



# **Valuation Framework: templates**

**by the LPEA AIFM Operations cluster**

Updated September 2026



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## About LPEA

The Luxembourg Private Equity and Venture Capital Association (“**LPEA**”) aims at promoting and defending the interests of investors and professionals principally active in the field of Private Equity (“PE”) and Venture Capital (“VC”).

The Association is the trusted and relevant representative body of PE and VC practitioners with a presence in Luxembourg.

Created in 2010 by a leading group of PE and VC players, with more than 700 members, LPEA plays a leading role locally, actively promoting PE and VC in Luxembourg.

LPEA provides a dynamic and interactive platform, which helps investors and advisors to navigate through latest trends in the industry. International by nature, the Association allows members to network, exchange experience, expand their knowledge and grow professionally by attending workshops and trainings held on a regular basis.

## About the document

The work presented herein was prepared by representatives of the Luxembourg Private Equity and Venture Capital Association AIFM Operations cluster (the “**LPEA AIFM Operations cluster**”).

This document is a suggested set of operational tools intended to assist industry participants in their valuation framework by outlining what may be considered a reasonable approach. It is provided for general informational purposes only and is not intended to constitute legal, regulatory, compliance, or other professional advice, nor does it represent official guidance.

The content of this document is not intended to be applied uniformly in all circumstances. Firms should assess its relevance and applicability in light of their specific facts, business model, risk profile, and applicable legal and regulatory requirements, and adapt it as they deem appropriate.

The Association does not provide specific advice and does not endorse or recommend any particular company, product, or service over another.

While reasonable care has been taken in preparing this document, no representation or warranty is made as to its completeness or accuracy. It should not be relied upon as a substitute for independent professional judgment or advice tailored to the particular circumstances of any entity.

Neither the LPEA nor any of their working groups, committees, members or any other person having contributed in any way whatsoever to this document accepts any responsibility or liability for damages arising out of the use of this document.

This document was first issued in May 2026 and has been updated to reflect relevant considerations from the CSSF Thematic Review – *Valuation Framework for Less Liquid and Illiquid Assets* (June 2026).

# Part 1: Valuation Memo

## 1. Purpose

The purpose of this memo is to outline the key elements of an effective valuation framework within an AIFM. It serves as a practical reference for providing adequate governance, challenge, documentation, and monitoring of valuation processes across all fund strategies. This memo is to be read with the other templates available: the valuation analysis deck and the valuation tracker/diary deck.

## 2. Core principles of valuation

### 2.1 Independence

The valuation process must be independent from portfolio management.

This includes:

- Appropriate segregation of duties;
- Independent review/approval by the Valuation Committee (or by the Valuation CO if no formal Committee in place or any other senior member of the team to whom approval powers were granted under the Valuation Policy);
- Monitoring and periodic assessment of external valuers, including independence and rotation considerations.

### 2.2 Proportionality

The proportionality principle allows smaller AIFMs or AIFMs with simpler asset types to adopt lighter valuation processes. The principle can only be used if its rationale is properly documented and approved by the Board of Directors. To help with the assessment, a “proportionality assessment template” is available in the Annex I.

The continued applicability of proportionality should be reassessed at least annually. For that purpose, and provided that there is no change to the factors considered for the initial assessment, a note can be added to the valuation section of the Board pack indicating e.g. *“The AIFM has reassessed the applicability of the proportionality principle and confirms that, in the absence of any material change to the factors considered in the initial assessment, the proportional valuation approach remains appropriate for the current period.”*

### 2.3 Consistency

Valuation methodologies shall be applied consistently across similar assets and over time. Any methodological change or deviation requires documented justification and approval. In the valuation analysis template, the consistency of the valuation model needs to be confirmed.

### 2.4 Transparency

Key assumptions, methodologies, inputs, and judgments must be clearly documented to ensure a complete and auditable valuation trail.

### 3. Valuation practices

#### 3.1 Review of 3<sup>rd</sup>-party valuation reports

When reviewing external valuation reports (either coming from an External Valuer or from a Group entity providing valuation support), particular attention should be given to the following points:

- Insufficient or outdated market comparables
  - *e.g. the valuation is done by applying precedent transaction multiples based on outdated transactions despite significant market repricing since then. No justification was provided for the absence of more recent comparable data.*
- Lack of clarity on key inputs (e.g., discount rates, growth assumptions)
  - *e.g. the valuation report applies a 10 percent discount rate but does not specify how the WACC components were determined, nor does it reference any market data supporting this assumption.*
- Excessive reliance on management forecasts
  - *e.g. the DCF model uses revenue projections provided by the portfolio company's management without independent validation.*
- Consistency of data and assumptions
  - *e.g. a DCF model uses revenue projections, but forecasts assume 25 percent annual growth despite historical performance below 5 percent.*
- Absence of sensitivity analysis
  - *e.g. no sensitivity analysis was included, although the valuation is highly sensitive to changes in discount rate, terminal value, and management forecast assumptions.*
- Material inconsistencies between primary and secondary valuation approaches without explanation
  - *e.g. the market approach yields a valuation of EUR 8 million, while the DCF approach results in EUR 15 million. The valuer did not provide a rationale for weighting one method over the other or explaining the large discrepancy.*
- Missing disclosures regarding independence or potential conflicts
  - *e.g. the valuation report does not include the mandatory declaration confirming the valuer's independence, and no statement is provided regarding potential conflicts of interest, despite previous advisory work performed for the portfolio company.*

In addition, the AIFM shall ensure that the valuation methodologies and related policies applied by third-party valuers or valuation support (external or part of the wider group) are subject to a formal and periodic review by the AIFM. At a minimum, this review shall be performed on an annual basis, in a manner consistent with the review of the AIFM's internal valuation policies. This review must be documented.

#### 3.2 Documentation standards

Each valuation for each asset should be supported by complete and well-structured documentation, including:

- Data sources and key inputs;
- Rationale supporting the selected methodology, including assumptions made;
- Historical versions retained for audit purposes;
- Evidence of independent review and sign-off;

- Documentation of any limitations or constraints inherent to the valuation model (e.g. data gaps, reliance on unobservable inputs).

The Lux Valuation Committee (or the Valuation CO or its designated representatives if no formal Committee is in place) is responsible for formally approving the valuation methodologies applied to each asset class and for reviewing, in detail, the key assumptions underlying those methodologies at least once a year. As part of this annual review, the accuracy, relevance, and continued appropriateness of the valuation models used shall be assessed by taking into account market conditions, data availability, and regulatory expectations. The conclusion of this review, including the date on which the accuracy of each valuation model was assessed, must be documented in the valuation analysis template.

### 3.3 Challenging the valuation estimates

Oversight functions should systematically challenge valuations for example by assessing the following points, using professional judgement:

- Whether assumptions remain appropriate in the current market environment
  - o *“What justification supports the use of these assumptions given current macroeconomic conditions?”*
  - o *“Have market multiples or discount rates materially changed since last quarter?”*
  - o *“Are we relying on outdated benchmarks or data sources?”*
  - o *“How do these assumptions compare to those used by other market participants today?”*
- Changes since the previous valuation period
  - o *“What are the key changes in assumptions, inputs, or methodology compared to the last valuation?”*
  - o *“Are these changes driven by new information or by discretionary judgment?”*
  - o *“If an assumption has not changed, why is it still appropriate despite market movements?”*
  - o *“What is the impact of each change on the valuation output?”*
  - o *“Are there new risks or increased risks to be considered that could impact the valuation?”*
- The reasonableness of projections and their alignment with performance
  - o *“Do management projections reflect actual performance trends observed to date?”*
  - o *“Are forecasted revenue and EBITDA growth rates consistent with historical performance?”*
  - o *“What independent evidence supports the forecasts presented?”*
  - o *“What would the valuation be if actual performance remains flat or deteriorates?”*
- The reliability of inputs and supporting data
  - o *“Are key inputs sourced from reliable and independently verifiable data providers?”*
  - o *“Are forecasts supported by consistent historical performance rather than optimistic assumptions?”*
  - o *“Is any critical input based on outdated, incomplete, or management-driven information?”*
- The appropriateness of discounts/premiums relative to peers

- *“What is the rationale for applying this specific discount or premium?”*
- *“How does this adjustment compare with similar assets held by peers or comparable funds?”*
- *“Is there objective data supporting this discount rate?”*
- The appropriateness of the peer group for deriving precedent/trading multiples
  - *“Is the peer group relevant in terms of size, geography, growth profile, etc.?”*
  - *“Does the peer group represent the current market conditions?”*
  - *“Have all changes to the peer group composition been properly documented and justified?”*
- Methodological alignment with the AIFM's valuation policy
  - *“Is the selected valuation methodology consistent with the AIFM's approved valuation policy?”*
  - *“If a different methodology was applied, has the deviation been justified and approved?”*
  - *“Is there any indication of methodology shopping?”*
- Sensitivity of the valuation to key variables
  - *“Which assumptions have the biggest impact on the valuation output?”*
  - *“Has a sensitivity analysis been performed and documented?”*

Not all questions are to be used per se but are meant to provide guidance on how to challenge effectively the valuation estimates.

### 3.4 Thresholds for deep-dive analysis

AIFMs may want to define quantitative and qualitative thresholds to determine which assets require enhanced scrutiny. These may include:

- Variable change threshold (see Trigger 1)
  - *“If the valuation of an asset changes by more than [5]% since the previous valuation, independent validation is required.”*
- Absolute change threshold (see Trigger 2)
  - *“If the valuation of an asset changes by more than [EUR 2 million] since the previous valuation, independent validation is required.”*
- Materiality relative to NAV (see Trigger 3)
  - *“Assets representing more than 5 percent of fund NAV require enhanced scrutiny each quarter.”*
- Level of estimation uncertainty
  - *“If the model output is highly sensitive to small changes in assumptions, the asset must be escalated.”*
  - *“Assets relying on unobservable inputs (Level 3) must be reviewed in depth regardless of size.”* (see IPEV Guidelines for types of inputs)
- Model complexity
  - *“If a valuation requires more than one methodology with weighting, the asset must undergo a challenge session.”*
- Underperformance (or overperformance) indicators
  - *“If an asset experiences a performance indicator which either deteriorates or improves significantly and abruptly, a valuation deep-dive is required.”*
- Proximity to exit events
  - *“Within 6 months of expected exit, comparables and projections must be refreshed and validated.”*

The selection of thresholds should be calibrated to the specific characteristics of each asset type, investment strategy, and underlying valuation approach, ensuring that the chosen triggers appropriately reflect the risk profile and complexity of the assets concerned. (e.g. applying this threshold *“Assets relying on unobservable inputs (Level 3) must be reviewed in depth regardless of size.”* (see *IPEV Guidelines for types of inputs*)” would not be relevant for a full PE portfolio as everything would fall in scope).

Thresholds must be reviewed annually to ensure they remain appropriate given fund size, asset class, and market conditions. The AIFM should also make sure that there is no “threshold shopping”. It is also essential that the selected thresholds are documented and approved. For any change to a threshold, the rationale must be explained and documented.

### *3.5 Coverage of valuation methodologies and ex-ante assessment*

The AIFM shall ensure that appropriate valuation methodologies are defined, maintained and effectively applicable both at the level of each asset class and for each individual investment.

At the stage of launching new funds or introducing new asset types, the AIFM shall assess its ability to value such assets, including the adequacy of available valuation methodologies, internal expertise, and supporting data. This assessment shall be aligned with the AIFM's valuation policy and governance framework. This assessment must be documented as part of the onboarding process of new funds/asset types.

In addition, and in the context of illiquid assets, as part of its ex-ante assessment on a transaction-by-transaction basis, the AIFM shall ensure that, using a risk-based approach, investments are appropriately covered by an existing valuation methodology. This assessment can be done by the Risk Management Function as part of the review of the risks related to the investment.

Where an asset does not clearly fall within an established valuation methodology or presents specific or atypical features, the proposed valuation approach shall first be validated by an appropriately qualified valuation expert or function. Following validation, the valuation approach shall be submitted to the AIFM's senior management for approval prior to, or at the time of, investment. The validation and approval process, including the respective dates and rationale, shall be appropriately documented to demonstrate compliance.

### *3.6 Valuation in stressed market conditions*

In such environments, particular attention shall be paid to the continued relevance of valuation methodologies, key assumptions and input data. The AIFM shall assess whether standard valuation approaches remain appropriate or whether adjustments are required to reflect increased uncertainty, reduced market liquidity or dislocated market conditions.

Where relevant, additional valuation procedures may be performed, including the use of alternative data sources, and/or enhanced sensitivity analyses.

The AIFM shall ensure that any significant judgment applied in such circumstances is appropriately reviewed and documented, including the rationale for any deviations from standard methodologies.

The AIFM shall also ensure that increased uncertainty or valuation limitations are clearly identified and, where relevant, appropriately communicated.

In practice, the AIFM may consider the following elements, although this list is not exhaustive:

| Situation observed                                                              | Potential impact on valuation                                                                                                                                 | Expected AIFM action                                                                                                                                                                                                          |
|---------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Sharp market dislocation / absence of transactions / high or extreme volatility | Lack of reliable market comparables, discount rates increase (higher cost of capital), less reliable assumptions, higher uncertainty in cash-flow projections | Increase reliance on model-based approaches and document assumptions used, reassess key assumptions (e.g. discount rates), challenge projections and potentially perform sensitivity analysis to assess valuation uncertainty |
| Deterioration of liquidity                                                      | Wider bid-ask spreads / pricing uncertainty                                                                                                                   | Reassess the assumptions made and the reliability of the data inputs and potentially adjust for the lower liquidity                                                                                                           |
| Macroeconomic stress (e.g. rate shock, credit spreads widening)                 | Impact on discount rates / valuation multiples                                                                                                                | Reassess key assumptions (discount rates, exit multiples, cash flow projections)                                                                                                                                              |
| Asset-specific distress                                                         | Increased risk of impairment                                                                                                                                  | Perform targeted review of the asset valuation and consider downside scenarios                                                                                                                                                |
| Reliance on stale third-party valuations                                        | Valuation not reflecting current conditions                                                                                                                   | Perform additional challenge or request updated information from the valuer                                                                                                                                                   |

Any change to the model or assumptions used in previous valuation periods must be duly documented, justified and approved by the Valuation Committee.

### 3.7 Valuation risk monitoring

The AIFM shall ensure that valuation risk, including the risk of misvaluation, is appropriately identified, assessed and monitored as part of its overall governance and risk management framework.

Valuation risks may be identified and documented at different levels of the organisation. In particular, the AIFM shall consider valuation uncertainties, key assumptions and potential sources of misvaluation as part of its review and challenge of valuation outcomes.

In addition, valuation risk shall be reflected, where relevant, in the risk profile of funds, in particular for strategies or assets that are inherently complex, illiquid or difficult to value. This includes the use of appropriate risk indicators and monitoring tools to capture valuation sensitivity and uncertainty.

At a broader level, valuation risk shall also be considered as part of the AIFM's risk register, ensuring a consistent and structured approach to the identification and monitoring of potential misvaluation drivers across the organisation.

The Conducting Officer in charge of Valuation shall work in close collaboration with the Conducting Officer in charge of Risk to ensure that valuation risks are consistently

captured, monitored, and appropriately addressed across valuation and risk management processes.

## 4. Consistency checks with regulatory findings

AIFMs should take into account the findings of the CSSF Thematic Review/IOSCO/ESMA CSA in the establishment and implementation of their valuation frameworks.

This exercise is particularly relevant for:

- Newly licensed AIFMs;
- AIFMs expanding into new strategies;
- Material organisational or process changes.

In addition, a sanity check should be performed against the CSSF's annual report, which typically highlights recurrent findings from both off-site and on-site supervisory reviews. These observations should be considered to ensure the AIFM's valuation framework remains aligned with supervisory expectations.

Documented outcomes should be shared with the Management Committee and, where applicable, the Board of Directors of the AIFM.

## 5. Annual controls and enhancements

### 5.1 Backtesting

AIFMs should perform backtesting in order to assess the reliability and robustness of the valuation framework. In its simplest form, backtesting consists of comparing the valuation estimates previously assigned to an asset with the actual exit outcomes, whether these are realised sales, partial disposals, restructurings, or full write-offs. In the case of Fund of Funds (FoF), the Capital Account Statement (CAS) can be backtested against the periodic Financial Statements (FS). The purpose of this exercise is to identify any recurring valuation bias and to determine if adjustments to the valuation methodology, assumptions, or internal controls are necessary. Backtesting should cover both positive and negative variances and must analyse their drivers in sufficient detail.

### 5.2 Controlling key data inputs

Given that exit-based backtesting may take several years depending on the asset class and investment horizon, the AIFM should also conduct periodic controls of key forward-looking inputs such as NTM/FWD multiples, budget vs actual financials, and forecast accuracy. These controls on the quality of input data allow the AIFM to validate whether the assumptions used in the valuation models remain reliable and aligned with realised performance, even in the absence of disposals. Findings should be documented and used to adjust future valuation assumptions where appropriate.

### 5.3 Threshold review

Where thresholds are used to determine the scope of valuation reviews, they must be properly documented and reassessed on a regular basis to ensure continued suitability. (see point 3.4)

#### *5.4 Methodology review*

Valuation methodologies, data sources, and external valuation arrangements should be reassessed at least annually to ensure continued relevance, accuracy, and independence. (see point 3.2)

#### *5.5 Audit Findings review*

The AIFM should also review any valuation-related findings raised by the external or internal auditor as part of the annual audit process. This review should assess the root causes of the findings, determine whether remedial actions are required, and ensure that corrective measures are implemented in a timely manner. The status of these actions, together with any lessons learned, should be documented and reported to the Management Committee and, where applicable, to the Board of Directors.

## Annex I – Proportionality Assessment Template

| 1. Overview of the AIFM                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                        |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| AIFM Name:                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                        |
| Date of Assessment:                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                        |
| Number of employees:                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                        |
| Key functions involved in valuation:                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                        |
| Organisation structure:                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                        |
| Number of AIFs managed:                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                        |
| Strategies covered:                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                        |
| 2. Assessment of Key Factors                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                        |
| 2.1 Size and Resources                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                        |
| Describe the AIFM's resources and whether they allow for a full valuation process or justify a proportional approach.                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                        |
| <ul style="list-style-type: none"> <li>- Staffing level</li> <li>- Level of valuation expertise internally</li> <li>- Availability of senior oversight</li> <li>- Assets under Management</li> <li>- Number of Private Assets to value</li> <li>- Technological resources</li> </ul>                                                          |                                                                                                                                                                                                                                                                                        |
| <b>Conclusion</b>                                                                                                                                                                                                                                                                                                                             | <input type="checkbox"/> Supports proportionality<br><input type="checkbox"/> Does not support proportionality                                                                                                                                                                         |
| <b>Rationale</b>                                                                                                                                                                                                                                                                                                                              | <i>The appropriateness of proportionality should notably be assessed in light of the AIFM's structure, the adequacy of its human, oversight and technological resources. Smaller AIFMs with limited resources may adopt lighter processes, provided risks remain fully manageable.</i> |
| 2.2 Organisational and Product Complexity                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                        |
| <ul style="list-style-type: none"> <li>- Number of AIFs managed</li> <li>- Delegation arrangements</li> <li>- Number and diversity of external service providers</li> <li>- Multi-jurisdictional setup</li> <li>- Diversity of strategies</li> </ul>                                                                                          |                                                                                                                                                                                                                                                                                        |
| <b>Conclusion</b>                                                                                                                                                                                                                                                                                                                             | <input type="checkbox"/> Supports proportionality<br><input type="checkbox"/> Does not support proportionality                                                                                                                                                                         |
| <b>Rationale</b>                                                                                                                                                                                                                                                                                                                              | <i>The broader and more complex the AIFM's structure, the more robust and formalised the valuation process must be.</i>                                                                                                                                                                |
| 2.3 Nature and Complexity of Assets                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                        |
| <ul style="list-style-type: none"> <li>- Breakdown of assets (simple vs complex)</li> <li>- Use of internal valuation models</li> <li>- Illiquidity and level of judgement required</li> </ul> <p>For reference, simple assets: listed securities, liquid bonds, plain-vanilla loans, FoF with reliable NAVs, cash and simple derivatives</p> |                                                                                                                                                                                                                                                                                        |
| <b>Conclusion</b>                                                                                                                                                                                                                                                                                                                             | <input type="checkbox"/> Supports proportionality<br><input type="checkbox"/> Does not support proportionality                                                                                                                                                                         |

|                                                                                                                                                                                                                                                                                                                              |                                                                                                                |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|
| <b>Rationale</b>                                                                                                                                                                                                                                                                                                             | <i>Complex or highly illiquid assets demand deeper analysis, challenge, and documentation.</i>                 |
| <b>2.4 Availability of Data</b>                                                                                                                                                                                                                                                                                              |                                                                                                                |
| <ul style="list-style-type: none"> <li>- Access to market comparables</li> <li>- Transparency and quality of management forecasts</li> <li>- Level of observable inputs vs unobservable inputs</li> <li>- Market liquidity and price discovery</li> <li>- Existence of independent pricing sources</li> </ul>                |                                                                                                                |
| <b>Conclusion</b>                                                                                                                                                                                                                                                                                                            | <input type="checkbox"/> Supports proportionality<br><input type="checkbox"/> Does not support proportionality |
| <b>Rationale</b>                                                                                                                                                                                                                                                                                                             | <i>The harder it is to obtain reliable data, the less appropriate a simplified valuation approach becomes.</i> |
| <b>2.5 Risk Profile and Materiality</b>                                                                                                                                                                                                                                                                                      |                                                                                                                |
| <ul style="list-style-type: none"> <li>- Concentration of NAV in a small number of assets</li> <li>- Sensitivity of valuations to key assumptions</li> <li>- Potential volatility or impairment risk</li> <li>- Exposure to complex structures or leverage</li> <li>- Materiality thresholds relative to fund NAV</li> </ul> |                                                                                                                |
| <b>Conclusion</b>                                                                                                                                                                                                                                                                                                            | <input type="checkbox"/> Supports proportionality<br><input type="checkbox"/> Does not support proportionality |
| <b>Rationale</b>                                                                                                                                                                                                                                                                                                             | <i>Material or high-risk positions require enhanced oversight and documentation regardless of AIFM size.</i>   |
| <b>2.6 Frequency and Nature of Events</b>                                                                                                                                                                                                                                                                                    |                                                                                                                |
| <ul style="list-style-type: none"> <li>- Quarterly vs annual valuation</li> <li>- Expected volume of transactions (acquisitions, exits, restructurings)</li> <li>- Frequency of valuation-sensitive events (write-downs, market shocks)</li> </ul>                                                                           |                                                                                                                |
| <b>Conclusion</b>                                                                                                                                                                                                                                                                                                            | <input type="checkbox"/> Supports proportionality<br><input type="checkbox"/> Does not support proportionality |
| <b>Rationale</b>                                                                                                                                                                                                                                                                                                             | <i>Funds with frequent valuation events require stronger processes.</i>                                        |
| <b>2.7 Evolution of AIFM</b>                                                                                                                                                                                                                                                                                                 |                                                                                                                |
| <ul style="list-style-type: none"> <li>- Planned asset class expansion</li> <li>- Anticipated increase in AuM</li> <li>- Pipeline of more complex transactions</li> </ul>                                                                                                                                                    |                                                                                                                |
| <b>Conclusion</b>                                                                                                                                                                                                                                                                                                            | <input type="checkbox"/> Supports proportionality<br><input type="checkbox"/> Does not support proportionality |
| <b>Rationale</b>                                                                                                                                                                                                                                                                                                             | <i>Proportionality should not be applied if the AIFM is at an inflection point toward greater complexity.</i>  |

| 3. Overall Assessment and Recommendation                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                  |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| <b>Summary of findings</b>                                                                                                                                                                                                                                                                                                                                                                                          | <i>(Provide a short synthesis of the points above.)</i>                                          |
| <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                               | <input type="checkbox"/> Apply a proportional valuation framework                                |
|                                                                                                                                                                                                                                                                                                                                                                                                                     | <input type="checkbox"/> Apply a full valuation framework                                        |
|                                                                                                                                                                                                                                                                                                                                                                                                                     | <input type="checkbox"/> Apply a proportional approach with specific exceptions (describe below) |
| 4. Proposed adjustment to the valuation framework (if proportionality is applied)                                                                                                                                                                                                                                                                                                                                   |                                                                                                  |
| <p>If proportionality is considered appropriate, describe which elements will be simplified:</p> <ul style="list-style-type: none"> <li>- Depth of valuation analyses</li> <li>- Frequency of external valuation reviews</li> <li>- Use of simplified internal models</li> <li>- Reduced sensitivity analyses</li> <li>- Materiality thresholds</li> <li>- Reduced documentation for non-material assets</li> </ul> |                                                                                                  |
| 5. Approval                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                  |
| Reviewed by Risk Management:                                                                                                                                                                                                                                                                                                                                                                                        | Name / Signature / Date                                                                          |
| Approved by Valuation Committee:                                                                                                                                                                                                                                                                                                                                                                                    | Name / Signature / Date                                                                          |
| Approved by the Board:                                                                                                                                                                                                                                                                                                                                                                                              | Name / Signature / Date                                                                          |

## Part 2 – Valuation tracker



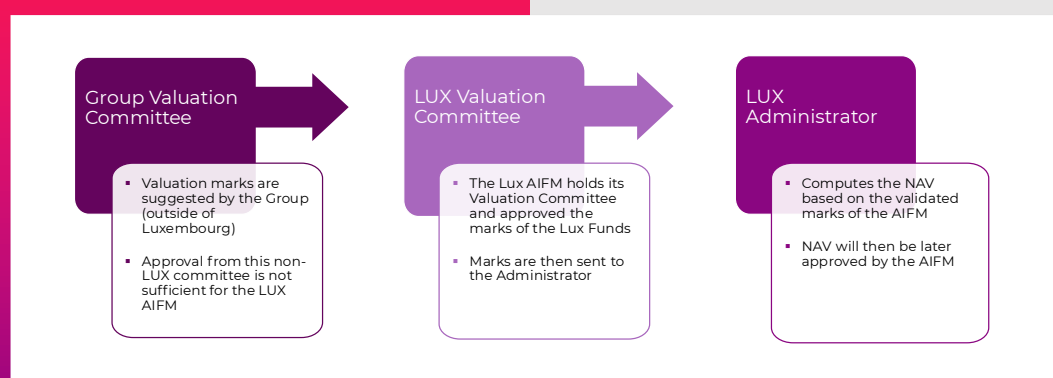
### Valuation Diary – Qx 202x

This diary can help evidence proper oversight and can be a useful addition into Board packs. While detailed analysis on assets could be provided in the annexes, the diary itself would offer a clear high-level summary of the valuation efforts undertaken by the LUX AIFM.

|                                     |                                                     |
|-------------------------------------|-----------------------------------------------------|
| <b>Voting committee members</b>     | e.g. CO Valuation                                   |
| <b>Non-voting committee members</b> | e.g. CO Risk, PE analyst, etc.                      |
| <b>Attendees</b>                    | e.g. expert on a specific project or interest party |
| <b>Date of meeting</b>              |                                                     |
| <b>Date of approval</b>             |                                                     |

### Valuation Process Overview

This first slide should present how the valuation process works according to the valuation policy. Below is only an example



## Valuation Process Highlights – Qx 202x

These slides should record all key valuation-related events happened during the quarter in a chronological order. Below events are only examples but must be tailored according to the valuation policy. As such, it might include calls with external valuers, etc.

| Date       | Type of event               | Minutes and outcome                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|------------|-----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 25/06/2025 | Non-LUX Valuation Committee | <b>PE strategy:</b> <ul style="list-style-type: none"> <li><b>US Assets:</b> Globally, projects perform well in line with expectations. XX provided an update on the overall market performance following the FED rate cuts, etc. <ul style="list-style-type: none"> <li><b>Asset 1:</b> prudent approach although a peer has been sold for a higher multiple. No mark-up for now.</li> <li><b>Asset 2:</b> Investment extension continuing</li> <li><b>Asset 3:</b> xxx</li> </ul> </li> <li><b>Asian Assets</b> <ul style="list-style-type: none"> <li><b>Asset 1:</b> xxx</li> <li><b>Asset 2:</b> xxx</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li><b>Pipeline Update</b> <ul style="list-style-type: none"> <li><b>Project 1:</b> AML DD being performed</li> <li><b>Project 2:</b> Closing. Signed agreements to be received.</li> </ul> </li> <li><b>Hospitality</b> <ul style="list-style-type: none"> <li>Projects Embassy Suite, Central Park &amp; Colony Hotel: downward trend in the market is noted (not in the CCL portfolio).</li> </ul> </li> </ul>                                                                                          |
| 04/07/2025 | Investee Call               | Minutes of the investee call (assets discussed, market update, etc.)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 11/07/2025 | LUX Valuation Committee     | <ul style="list-style-type: none"> <li>The Luxembourg Valuation Committee was held on 11th July 2025.</li> <li>Members were Member 1 (Voting), Member 2 (non-voting), member 3 (non-voting). Participant 1 and Participant 2 were invited as guests to the discussion.</li> <li>The meeting was opened, and the committee went through the valuation deck. All assets were reviewed but the focus has been on a few selected ones according to the criteria defined in the valuation policy (relative variance, absolute variance, relative size of the position in the Luxembourg Funds).</li> </ul>                            | <ul style="list-style-type: none"> <li>The Committee discussed the below assets: <ul style="list-style-type: none"> <li>Asset 1: asset is performing well, the drop in valuation comes from a distribution</li> <li>Asset 2: asset has been severely impacted by the retail market</li> <li>Asset 3: xxx</li> </ul> </li> <li>The Luxembourg Valuation Committee agreed that all marks were justified based on the information received and that the approved valuation marks have been provided to the Administrator on 12/07/25.</li> </ul> |

## Annexes

Annexe 1  
Annexe 2

## Part 3 – Valuation analysis



### Valuation Analysis – Qx 202x

This document structure the analysis on each asset

|                                     |                                                     |
|-------------------------------------|-----------------------------------------------------|
| <b>Voting committee members</b>     | e.g. CO Valuation                                   |
| <b>Non-voting committee members</b> | e.g. CO Risk, PE analyst, etc.                      |
| <b>Attendees</b>                    | e.g. expert on a specific project or interest party |
| <b>Date of meeting</b>              |                                                     |
| <b>Date of approval</b>             |                                                     |

### Disclaimer

*It must be emphasized that ALL assets are reviewed even though only a few ones will be subject of a detailed analysis.*

- All valuation methodologies applied across assets are consistent with the AIFM Valuation Policy.
- The Valuation Committee adheres to the policy guidelines, which were approved by the Board and are reviewed annually.
- Assets below the AIFM variance thresholds were assessed during the non-LUX Valuation Committee. The AIFM has no further comments on the valuations provided and has not identified any events or other items which would lead to a significant variation above the defined threshold. A complete list of assets is available in the annex.
- This presentation focuses on projects that satisfy the conditions of the following methodology:
  - Initial selection covers projects/investments meeting at least one of the following criteria (non-cumulative)**
    - The relative valuation exceeds the agreed tolerance threshold of xx%;
    - The relative valuation results in an absolute market value difference of more than xx million between Qn -1 and Qn.
  - A third criterion has been added by the AIFM to determine whether a review is required among projects/investments meeting one or both of the above:**
    - Assets represent more than xx% of the total investment of a Fund from the AIFM.
- The resulting sample forms the final review scope. For governance, materiality, or risk-related reasons, certain investments that met the first criteria but remained below the xx% thresholds were also included. Sample details are presented on the next slide.
- Lastly, assets invested during the last quarter will be reviewed in Qn+x once a comparison basis is available.

The table below shows which assets the LUX-ValCo will focus on but all assets should be listed.

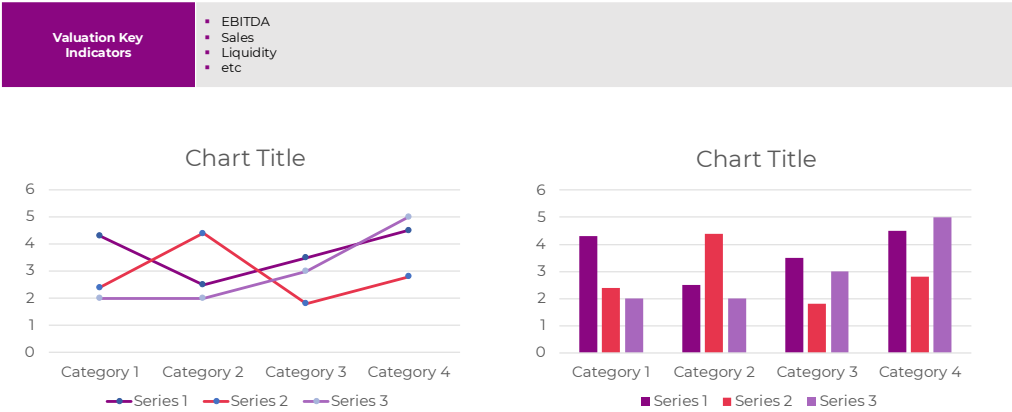
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*This page is the main point of discussion for Asset 1. It details the analysis and the question(s) raised by the LUX Valuation Committee*

|                                  |                                                                                                                                                                                                                                                                             |                                                                                                  |                                                   |          |              |
|----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|---------------------------------------------------|----------|--------------|
| Project overview                 | <ul style="list-style-type: none"><li>Explain how the asset was acquired</li><li>Present the asset briefly</li><li>Provide key milestones in the asset life</li><li>Provide latest updates on the asset</li><li>In case of PE/VC: Calibration at acquisition date</li></ul> |                                                                                                  |                                                   |          |              |
| Security type                    | Loan Pools                                                                                                                                                                                                                                                                  | Line of business                                                                                 | Industrial Loan                                   | Country  | US           |
| Valuation                        | Qn-1 MV                                                                                                                                                                                                                                                                     | In/Out Flows                                                                                     | Qn MV                                             | Variance |              |
|                                  | 10 000 000 \$                                                                                                                                                                                                                                                               | - 500 000 \$ (distir)                                                                            | 12 000 000 \$                                     | 26,32%   |              |
| Analysis                         | Valuation Model Consistency                                                                                                                                                                                                                                                 | Unchanged: DCF. If market-based: Peer group is stable. Provide info on backtesting if applicable |                                                   |          | OK           |
|                                  | Valuation Model Accuracy                                                                                                                                                                                                                                                    | The DCF methodology and assumptions has been reviewed on XX/XX/XX                                |                                                   |          | OK           |
|                                  | Trigger 1: Valuation tolerance threshold (≥xx%)                                                                                                                                                                                                                             | The variance 23,32% is considered material as it is above the defined threshold of xx%           |                                                   |          | Material     |
|                                  | Trigger 2: ABS materiality threshold (EUR xxM)                                                                                                                                                                                                                              | The absolute change is not considered material as below threshold                                |                                                   |          | Not material |
|                                  | Trigger 3: Luxembourg funds allocation (≥xx%)                                                                                                                                                                                                                               | The asset only represents 5% of the total Fund, which is slightly above the threshold            |                                                   |          | Material     |
| LUX Valuation Committee question | What triggers the increase in valuation ? What justifies the change in the discount rate ?                                                                                                                                                                                  | Conclusion                                                                                       | The discount rate has been changed because of ... |          |              |

Asset 1 (2)

This page provides all additional information that can be used to provide context to the Asset 1 (milestones, backtesting, operational cash flows, etc)



Annexes

Annexe 1  
Annexe 2



LPEA 