incorporate strong clawback provisions and escrow arrangements (see paragraph 2.1(c)(iii) above). The carry structure for ALLIF is based on a whole of fund model with some adaptations designed to incentivise investment professionals within the long life infrastructure fund structure, including a firm guarantee in place of an escrow arrangement to support the clawback. The design of the structure nonetheless maintains an appropriate alignment between the GP/AIFM and third party investors, with deferral over a multi-year period.