
CAMBRIDGE ASSOCIATES, LLC

BROCHURE

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This Brochure provides information about the qualifications and business practices of Cambridge Associates, LLC. If you have any questions about the contents of this Brochure, please contact:

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The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about Cambridge Associates, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

Registration with the SEC does not mean that the SEC or any other agency of the United States government has reviewed or approved of the registered investment adviser's abilities or qualifications nor does it imply a certain level of skill or training.



ITEM 2 – MATERIAL CHANGES

Items 4 and 5 were updated to reflect the Firm’s co-investment advisory service offering. On October 1, 2024, the Firm will implement its co-investment advisory service platform for investments in specific co-investment transactions alongside investments made by third party investment managers (co-investments). Clients that seek to invest in co-investments can either (1) obtain exposure through commingled funds, whether sponsored by the Firm or third-party investment managers, or (2) directly via the Firm’s co-investment advisory service platform. Interested clients will need to expressly opt-in to receive co-investment advisory services, and the fees for the service will be negotiable depending on the size and complexity of a client’s co-investment program and overall relationship with the Firm.

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ITEM 4 – ADVISORY BUSINESS

SUMMARY

Cambridge Associates, LLC is a privately held investment advisory firm (the “Firm”) principally owned by employees and clients.

OUR MISSION STATEMENT

We partner with endowments, foundations, pension plans, corporations and private clients to implement and manage custom portfolios to generate outperformance so they can maximize their impact on the world.

THE FIRM

The Firm has six global subsidiary affiliates collectively providing investment management, investment advisory, research and performance reporting services.

NAME	LOCATION	LEGAL STRUCTURE
Cambridge Associates Limited	London, England	Limited Company in England and Wales (Authorized and regulated by the U.K. Financial Conduct Authority)
Cambridge Associates Asia Pte Ltd	Singapore	Singapore Corporation (Registered and regulated by the Singapore Monetary Authority)
Cambridge Associates Limited, LLC	Boston, Massachusetts U.S.A. and Sydney, Australia	Massachusetts Limited Liability Company (Registered with the U.S. Securities and Exchange Commission, subject to oversight by the Australian Securities and Investment Commission and registered as an Investment Fund Manager and Portfolio Manager in the Canadian provinces of Ontario, Quebec, Nova Scotia and British Columbia.)
Cambridge Associates GmbH	Munich, Germany	German Limited Liability Company (Registered and regulated by Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin))
Cambridge Associates Hong Kong Private Limited	Hong Kong, China	Hong Kong Private Limited Company (Licensed with the Securities and Futures Commission of Hong Kong)
Cambridge Associates Investment Consultancy (Beijing) Ltd.	Beijing, China	People’s Republic of China Limited Liability Company

In addition to the entities listed above, the Firm and its affiliates have established various entities to serve as general partners and/or managing members for the Firm’s Single Investor Funds and commingled funds including Single Manager Funds¹. The Firm and its affiliates are under common ownership and control. Cambridge Associates, LLC is not affiliated with any broker/dealers, other investment managers, solicitors or placement agents, and we do not receive any compensation from third parties for recommending or using their investment products or services for our clients.

¹ Please refer to pages 5-6 of this Brochure for more information relating to our Single Investor and Single Manager Funds.

The Firm provides its clients with a wide range of services designed to help maximize portfolio returns within the context of their governance and risk framework. For clients with limited in-house resources and an investment committee that seeks to delegate portfolio implementation, we offer discretionary investment management or Outsourced Chief Investment Officer services (OCIO). For those that seek a similar level of support but wish to retain approval rights on manager hiring and firing, we offer non-discretionary portfolio management services. The Firm provides these services for a total portfolio or for specific asset classes.

For clients that have fully built-out investment offices, we offer staff extension services which are customized to complement such clients' in-house resources and needs. Typically, this includes our acting as a sounding board as well as providing alternative asset expertise, manager due diligence and tools.

We also offer services to clients that seek specialized advice and guidance. These services are typically tailored to the client and most often include strategic and tactical asset allocation advice as well as manager selection, participation in committee meetings, access to research services and performance reporting.

We also provide investment services relating to socially responsible investing, ESG and impact investing and have dedicated resources researching managers and working with clients to align their investing with their missions. These service offerings are quite differentiated and not consistent across our client base as they are driven by clients' specific frameworks, interpretations and reporting needs.

In addition, we provide expertise and guidance regarding the selection of diverse managers through dedicated resources seeking to find and diligence non-traditional, institutional quality managers.

Generally, the Firm does not engage in individual stock selection but rather assists clients in selecting and investing with institutional quality, external investment managers. The Firm does, however, provide advice to clients on co-investment opportunities in individual companies, exchange traded funds (ETFs), equity and bond futures and secondary market offerings of privately placed investment funds (secondaries).

With respect to co-investments, clients that seek to invest can either (1) obtain exposure through commingled funds, whether sponsored by the Firm or third-party investment managers, or (2) directly via the Firm's co-investment advisory service platform. Interested clients will need to expressly opt-in to receive co-investment advisory services, and the fees for the service will be negotiable depending on the size and complexity of a client's co-investment program and overall relationship with the Firm.

The Firm has dedicated substantial resources in conducting due diligence and investing in alternative asset classes including hedge funds, private investments (private equity/venture capital), private credit, real estate, timber and other natural resources.

To focus on the specific needs of various groups of clients, we have formed practice areas specializing on the needs of endowments and foundations, private clients and pensions. These practice areas seek to expand our knowledge of the investment requirements of each type of client and maximize our ability to better serve those clients. CA Capital Management is our discretionary platform supporting our OCIO discretionary investment management practice.

We have created vehicles to provide administrative ease and improve access to managers. These include:

SINGLE INVESTOR FUNDS

Although we typically service discretionary clients through separately managed accounts, we have established and offer "Single Investor Funds" or "SIFs" for clients seeking a portfolio of alternative investment assets without the associated administrative burdens. We establish a separate SIF for each client, and we act as the investment manager to that SIF in a discretionary capacity. We outsource investment accounting and administration, tax preparation, annual audits and custody/banking to qualified third-party

service providers. Unless otherwise instructed by a client, we take responsibility for the management of these external relationships, effectively relieving a client of the administration associated with the investment program. Due to regulatory requirements in specific jurisdictions, SIFs may not be available for all clients.

SINGLE MANAGER FUNDS

We have established several “Single Manager Funds” or “SMFs” to aggregate assets from multiple clients for investment in alternative assets whose high minimums or other access restrictions would have otherwise prevented these clients from investing or to obtain more favorable fees or terms from managers. When clients express enough interest to warrant the use of an SMF, we may establish a separate fund for each alternative investment or manager for which we are pooling assets, including for co-investments and secondaries. Due to regulatory requirements in specific jurisdictions, SMFs may not be offered to all clients.

COMMINGLED INVESTMENT FUNDS

Although we do not utilize proprietary, diversified commingled investment funds as total portfolio solutions, we have and may form commingled vehicles to access certain, niche asset classes when we believe a fund vehicle improves investing efficiency for our clients. Commingled fund offering documents contain specific conflicts of interest and risk disclosures. Due to regulatory requirements in specific jurisdictions, commingled funds may not be offered to every client.

REGULATORY ASSETS UNDER MANAGEMENT

	NUMBER OF ACCOUNTS	ASSETS AS OF DECEMBER 31, 2023
Discretionary	191	85,911,500,000
Non-Discretionary	365	196,053,700,000
Total	556	281,965,200,000

These figures (rounded to the nearest \$100,000) are based on the net asset values of our clients’ securities (including hedge funds and private investments) as reported to us by the investment managers. The value of private investments is reported with at least a one-quarter lag. Where we advise or manage assets that are also invested in one of the Firm’s investment vehicles, we count those assets only once for the purposes of Regulatory Assets under Management.

In addition to our Regulatory Assets under Management, we also maintain relationships with many of our clients where we engage in proactive and ongoing leadership of the client’s investment program on a non-discretionary basis, however, these assets are not considered Regulatory Assets under Management by the U.S. Securities and Exchange Commission.

INDUSTRY PARTNERSHIPS

We have been selected to provide data and/or analysis as well as to develop and maintain customized industry benchmarks for several prominent industry associations, including, but not limited to:

- Australian Investment Council (AIC)
- African Private Equity and Venture Capital Association (AVCA)
- China Venture Capital and Private Equity Association (CVCA)
- The Global Private Capital Association (formerly EMPEA)
- Institutional Limited Partners Association (ILPA)
- Invest Europe (IE)
- New Zealand Private Equity and Venture Capital Association Inc. (NZVCA)
- Singapore Private Equity & Venture Capital Association (SVCA)

We have also entered into various distribution and licensing agreements to supply platforms with anonymous and aggregated private equity, venture capital, real estate, and other private investments fund performance data and statistics.

Through these agreements, we provide aggregated fund performance information to entities whose members or clients include investment management firms. This results in the Firm receiving indirect compensation from investment managers, some of whom we may evaluate and recommend to our clients. We take steps to mitigate this potential conflict, including requiring our distribution partners to be the sole interface with their investment manager members and subscribers and asking them to shield the identity of any such members/subscribers from our investment professionals. Despite these efforts, it is possible that our investment professionals could become aware of the identity of these investment managers and favor them over others.

We have also entered into benchmark licensing agreements with unaffiliated investment managers where our licensing fees are based on assets raised in investment products sponsored and/or managed by such investment managers. In those instances, we acknowledge that a conflict of interest exists if we recommend or invest our clients in such investment products and will provide prior disclosure regarding our compensation arrangements if a recommendation or investment is made. Due to rules in the Employee Retirement Income Security Act of 1974 (“ERISA”), we will not recommend or invest assets of plans subject to ERISA in products where this conflict of interest exists.

ITEM 5 - FEES AND COMPENSATION

The Firm does not receive compensation from investment managers in connection with the purchase or sale of their securities. The fees we charge clients and the services we offer are described below and are based on our current fee schedules but are negotiable. Certain legacy clients pay different fees. Our fees vary based on the scale and complexity of the mandate.

CONTRACT TYPE	DESCRIPTION OF SERVICES	FEE RANGES
Portfolio Management Services	<ul style="list-style-type: none"> ■ We direct and monitor the investment portfolio. ■ This may be provided on a non-discretionary or discretionary basis. 	<ul style="list-style-type: none"> ■ The fee depends on the type of client, the asset classes under advisement, the complexity of the portfolio and other factors. ■ Fees may be higher or lower depending on asset level breakpoints, and fees or a portion of fees may be contingent on meeting performance hurdles. ■ Fees range from 2 to 60 basis points on the net asset value of the investment assets (or on commitments to private investments) and are generally subject to a minimum annual fee. ■ Fees for co-investment advisory services are negotiable depending on the size and complexity of a client's co-investment program and overall relationship with CA. ■ Fees for discretionary mandates specifically focused on secondaries and/or co-investments may include carried interest and a management fee.
Staff Extension Services	<ul style="list-style-type: none"> ■ Depending on a client's specific needs, we build a custom relationship, typically acting as a sounding board, leveraging our research platform and supplementing their internal capabilities. ■ Often our work focuses on alternative assets. 	<ul style="list-style-type: none"> ■ The fee depends on the client's in-house resources and the specific set of services desired by the client. ■ Typically, these are fixed fee arrangements, subject to a minimum annual fee.

We generally customize our services based on each individual client's needs, therefore, our fees are dependent on a client's total asset size, governance structure and service requirements, portfolio complexity and asset mix, whether the relationship is discretionary, client domicile, longevity of a relationship with us, type of institution (e.g., a nonprofit organization, a corporation, a public pension plan, a private client, etc.).

PAYMENT SCHEDULES

Depending on the agreement, we invoice clients quarterly, semi-annually, up-front or according to an agreed upon schedule depending on the scope of services provided and whether fees are asset value-based or fixed. Where our fees or a portion of fees are contingent on meeting performance hurdles, we invoice in the quarter after the performance period ends.

When applicable, out-of-pocket reimbursable expenses such as our expenses (at cost) for travel, printing, postage and delivery of documents are billed monthly.

Unless otherwise agreed upon, we only value securities for our commingled investment funds, SIFs and SMFs that are subject to a financial audit. For all other relationships, we are not responsible for valuing client securities. For purposes of calculating fees payable to the Firm for relationships for which fees are based upon a rate applied to asset values in the portfolio, the Firm relies on the asset values presented in our client performance reports which are based on values reported by third party managers or custodians which include market value, net asset value or value of committed capital (as applicable) of underlying investments. Some reported values are preliminary, and some values are adjusted by the Firm to reflect distributions and capital calls of underlying investment funds or estimated based on the performance of proxy benchmarks. These values are typically net of the investment managers' fees. For the limited number of clients that do not receive performance reports prepared by the Firm and/or require the Firm to use other sources of asset value (e.g., custodial statements) but are subject to an asset-based fee, the Firm uses values in our performance

reporting system or as reported by those clients. Some clients have made arrangements with the Firm to use different asset value sources than described above.

For audited commingled investment vehicles, SIFs and SMFs, we are responsible for valuing securities held within the vehicles and have a valuation policy and procedures in place to review and price the value of those investments. As such, the value of investments reported by the Firm and used for billing purposes can differ for clients holding assets through commingled investment vehicles, SIFs or SMFs as opposed to holding such investments directly.

With respect to the SIFs, our general practice is to deduct our management fee from the assets of each fund quarterly in advance, however, specific billing practices differ depending on specific client requirements. Organizational and operational expenses of the SIFs are generally the responsibility of the investor, although some of these expenses are, in some instances, borne by the Firm rather than the investor. These expenses are typically paid out of the SIF's assets, although investors can pay these expenses directly. The terms of each SIF can be negotiated and are governed by the limited partnership agreement or its equivalent.

Clients invested through our SMFs generally pay their advisory fees outside of the fund, however, specific billing practices differ depending on specific client requirements. Operational expenses incurred by the SMFs are allocated to investors on a pro rata basis. For discretionary mandates specifically focused on secondaries, the manner of calculation and application of the management fee and the carried interest allocations, if applicable, are disclosed in the investment management agreement for each client.

For each commingled investment fund in which a client is invested, clients will be charged in accordance with the fund's offering documents. Non-Firm clients may be permitted to invest in our commingled investment funds.

TERMINATION PROVISIONS

Many of our contracts have an initial one-year term, with automatic renewal for subsequent years assuming no change in services and/or fees. Our clients may terminate their relationship immediately or following a notice period specified in their contract, typically between 30 to 90 days. Upon termination, we will adjust any fees payable to us or paid in advance by the client on a pro rata basis from the effective date of the contract, including contracts for project work, through the date of termination.

ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

We do not charge performance-based fees for our non-discretionary investment advisory services. We do, however, recommend investment managers to our clients that charge performance-based fees. With respect to proprietary commingled funds, depending on the fund, we may charge management and/or performance fees within the investment vehicle. For some clients, those fees may be more than what is paid for their advisory or investment management services. Any recommendation by the Firm to invest in a Firm commingled investment vehicle should be viewed with this conflict in mind. Discretionary clients of the Firm will be provided notice of proposed investments in the Firm's comingled investment vehicle where such conflict exists and an opportunity to elect not to invest. While we do not typically offer performance-based fees for discretionary services, we do charge performance-based fees for certain types of mandates and/or where a client is interested in this type of fee structure. Depending on the nature of the client and the investment mandate the Firm may commit its own capital and invest alongside such client.

Certain conflicts of interests and risks exist in situations where we charge performance-based fees. For example, depending on client performance, performance-based fees could create an incentive for the Firm to make investments that are riskier or more speculative than would be the case if such fee arrangements were

not in effect. Similarly, certain risks exist when the Firm commits its own capital alongside a client insofar as doing so may cause the Firm to manage the portfolio in a manner inconsistent with such client's interest.

We charge fees that vary from client to client. Different fee arrangements may incentivize investment teams to dedicate increased resources and allocate more profitable investment opportunities or ideas to clients whose fee arrangements with the Firm are more profitable for the Firm. Investment teams are also incentivized to allocate investment opportunities to clients who either pay carried interest or performance-based fees.

We seek to mitigate the above risks by mutually agreeing upon investment guidelines and restrictions with discretionary clients and putting policies and procedures in place to adhere to those guidelines. We also seek to mitigate the conflicts with the adoption of allocation policies and procedures designed to treat clients fairly.

INVESTMENT ALLOCATIONS

Due to the nature of the services we provide, we do not generally have direct responsibility for the allocation of investment opportunities among our clients. We provide investment managers with lists of those clients who may be interested in a potential investment, and we may facilitate an introductory meeting. In those situations, all decisions to accept an investor into a particular fund or investment opportunity are the responsibility of the fund manager or other applicable third party. However, in some instances, we source investments specifically to meet the needs of individual clients, and such opportunities may not be offered broadly to our clients as a whole.

SECONDARIES INVESTMENT ALLOCATIONS

The Firm has created an allocation framework that gives preference to certain clients that have hired us specifically to build and manage secondary-focused portfolios. Under the allocation framework, the Firm will first allocate secondaries to such clients before making them available to others. For allocations purposes, secondaries include, but are not limited to, secondary market offerings of privately placed investment funds, continuation funds, certain secondaries made alongside managers which may or may not be contained in a special purpose vehicle or fund structure, and primary funds where investment is required to access specific secondaries opportunities ("stapled" transactions).

To the extent possible, allocations will generally be on a pro rata basis depending on the specific circumstances of each investment and parameters of clients' investment guidelines. Some of the factors that are taken into consideration when determining allocation are suitability, exposure, size of the transaction, availability of cash in a client's portfolio, legal and tax considerations, whether the transaction requires consent from a third party, and client investment restrictions. In certain instances where pro rata allocation is not possible or where we determine it infeasible, the allocation decision will be made by random selection.

We have also established an Allocation Committee that, among other things, reviews the actions taken by the Firm's allocation operations and resolves conflicts that cannot be easily resolved by application of the policy, including questions relating to client investment guidelines. The Allocation Committee is also responsible for reviewing the Firm's Allocation Policy to ensure that it treats clients fairly and mitigates the conflicts of interest described above.

ITEM 7 - TYPES OF CLIENTS

Nearly all of our clients are Accredited Investors and Qualified Purchasers². Our clients include colleges and universities, foundations and other non-profit institutions, including, but not limited to, museums and libraries, independent schools, religious institutions, professional and research institutions, service organizations and performing arts institutions. We also act as an investment adviser to private clients, family offices, corporations, healthcare institutions, insurance groups, pension plans and ERISA pools and public and government-related groups.

ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

We typically work with our clients to identify and refine their investment objectives, risk parameters and spending needs to determine an appropriate asset allocation and manager structure designed to achieve financial goals. We utilize a number of analytical models to determine the appropriate asset allocation and manager structure, and we seek to match strategies and managers that we recommend or select with our clients' objectives.

Our investment manager due diligence is based on qualitative and quantitative analyses briefly described below.

Qualitative factors we generally consider during our initial due diligence and ongoing monitoring include:

- History of the organization and management team additions and departures
- Experience, quality and capacity of current investment team
- Organizational strength and cohesiveness
- Attractiveness of track record and relevance to stated strategy
- Attractiveness and consistency of investment strategy and philosophy
- Deal origination and structuring capability
- Investment due diligence skills
- Ability to add value to deals
- Partnership or transaction terms, from a business perspective
- Investment environment
- Competitive landscape

For traditional marketable managers, we typically obtain their current holdings data and run a series of historical analyses. We generally examine the product, team, organization, performance and fees.

For hedge fund managers, we emphasize a qualitative evaluation of how their portfolios are likely to perform in different market environments. We favor strategies where managers look for inefficiency at the security level and exhibit a degree of transparency that enables us to understand the depth of the manager's fundamental analysis and approach to risk control. We focus on the manager's research process, historical security selection skill and portfolio structuring capabilities.

² "Accredited Investor" and "Qualified Purchaser" are defined in Rule 501 of Regulation D and Section 2(a)(51) of the Investment Company Act of 1940, respectively.

For private investment managers, our quantitative review generally includes the manager's track record and financial performance assessed on an absolute basis and on a relative basis versus our own proprietary vintage year benchmarks. When available, we also conduct performance attribution analysis at the company level to ascertain which investments and sectors drive the manager's performance. We also conduct reference checks on managers by interviewing knowledgeable market participants including employees of underlying portfolio companies.

Our investment directors rely primarily on the manager due diligence conducted or led by the Firm's senior investment and research professionals to identify managers that are aligned with a particular client's needs and objectives but also rely on their own research in making recommendations to their clients. In some cases, the recommended managers and funds have neither undergone the Firm's full due diligence process nor will they be the subject of ongoing monitoring. This includes, but is not limited to, index funds, ETFs, money market funds and other passive investment strategies, spin-offs from existing managers, co-investments, niche managers and customized separate accounts.

We generally do not recommend direct investments in individual securities due to our focus on investment managers and their funds or products. Such direct investments are not subject to the due diligence process described above.

Depending on the investment mandate and type of client, we also recommend and invest client assets with third party managers to gain synthetic exposures using derivatives, primarily futures. We are not, however, a futures commission merchant and do not trade derivatives directly. Although we do not engage in direct borrowing or leverage in client portfolios, a high degree of leverage is often obtainable in futures trading because of small margin requirements. We opportunistically use this investment strategy to maintain exposures, either during portfolio transitions or as a result of market fluctuations, and to hedge portfolio liabilities. For these types of managers, we focus on operational infrastructure and personnel to determine whether a manager is sufficiently resourced to efficiently trade and execute transactions in accordance with a particular mandate.

In discussions with investment managers regarding terms contained in partnership documents, investment management agreements or other investment documentation, we generally take positions that we believe to be in the common interest of all our clients. In certain circumstances, however, a member of our advisory staff will take a position on behalf of a particular client that is intended to serve the interests of that client, without regard to the interests of other clients. For example, an investment professional may advise a client to take a certain position on an amendment to a partnership document that advantages that client and may communicate that position to the investment manager. It is possible that other Firm investment professionals that serve other clients with differing interests may not take a position on the amendment or may recommend that a client take the opposite position on the same amendment.

Our investment professionals may provide different investment advice regarding the same investment manager, product or transaction to different clients. This difference arises primarily from the unique nature of each client's situation and the judgment of the investment professional assigned to that client. For example, one investment professional may advise a client to redeem from an investment, while another investment professional may advise a client to invest in the same fund. This difference also arises in our discretionary portfolios. In addition, we may advise clients, or cause discretionary client portfolios, to participate in a co-investment alongside a private investment fund in which one or more other clients of ours hold interests.

Clients may be eligible for reduced fees with respect to certain investments under various arrangements negotiated by us on behalf of all or a subset of our clients. The fees may be based on the aggregation of our clients' investments in a fund or with a manager for the purpose of taking advantage of the fee reductions and

to determine the applicable fee rate. The fees charged by underlying investments may change without notice based on the actions of our other clients, if the fee arrangements between the underlying investments and the Firm change or if a client terminates its agreement with us. The Firm recommends and invests client investments in funds or managers that have fee breaks contingent on a certain aggregate amount of our clients' capital being invested. When doing so, the Firm's investment decision or recommendation is based solely on the specific client's best interests and does not take into consideration any potential fee impact on other clients.

RISK OF LOSS

The following risk factors are not intended to be a full or complete listing of all the risks involved in investing, and clients should engage in their own evaluation of such risks.

Past performances of any recommended managers or funds or the success of a manager in any similar venture is no assurance of future success. Investing in securities involves a risk of loss, including the possible loss of more than the entire amount invested. There can be no assurance that clients will not incur losses, and clients should be prepared to accept losses as part of their investment program.

The success of any investment activity is affected by multiple factors, including national and international political or economic conditions and general market conditions, which may affect the volatility of financial markets and interest rates. Success is also affected by the extent and timing of investor participation in the markets. Future events may impact investments in unforeseen ways. Unexpected volatility or illiquidity in the markets could cause clients to incur losses. Politics, recession, inflation, employment levels, trade policies, international events, war, natural disasters, pandemics and other unforeseen events can also have a significant impact upon the prices of securities.

In trading public securities, there are consequences for trading on insider information, and we expect that investment managers use only public information in their investment process. Investment managers, however, may be charged with misuse of confidential information, and if that were the case, the performance records of these investment managers could be misleading. Furthermore, if an investment manager or entity with which clients invest has engaged in the past or engages in the future in such misuse, clients could be exposed to losses.

Clients also face the risk of loss associated with the possibility of personnel of an investment manager misappropriating client securities and/or funds.

When investing in certain funds, clients may not be given access to information regarding the actual investments made by the investment manager. Neither the Firm nor our clients will be able to control the activities of external fund managers or be able to monitor their investment activities daily. At any given time, clients may not know the composition of investment managers' portfolios with respect to the degrees of hedged or directional positions or the extent of concentration risk or exposure to specific markets. Similarly, clients may not learn of significant structural events, such as personnel changes, major asset withdrawals or substantial capital growth until after the fact. A lack of transparency may cause clients to incur losses as a result of reduced diversification and/or over-exposure to sectors, regions or individual securities.

Investing in alternative assets such as hedge funds and private investment funds is associated with greater risk than investing in traditional marketable securities, including but not limited to illiquidity risk, manager-specific risk and valuation risk. Clients should consider the following factors in determining whether investing in alternative assets is appropriate.

PRIVATE INVESTMENT ASSETS, E.G., U.S. AND INTERNATIONAL PRIVATE EQUITY FUNDS, VENTURE CAPITAL FUNDS, CO-INVESTMENTS, PRIVATE CREDIT, SECONDARIES, REAL ESTATE, ENERGY, TIMBER AND NATURAL RESOURCES

Investments in private investment funds are highly illiquid and the underlying company investments of these funds are also generally illiquid. Generally, neither the interests in these funds nor their investment managers are registered with any state or federal regulators, and no readily available markets exist for interests in these funds. Clients should expect to hold such investments for the entire life of these funds.

Historically returns have varied greatly over time depending on the conditions at the time investments were made and when investments were exited by funds. In addition, access to high-quality private investment opportunities may be limited and there is no assurance that such opportunities will be available during the desired investment period.

A strategy that invests a higher percentage of its assets in any one issuer, such as one involving co-investments in individual issuers, could increase the risk of loss and volatility because the value of holdings would be more susceptible to adverse events affecting that issuer. In addition, the value of an investment in any particular issuer can be more volatile than the market as a whole and such investment can perform differently from the value of the market as a whole.

When conducting due diligence on co-investment opportunities, the co-investor may be required to rely on the limited resources available, and due to the timing constraints inherent to the co-investment process, the scope of due diligence performed in connection with a co-investment is typically narrower than the scope performed by a lead investor. There can be no assurance that due diligence investigations reveal all relevant information or result in a co-investment's success. In addition, to obtain access to due diligence prepared by third parties, a co-investor may be required to agree to limit its rights to bring legal actions against such third parties relating to reliance on such due diligence. Therefore, if third party due diligence relied upon is inadequate, there may be no recourse against the provider of such due diligence.

In connection with the purchase of an interest in a private investment fund from an existing investor of the fund, where the seller previously received distributions from such fund and, subsequently, such fund recalls distributions, the purchaser may be obligated to return cash to the fund. While the purchaser may have a valid claim against the seller of such interest for any such returned amounts, there can be no assurances that the purchaser will be able to collect on such claim.

There is no liquid market for secondary market offerings of private investment funds. As the demand for secondaries increases, it is possible that competition for opportunities may reduce the number and attractiveness of investment opportunities available, and there can be no assurance that the Firm will be able to identify sufficient investment opportunities or acquire such opportunities on attractive terms.

HEDGE FUNDS, E.G., ABSOLUTE RETURN, LONG/SHORT EQUITY, RISK ARBITRAGE, GLOBAL MACRO AND DISTRESSED FUNDS

The risks inherent in investing in hedge funds include limited regulatory oversight, illiquidity, use of possibly speculative trading techniques, use of leverage or derivatives, short selling and hedging techniques. Substantial risks are involved in investing in funds trading in equity securities, options and other derivatives. Despite the hedging tactics used by hedge fund managers to mitigate risk, investments held in hedge funds are susceptible to market movements that can be volatile and difficult to predict. The activities of governments can influence interest rates which, in turn, affect securities, options and derivatives prices as well as the liquidity of such markets.

Additionally, hedge funds are subject to limited withdrawal rights and early redemption fees. A fund may be unable to liquidate certain investments to pay withdrawals in a timely manner. Realization of value from the interests in a hedge fund may be difficult in the short-term or may have to be made at a substantial discount compared to other freely tradable investments. Interests in these funds are not registered under the

Securities Act of 1933 or any federal or state securities law, and certain hedge fund managers may not be registered with either a state or federal regulator. In the event of the early termination of a hedge fund as the result of certain events, the fund may distribute to the limited partners their interest in the assets of the fund. Certain assets held or distributed by the fund may be highly illiquid and may have little or no ascertainable market value.

DERIVATIVES, E.G., FUTURES AND FUTURES OVERLAY MANAGERS

Transactions in futures carry a high degree of risk. The amount of initial margin is small relative to the value of the futures contract. A relatively small market movement will have a proportionately larger impact on funds deposited for margin. Clients may sustain a total loss of initial margin funds and any additional funds deposited to maintain a futures position. If the market moves against a client's position or margin levels are increased, such clients may be called upon to pay substantial additional funds on short notice to maintain a position. Failure to satisfy a request for additional funds within the time prescribed could result in a position being liquidated at a loss, and clients would be liable for any resulting deficit.

ITEM 9 - DISCIPLINARY INFORMATION

Not applicable.

ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

The Firm is registered as a commodity trading advisor (CTA) with the U.S. Commodity Futures Trading Commission and is a member of the National Futures Association (NFA). Management persons and those in charge of soliciting funds on behalf of the Firm are registered as Associated Persons with the NFA.

We have several affiliates that are described in Item 4, but we do not believe that those affiliations create a material conflict of interest with clients. We do not have other financial industry activities or affiliations where compensation is derived from investing or recommending investment of client assets. We invest or recommend investment of clients' assets with other investment advisers; however, the Firm will not accept compensation from those investment managers for the recommendation or investment.

Together with our affiliates, we have private clients affiliated with some of the investment managers whom we recommend to our clients. In those instances, we will only contract to provide investment advice on their familial or personal assets. We have instituted various controls to notify and disclose to clients the scope and nature of these relationships if such a manager is recommended. Similarly, our clients may have interests in investment managers whose products we recommend or in which we invest discretionary assets, however, the decision to make such a recommendation or investment would only take into consideration the investing client's specific interests.

Similarly, some of our client organizations have individuals serving on their boards and committees who are affiliated with investment managers whom we recommend to our clients. This creates an incentive for us to favor those individuals' investment managers over those with no affiliation to our clients, as such individuals are in a position to influence the selection or retention of the Firm as an investment adviser. We have adopted various controls and policies designed to promote objective investment recommendations to our clients, such as a standardized research process for investment products undergoing full investment evaluation, disclosure policies for products recommended without full investment evaluation and compliance and ethics training for all our staff.

ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

CODE OF ETHICS (THE "CODE")

We have a Code of Ethics that all our employees must agree to honor in writing annually as a condition of their employment. We will provide a copy of the Code to clients and prospective clients upon request.

Key elements of the Code include:

- Expected standards of conduct
- Disclosure of material outside business activities and personal relationships with investment managers and custodial banks that the Firm may evaluate or recommend to its clients. Should such relationships exist, the Firm has adopted policies and controls to ensure any potential conflicts of interest are mitigated.
- The Firm's Gift Policy
- Confidential treatment of client data
- Restrictions on personal investments
- Restrictions on political contributions

Employees may not engage in any act, practice or course of conduct that is fraudulent, deceptive, manipulative, or potentially misleading.

GIFTS AND ENTERTAINMENT

With limited exceptions, our employees may not accept gifts from any person or entity that does or is seeking to do business with the Firm or from any investment managers the Firm considers for clients without the prior permission of the Chief Compliance Officer.

Our employees may not purchase securities from or sell securities to any client without the written approval of our Board of Managers. If approval is granted, we must receive a communication signed by the client acknowledging and approving the transaction.

PERSONAL TRADING

All employees must contact the Firm's Compliance Department to pre-clear the purchase of any securities that are not publicly traded, as well as investments in initial public offerings. Permission will generally be granted provided that the investment would not impede the ability of our clients to invest in the security to the extent that they desire to do so. From time to time, managers may show preference to investors in prior funds when capacity is limited in subsequently raised funds. In those instances, the employees will be permitted to make an investment notwithstanding interested clients that did not have exposure to the manager's most recent prior fund.

All employees must provide the Compliance Department with a securities holdings report within their first ten days of employment and annually thereafter. Employees are also required to certify their personal securities transactions within thirty days after the end of each calendar quarter. Reports of personal securities transactions are reviewed to identify trading that potentially violates securities laws and/or the Firm's written policies and procedures.

All employees must certify annually that they have read and understood the Firm's Code of Ethics, our Compliance Manual and that they have complied with the required personal securities reporting.

THE CAMBRIDGE ASSOCIATES EMPLOYEE INVESTMENT FUND

The Firm's managing directors and partners are able to obtain exposure to primarily private equity, venture capital, co-investment and secondary opportunities through an employee investment vehicle (the "Employee Fund"). The Firm will restrict the Employee Fund and employees from making investments with terms more preferential than what is offered to our clients with respect to access, liquidity or fees. Therefore, the Employee Fund and employees will only be able to pursue opportunities with preferential terms where the Firm has secured such terms for the Employee Fund, employees and the Firm's clients. From time to time, managers may show preference to investors in prior funds when capacity is limited in subsequently raised funds. In those instances, the Employee Fund will be permitted to make an investment notwithstanding interested clients that did not have exposure to the manager's most recent prior fund. When this situation occurs, the combined total commitment of the Employee Fund and employees' personal investments will not exceed the lesser of \$10 million USD or 3% of a fund's hard cap (or target if no hard cap is specified). Clients may request a list of investments held by the Employee Fund by contacting us via email at EmployeeFundInvestments@cambridgeassociates.com.

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

Our employees may purchase or sell publicly-traded securities that are owned by our clients unless that security is on the Firm's Restricted List or the transaction would otherwise violate our trading policies or any applicable laws.

Employees must notify the clients they advise in advance if they recommend a private placement to a client they are considering for themselves or that they already own. Our employees must also notify their clients in advance if they decide to withdraw from a private investment that they have recommended that is also held by their clients. Our Chief Investment Officers who oversee discretionary portfolios other than ERISA accounts may, with notice to clients, invest in privately offered, commitment-based, drawdown vehicles also held within the accounts they manage.

The Firm does not conduct proprietary trading for its own accounts and generally does not invest in the same securities that are recommended to clients, however, the Firm's assets may be held in U.S. Treasuries, U.S. Treasury funds, or money market funds. We also make *de minimis* investments in our SIFs to satisfy requirements of an investment vehicle's legal or tax structure.

POLITICAL CONTRIBUTIONS

All members of the Board of Managers, executive officers and any other employees (and their supervisors) whose activities could encompass the solicitation of government clients are required to pre-clear all political contributions to local, state or federal candidates, state and local political parties, or political action committees. This requirement also extends to such employees' spouses and dependent children.

ITEM 12 - BROKERAGE PRACTICES

We have no broker/dealer affiliations. We are an independent investment advisory firm. We do not receive any commissions, research or other products or services in connection with our clients' brokerage transactions. For those clients where we select brokerage firms, we review the reasonableness of their compensation and the reputation of the broker as part of the selection process; however, we do not receive any research or other soft dollar benefits from these relationships.

Clients may use commission credits from directed brokerage towards payment of our fees, however, clients should make their own decisions regarding the use of these programs. Standard brokerage fees can be

considerably less than the fees associated with commission recapture programs, and it may not be advantageous to utilize these commission credits to pay all or part of any expenses including the payment of our fees, the fees of investment managers, custodians, etc.

ITEM 13 - REVIEW OF ACCOUNTS

Client relationships are assigned to a varying number of investment professionals depending on the service level. These investment professionals are responsible for reviewing client accounts on an ongoing, monthly, quarterly, semi-annual, or annual basis depending on the level of client services. The reviews may be more or less detailed depending on the scope of the services provided and may include a review of performance, asset allocation and the investment funds held in a client's portfolio.

Clients who subscribe to our performance reporting services typically receive written reports containing detailed quarterly and cumulative information on portfolio holdings and performance. Subscribers who also receive investment advisory services are typically informed annually when full due diligence or its equivalent has or has not been completed for a fund/manager in their portfolio. If we become aware of a materially adverse issue with an investment manager represented in our clients' portfolios, an automated notification is sent to the members of the relevant investment team and to each client invested with that manager, recommending a review of that holding.

ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

Other than in certain jurisdictions where the Firm is not licensed to distribute commingled investment funds, we do not compensate any person for client or investor referrals, and we do not receive compensation from investment managers for recommending their products. In addition, we have adopted a Gift Policy for all employees generally prohibiting the acceptance of gifts other than those of *de minimis* value.

ITEM 15 - CUSTODY

Depending on the type of agreement a client has with us, we may have custody of a client's investment assets. In certain instances, we may open separate bank accounts or money market accounts to hold any cash balances, or brokerage accounts to hold ETFs and mutual funds. For clients invested in a SIF, we generally provide quarterly investment performance reports, monthly account statements based on the reports we receive from the third party fund administrator and an annual audited financial statement.

In those instances where we have custody outside of the SIF context, clients receive quarterly account statements from us and their independent custodian, and surprise examinations are conducted in accordance with Rule 206(4)-2 of the Investment Advisers Act of 1940. Where we have custody, clients should compare the values shown on our performance reports with the statements sent directly from custodians, administrators or investment managers.

ITEM 16 - INVESTMENT DISCRETION

We will enter into discretionary investment management relationships with our clients. Our discretionary authority to act on behalf of a client is described in the discretionary Investment Management Agreement between the Firm and our client or, for our SIFs, in the SIF's limited partnership agreement or its equivalent. We manage discretionary portfolios in line with clients' investment guidelines and restrictions agreed upon

in advance, and we have established pre- and post-trade compliance procedures for discretionary portfolios to help ensure consistency with clients' investment guidelines and Firm policies. Given the nature of our client portfolios, our pre- and post-trade compliance reviews are based on best available net asset values which include proxied estimates and most recently reported values.

TRADE ERRORS

The Firm has policies and procedures that address the identification and correction of errors that may occur while providing services to our clients, consistent with the standard of care in our client agreements or in our offering documents, as applicable. Generally, our policies do not require perfect implementation of oftentimes complex processes relating to investment decision making, portfolio construction, trading, transaction processing as well as the other functions for which the Firm carries out on behalf of its clients. Unintended events occur, some of which cause losses in our clients' portfolios, however, not all unintended events are errors. We make determinations regarding errors on a case-by-case-basis pursuant to our policies and procedures and in our discretion.

When evaluating an event, we consider a variety of factors when making an error determination. We attempt to resolve similar situations in a consistent manner, subject to evolving industry practice and our view as to whether we have met our standard of care may change over time.

Investment decisions involve analysis and judgment, and the consequences of such decisions in retrospect are not typically considered errors. Similarly, unintended events resulting from following an established process for investment implementation are typically not considered errors as long there is not a violation of a client's investment guidelines. Furthermore, mistakes of third parties are generally not considered Firm errors regardless of whether we seek compensation from a third party for a client or a client's account.

With respect to discretionary mandates, portfolios may temporarily move above or below ranges, thresholds or targets set out in investment guidelines when moving capital between paired trades, and such temporal deviations are not typically considered errors. Where third party derivative managers are used to maintain asset class and/or currency exposures, temporal, incidental leverage and exposure mismatch can take place for a variety of reasons including the timing of reporting used by those third party managers to implement changes, and such occurrences are also not typically considered errors.

If we determine that an error has occurred in a client's account for which reimbursement is appropriate, we will typically compensate the client for the loss as determined solely in our discretion. Unless prohibited by applicable regulation or a specific agreement with the client, we net the client's gains and losses from the error (or a series of related errors with the same root cause) and compensate the client for the net loss, if any. Compensation is generally limited to direct and actual out-of-pocket monetary losses and does not include amounts that, in our judgment, are speculative, including any lost opportunity costs or other consequential or indirect losses. We notify clients as soon as practical of any errors including the details of the causal event, however, we generally do not notify clients about events we have determined not to constitute errors or errors that have not caused financial loss.

ITEM 17 - VOTING CLIENT SECURITIES

For non-discretionary relationships, the Firm typically does not have authority to vote proxies on behalf of our clients. Furthermore, because our clients generally invest through private funds rather than directly in individual securities, they are rarely solicited to vote proxies. The managers of those funds, to the extent they invest in equity securities, generally will have proxy voting authority and will vote portfolio securities in accordance with their own proxy voting policies.

In cases where we have been delegated proxy voting authority, we seek to vote our client's securities in the economic best interests of such client. We generally vote with management on routine matters, evaluate non-routine matters in the context of the specific interests of the account or client that beneficially owns the security and abstain on social matters unless a direct economic benefit is tied to the proposal. Clients that have delegated voting authority to us may impose additional guidelines or policies relating to the way their securities are voted. As such it is possible that we may vote securities differently from client to client depending on the specific circumstances of the investment mandate. If we identify a potential material conflict between our interests and those of a client with respect to a proxy solicitation, we will vote only in accordance with such client's interest and/or instructions.

When the Firm does not have voting authority, clients may receive proxy solicitations directly from the issuer, from their custodian, from a transfer agent or, in some cases, from us. Upon request, we will provide our advisory clients guidance regarding these proxy solicitations. Questions about particular proxy solicitations should be directed to a client's investment team.

Upon request, we will provide clients with copies of our proxy voting policies and will inform those clients for whom we have proxy voting authority as to how we voted on their behalf.

ITEM 18 - FINANCIAL INFORMATION

The Cambridge Associates, LLC and Subsidiary Consolidated Balance Sheet is attached.

**CAMBRIDGE ASSOCIATES, LLC AND
SUBSIDIARIES**

Consolidated Balance Sheet

December 31, 2023

(With Report of Independent Auditors Thereon)



Report of Independent Auditors

To the Management of Cambridge Associates, LLC

Opinion

We have audited the accompanying consolidated balance sheet of Cambridge Associates, LLC and its subsidiaries (the “Company”) as of December 31, 2023, including the related notes (referred to as the “consolidated balance sheet”).

In our opinion, the accompanying consolidated balance sheet presents fairly, in all material respects, the financial position of the Company as of December 31, 2023 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Balance Sheet section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Balance Sheet

Management is responsible for the preparation and fair presentation of the consolidated balance sheet in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a consolidated balance sheet that is free from material misstatement, whether due to fraud or error.

In preparing the consolidated balance sheet, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for one year after the date the balance sheet is available to be issued.

Auditors’ Responsibilities for the Audit of the Consolidated Balance Sheet

Our objectives are to obtain reasonable assurance about whether the consolidated balance sheet as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated balance sheet.



In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated balance sheet, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated balance sheet.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated balance sheet.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Restriction of Use

This report is intended solely for the information and use of management of Cambridge Associates, LLC and the United States Securities and Exchange Commission and is not intended to be and should not be used by anyone other than these specified parties.

PricewaterhouseCoopers LLP

Boston, MA
March 27, 2024

CAMBRIDGE ASSOCIATES, LLC AND SUBSIDIARIES

Consolidated Balance Sheet

December 31, 2023

Assets

Current assets:	
Cash and cash equivalents	\$ 66,505,635
Short-term investments	11,428,605
Receivables, net of allowance of \$49,679:	
Trade	60,420,788
Unbilled fees and expenses	36,557,795
Other	2,196,133
Prepaid expenses and other assets	<u>15,346,652</u>
Total current assets	192,455,608
Property and equipment, net of accumulated depreciation of \$125,965,657	43,011,581
Operating lease right-of-use assets	116,524,762
Deposits	1,559,365
Deferred income tax, net	86,857
Investments in affiliated funds	<u>1,194,069</u>
Total assets	<u>\$ 354,832,242</u>

Liabilities and Members' Deficit

Current liabilities:	
Accrued salaries, vacation and related expenses	\$ 74,347,952
Unearned revenue	19,681,511
Accounts payable and accrued expenses	23,299,652
Current portion of operating lease liability	13,995,437
Current portion of borrowings	4,400,000
Current portion of finance lease	301,714
Payables due to related parties, net	<u>13,979</u>
Total current liabilities	136,040,245
Borrowings	298,647,626
Long-term portion of operating lease liability	101,373,563
Long-term portion of finance lease	312,333
Long-term other liabilities	<u>7,400,470</u>
Total liabilities	543,774,237
Members' deficit	<u>(188,941,995)</u>
Total liabilities and members' deficit	<u>\$ 354,832,242</u>

See accompanying notes to the consolidated balance sheet.

CAMBRIDGE ASSOCIATES, LLC AND SUBSIDIARIES

Notes to the Consolidated Balance Sheet

December 31, 2023

(1) Organization

Cambridge Associates, LLC (“CA LLC”) is a Massachusetts limited liability company, formed on May 10, 2000 and registered with the United States Securities and Exchange Commission (“SEC”) and United States Commodity Futures Trading Commission as an investment adviser and as a commodity trading adviser, respectively. CA LLC is a successor company to Cambridge Associates, Inc., which was formed on June 2, 1975 as a Massachusetts corporation.

In 2018, CA LLC underwent a change in ownership structure with new investors acquiring certain percentages of ownership. A limited partnership, named Cambridge Associates Partners LP (“CAP LP”), was also formed between the general partner, CA Partners GP LLC (the “General Partner”), and named partners of CA LLC. CAP LP may issue profits interests in series, as determined by the General Partner, to specific limited partners, and such series shall correspond to specific profits interests issued by CA LLC to CAP LP.

Wholly owned subsidiaries of CA LLC include Cambridge Associates Asia, Pte. Ltd. (“CA Asia”), Cambridge Associates Investment Consultancy (Beijing) Limited (“CA Beijing”), Cambridge Associates Hong Kong Private Limited (“CA Hong Kong”), Cambridge Associates Resources LLC (“CA Resources”), Cambridge Associates Limited LLC (“CA LTD LLC”), CA Strategic Secondaries Fund GP, LLC (“CASA GP”), CASA SLP, LP (“CASA SLP”), and CA Velocity Fund GP, LLC (“CA Velocity”).

CA Asia was formed on February 17, 2001 as a corporation under the laws of the Republic of Singapore. CA Beijing was formed on June 10, 2011 as a limited liability company incorporated in the People’s Republic of China. CA Hong Kong was established on November 20, 2020 under the laws of Hong Kong. On March 29, 2022, CA Hong Kong was granted a license by the Securities and Futures Commission of Hong Kong. CA Asia, CA Hong Kong, and CA Beijing were formed with the intent to meet legal and regulatory purposes in support of CA LLC’s investment advisory business.

CA LTD LLC is a Massachusetts limited liability company, formed on May 10, 2000, registered with the SEC as an investment adviser, and operates in the United Kingdom, Australia, Canada, and Germany. CA LTD LLC is a successor company to Cambridge Associates Limited, which was formed on June 22, 1993 as a Massachusetts corporation. Branch offices of CA LTD LLC were formed on June 3, 2004 as a corporation under the laws of Australia and March 24, 2014 as a limited liability company with the Ontario Ministry of Government Services in Canada.

A wholly owned subsidiary of CA LTD LLC is Cambridge Associates Limited (“CA LTD”). CA LTD is an investment adviser that was formed on March 5, 2007 as a corporation under the laws of the United Kingdom. A wholly owned subsidiary of CA LTD is Brook Street Limited (“Brook Street”). Brook Street was formed on February 3, 2010 in the Cayman Islands as an exempted company with limited liability and is the general partner of two Guernsey incorporated limited partnership funds. A wholly owned subsidiary of CA LTD is Cambridge Associates GmbH (“CA GmbH”). CA GmbH was formed on November 28, 2019 as a corporation with limited liability under the laws of Germany. CA GmbH was formed with the intent to meet legal and regulatory purposes in support of CA LTD’s investment advisory business.

CAMBRIDGE ASSOCIATES, LLC AND SUBSIDIARIES

Notes to the Consolidated Balance Sheet

December 31, 2023

(1) Organization (continued)

CASA GP is a Delaware limited liability company, formed on March 5, 2021. CASA SLP is a Delaware limited partnership, formed on June 9, 2022. CASA GP is the general partner of CASA SLP. The character of the business of CASA SLP and its purposes are to engage in business activities, which include, but are not limited to, (i) serving as a private investment vehicle and/or (ii) exercising any powers permitted to limited partnerships organized under the laws of the State of Delaware and to engage in any and all activities necessary or incidental to the foregoing.

CA Velocity is a Delaware limited liability company, formed on August 21, 2023. CA Velocity is the general partner of CA Velocity Fund, LP, a Delaware limited partnership formed on August 21, 2023. CA Velocity Fund, LP is a pooled fund vehicle for clients to invest in US diverse emerging venture capital managers.

(2) Summary of Significant Accounting Policies

The following are significant accounting policies:

(a) Basis of Presentation

The consolidated balance sheet is presented in United States (“US”) Dollars and is prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”), which require the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated balance sheet. Management believes that the accounting estimates are appropriate and the resulting balances are reasonable; however, due to the inherent uncertainties in making estimates, actual amounts may differ from these estimates. Any reference to particular accounting topics in US GAAP in the notes to the consolidated balance sheet is referring to the corresponding accounting topics in the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”).

CA LLC and its wholly owned subsidiaries, CA Asia, CA Beijing, CA LTD LLC, CA Hong Kong, CA Resources, CASA GP, CASA SLP and CA Velocity (collectively, the “Company”), are consolidated for financial statement purposes. All intercompany balances and transactions have been eliminated. The policies described below are followed consistently by the Company in the preparation of its consolidated balance sheet.

(b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, non-interest bearing and interest bearing deposits with financial institutions, highly liquid debt instruments with original maturities of less than three months at the purchase date, and money market mutual funds. Certain cash balances, principally held in banks, exceed insurance limits in the jurisdictions where the cash is held. Investments in highly liquid debt instruments and money market mutual funds are not guaranteed. Cash and cash equivalents are recorded at fair value.

CAMBRIDGE ASSOCIATES, LLC AND SUBSIDIARIES

Notes to the Consolidated Balance Sheet

December 31, 2023

(2) Summary of Significant Accounting Policies (continued)

(c) *Short-Term Investments*

The Company considers all highly liquid debt instruments with maturities of greater than three months at the purchase date and less than one year at the consolidated balance sheet date to be short-term investments. Short-term investments are recorded at fair value and included in Level 1 of the fair value measurement hierarchy.

(d) *Fair Value*

Fair value is determined based on the price that would be received if the asset is sold in an orderly transaction between market participants at the measurement date. The hierarchy level assigned to each investment classified as a cash equivalent is based on the Company's assessment of the transparency and reliability of the inputs used in the valuation of each instrument at the measurement date. Assets and liabilities measured and reported at fair value are classified and disclosed in one of the following categories based on the nature of the inputs that are significant to the fair value measurements in their entirety. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value measurement hierarchy. In such cases, an investment's classification within the fair value measurement hierarchy is based on the lowest level of input that is significant to the fair value measurement.

- Level 1 Fair value is determined using a quoted price in an active market for identical assets or liabilities. Level 1 assets and liabilities may include debt securities, equity securities and listed derivative contracts that are traded in an active exchange market and certain US Treasury securities that are actively traded in over-the-counter markets.
- Level 2 Fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly or indirectly. The majority of Level 2 assets and liabilities include debt securities, equity securities and listed derivative contracts with quoted prices that are traded in markets that are not active, and certain debt and equity securities and over-the-counter derivative contracts whose fair value is determined using a pricing model without significant unobservable inputs.
- Level 3 Fair value is estimated using unobservable inputs that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models and discounted cash flow methodologies, or similar techniques for which the significant valuation inputs are not observable and the determination of fair value requires significant management judgment or estimation.

The fair value of Level 1 money market mutual funds held at the measurement date is based on unadjusted quoted market prices in an active market. The fair value of Level 2 money market mutual funds is based on quoted prices for identical or similar assets that are not active. These investments represented \$47,038,364 at December 31, 2023, and are included in Cash and cash equivalents in the consolidated balance sheet. The \$47,038,364 of investments at December 31, 2023 are classified as Level 1 investments.

CAMBRIDGE ASSOCIATES, LLC AND SUBSIDIARIES

Notes to the Consolidated Balance Sheet

December 31, 2023

(2) Summary of Significant Accounting Policies (continued)

(d) *Fair Value (continued)*

At December 31, 2023, the carrying value of the borrowings in the consolidated balance sheet was \$303,047,626, which is reported at historical cost. Refer to Note 5 – Borrowings for disclosure related to the fair value of these instruments.

(e) *Receivables*

Receivables are recorded at the invoiced amounts and do not bear interest. Unbilled fees and expenses represent estimated fees for work in progress. The allowance for doubtful accounts reflects management's best estimate of probable losses inherent in the accounts receivable balances. Accounts receivable write-offs for the year ended December 31, 2023 were \$86,418.

(f) *Property and Equipment*

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is computed using the straight-line method based on estimated useful life. Furniture and equipment are depreciated over a period of five to ten years. Computer equipment and software is depreciated over a period of three years. Finance leases and leasehold improvements are depreciated over the shorter of the useful life or the lease term. Internal and external costs incurred in connection with developing or obtaining software for internal use are capitalized and depreciated over the estimated useful life of the software of three years beginning when the software project is complete and the application is put into production. Artwork has an indeterminable useful life and is measured for impairment loss. Disposals are recorded when fixed assets are retired, disposed or impaired.

(g) *Leases*

The Company recognizes and measures its leases in accordance with ASC 842, *Leases*. The Company is a lessee in several non-cancellable operating leases for office space. The Company determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Company recognizes a lease liability and a right-of-use ("ROU") asset at the commencement date of the lease. The Company will utilize the short-term lease expedient in avoiding balance sheet treatment for operating leases with a term of 12 months or less. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. The discount rate is the implicit rate if it is readily determinable; otherwise, the Company uses its incremental borrowing rate. The implicit rates of the Company's leases are not readily determinable and accordingly, the Company uses its incremental borrowing rate based on the information available at the commencement date for all leases. The Company's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment. The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. The Company elected the practical expedient and therefore does not separate lease components from non-lease components.

CAMBRIDGE ASSOCIATES, LLC AND SUBSIDIARIES

Notes to the Consolidated Balance Sheet

December 31, 2023

(2) Summary of Significant Accounting Policies (continued)

(h) Income Taxes

CA LLC is organized as a limited liability company and treated as a partnership for US tax purposes; therefore, it is not directly subject to federal and state income taxes in the US. CA LLC is subject to certain state and local taxes where it conducts business. CA Asia is subject to corporate income tax in Singapore. CA Hong Kong is subject to corporate income taxes in Hong Kong. CA Beijing is subject to corporate income tax in the People's Republic of China. CA LTD LLC is subject to income taxes in the United Kingdom, Australia, Canada, and Germany.

Deferred income taxes represent the future tax effects of temporary differences between taxable income for financial statement purposes and income tax return purposes. A valuation allowance is established if the Company's management believes it is more likely than not that a portion or an entire deferred asset balance will not be realized.

(i) Unearned Revenue

The Company bills certain clients in advance, recording the amount as unearned revenue. Revenue is recognized as it is earned over the contract period.

(j) Foreign Currency

Assets and liabilities of non-US subsidiaries that operate in a local currency environment, where the local currency is the functional currency, are translated at current exchange rates as of the end of the accounting period.

(k) Insurance Reserves

Reserves for self-insured medical benefits are based on the history of prior claims and any known individual cases. Such liabilities are based on estimates and, while management believes that the amount is adequate, the ultimate liability may be in excess or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed. The liability is reflected in Accounts payable and accrued expenses in the consolidated balance sheet.

(l) Other Comprehensive Income/(Loss)

Members' deficit includes other comprehensive income/(loss) that consists principally of cumulative translations. At December 31, 2023, the consolidated cumulative translation adjustment account balance was (\$6,341,106).

(m) Variable Interest Entities

CA LLC, directly or through its subsidiaries, is the general partner or managing member of various pooled and non-pooled investment vehicles, and also provides third party investment management services for these vehicles. In accordance with ASC 810 - *Consolidation of Variable Interest Entities* ("ASC 810") and Accounting Standard Update ("ASU") 2015-02, the Company determines whether these investment vehicles qualify as Variable Interest Entities ("VIEs"). For each VIE identified, the Company determines

CAMBRIDGE ASSOCIATES, LLC AND SUBSIDIARIES

Notes to the Consolidated Balance Sheet

December 31, 2023

(2) Summary of Significant Accounting Policies (continued)

(m) Variable Interest Entities (continued)

whether it is the primary beneficiary and therefore required to consolidate such VIEs under ASC 810. The Company reconsiders its determinations if certain events occur that are likely to cause a change in the original determinations.

The Company has determined that it has variable interests in its pooled investment vehicles which qualify as VIEs under ASC 810 as CA LLC has exposure to loss or rights to residual return of the pooled investment vehicles which will be impacted by changes in assets under management. The expected losses or residual returns are generally limited to its capital interest in the investment vehicle. The limited partners of these entities, as a group, do not have substantive kick-out rights under the investment management contracts and/or limited partnership agreements. However, the Company has determined it is not the primary beneficiary of the investment vehicles as it does not absorb the majority of the expected losses or receive the majority of residual returns, or both, through its variable interests, and the Company does not have significant economic exposure or power to control the activities of the investment vehicles.

The Company has evaluated the ASC 810 criteria and has determined that all other pooled and non-pooled investment vehicles are not VIEs, as the investors have substantive kick-out rights to remove the general partner or managing member without cause. All fees paid under the investment management contracts and limited partnership agreements are at market and are commensurate with the level of effort required to provide these services.

All interests in these entities are presented as Investments in affiliated funds in the consolidated balance sheet.

(n) Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash, cash equivalents, restricted cash, and short-term investments held. The Company maintains cash and cash equivalents with various financial institutions. Cash deposits maintained at a financial institution may exceed the federally insured limit.

(3) Property and Equipment

Property and equipment consists of the following at December 31:

	2023
Computer equipment and software	\$ 133,630,953
Furniture and equipment	17,448,075
Leasehold improvements	15,306,359
Equipment leased under finance leases	2,007,035
Artwork	584,816
	<u>168,977,238</u>
Less accumulated depreciation	<u>(125,965,657)</u>
	<u>\$ 43,011,581</u>

CAMBRIDGE ASSOCIATES, LLC AND SUBSIDIARIES

Notes to the Consolidated Balance Sheet

December 31, 2023

(4) Leases

The Company leases office space and equipment under long-term lease agreements. The leases expire at various dates through May 2039. Leases related to office space and equipment are classified as operating and finance leases, respectively. Finance leases are included in Property and equipment, Current portion of finance lease, and Long-term portion of finance lease in the consolidated balance sheet.

In accordance with the office lease agreements, the Company delivered to the respective lessors security deposits in the form of letters of credit totaling \$4,397,727. Pursuant to the lease agreements for office space in Germany and Hong Kong, the Company delivered to the lessors security deposits equivalent to six month's rent and three month's rent, respectively.

The Company has obligations as a lessee for office space with initial noncancelable terms in excess of one year. The Company classified these leases as operating leases. The Company's leases do not include termination options for either party to the lease or restrictive financial or other covenants. Certain lease agreements for office space that are classified as operating leases contain renewal options. As of December 31, 2023, the Company's weighted average operating lease term was 12.9 years and the weighted average operating lease discount rate was 4.43%.

In February 2022, the Company entered into a lease agreement for office space located in Boston, Massachusetts. The lease commenced on May 15, 2023. The stated lease term is sixteen years and terminates on May 31, 2039. Per the lease agreement, the Company provided a security deposit in the form of a letter of credit in the amount of \$3,500,000 upon signing.

In June 2023, the Company opted to extend its Sydney, Australia lease while it searched for new office space. The extension was for eight months, commencing on July 1, 2023 and expires on February 29, 2024.

In November 2023, the Company entered into a lease agreement for office space located in Sydney, Australia. The lease commenced in December 2023 when the Company gained control of the space. The stated lease term is three years, five months and expires on July 31, 2027. Per the lease agreement, the Company provided a security deposit in the form of a bank guarantee in the amount of approximately \$337,049 upon signing.

In October 2023, the Company entered into a lease agreement for office space located in Arlington, Virginia, that will undergo construction in 2024 to prepare the space for use. The lease is expected to commence once the required improvements are completed, and the Company gains control of the space. The stated lease term is fifteen years. The lease agreement has a noncancellable term of 9 years due to the one-time termination right from lease years ten to fifteen. Per the lease agreement, the Company provided a security deposit in the form of a letter of credit in the amount of \$188,709 upon signing.

CAMBRIDGE ASSOCIATES, LLC AND SUBSIDIARIES

Notes to the Consolidated Balance Sheet

December 31, 2023

(4) Leases (continued)

Maturities of lease liabilities under non-cancellable operating and finance leases of December 31, 2023 were as follows:

	<u>Operating lease</u>	<u>Finance lease</u>
Period ending December 31:		
2024	\$ 15,197,259	\$ 324,140
2025	14,105,906	191,637
2026	11,702,072	99,642
2027	10,881,623	35,888
2028	10,229,319	-
After 2028	88,899,006	-
Total undiscounted lease payments	\$ 151,015,185	\$ 651,307
Less imputed interest	(35,646,185)	(37,260)
Total lease liabilities	\$ 115,369,000	\$ 614,047

(5) Borrowings

(a) Senior notes

On August 28, 2018, the Company issued \$200,000,000 of Senior Notes at a fixed interest rate of 4.91% with a 10-year term to lenders. Interest is payable semi-annually and the principal is due at maturity on August 3, 2028. At December 31, 2023, notes payable were carried at historical cost of \$200,000,000 and the fair market value of the notes payable was \$195,829,742. The Discounted Cash Flow ("DCF") pricing model used to determine the fair value of the Company's notes payable incorporates terms of the notes, such as notional value, the stated interest rate, interest payment frequency, and the remaining life of the notes. The future cash flows are discounted at a rate equal to the sum of the interpolated US Treasury rate and a risk premium specific to the Company. As of December 31, 2023, the remaining average life of the notes was 4.59 years and the interpolated Treasury rate for a similar duration was 3.88%. The risk premium used in the DCF is determined through a combination of macroeconomic trends, such as public market bond trading levels and recently priced private placement transactions, in addition to incorporating market trends and specific credit risks pertaining to the Company. The fair market value of the notes payable at December 31, 2023 represented a risk premium of 1.55%, which resulted in an overall discount rate of 5.43%.

Accrued interest payable was \$4,037,111 at December 31, 2023, which is included in Accounts payable and accrued expenses in the consolidated balance sheet.

(b) Term Loan

On May 18, 2022, the Company borrowed \$110,000,000 in the form of an unsecured Term Loan at a fixed interest rate of 3.64% with a 10-year term to lenders. Interest and principal is made in monthly installments with the remaining principal balance due at maturity on May 18, 2032. At December 31, 2023, the term loan balance was \$103,400,000. At December 31, 2023, the fair market value of the term loan was \$87,198,960.

CAMBRIDGE ASSOCIATES, LLC AND SUBSIDIARIES

Notes to the Consolidated Balance Sheet

December 31, 2023

(5) Borrowings (continued)

(b) Term Loan (continued)

The DCF pricing model used to determine the fair value of the Company's term loan incorporates terms of the loan, such as notional value, the stated interest rate, interest payment frequency, and the remaining life of the loan. The future cash flows are discounted at a rate equal to the sum of the interpolated US Treasury rate and specific credit risks pertaining to the Company. As of December 31, 2023, the remaining average life of the term loan was 6.88 years, including the loan amortization, and the interpolated Treasury rate as of December 31, 2023 was 4.89%. The fair market value of the term loan at December 31, 2023 represented a risk premium of 1.66%, which resulted in an overall discount rate of 6.55%.

Accrued interest payable was \$292,737 at December 31, 2023, which is included in Accounts payable and accrued expenses in the consolidated balance sheet.

(c) Line of Credit

On December 17, 2021, the Company entered into a senior unsecured revolving credit facility (“Credit Facility”) with a lender. The Credit Facility has a maximum borrowing capacity of \$20,000,000 and a term of three years. The amount outstanding under the Credit Facility bears interest at a rate of either: 1) the Base Rate (as defined in the Credit Facility) plus the Applicable Rate (as defined in the Credit Facility) or 2) the BSBY Rate (as defined in the Credit Facility) plus the Applicable Rate (as defined in the Credit Facility). In February 2022, the Company entered into an operating lease agreement for office space located in Boston, Massachusetts. Per the lease agreement, the Company provided a security deposit in the form of a letter of credit in the amount of \$3,500,000 upon signing. In October 2023, the Company entered into an operating lease agreement for office space located in Arlington, Virginia. Per the lease agreement, the Company provided a security deposit in the form of a letter of credit in the amount of \$188,708.90. As a result, the available drawdown amount of the Credit Facility at December 31, 2023 was \$16,311,291. There were no amounts outstanding under the Credit Facility at December 31, 2023.

As a result of the issuance, at December 31, 2023, the consolidated balance sheet reflected an excess of liabilities over assets of \$188,941,995.

At December 31, 2023, the Company was in compliance with all debt covenants.

(6) Related Party Transactions

Effective January 1, 2015 and automatically renewing for successive 12-month periods, CA LLC entered into a Residual Profit Sharing Agreement (the “Agreement”) with CA LTD LLC, CA LTD, CA Asia and CA Beijing (collectively, “CA Group Companies”) for the purpose of utilizing resources on a global basis.

Under the terms of the Agreement, CA Group Companies split global operating profit based on value indicators that capture the relative contributions of each entity in performing Non-Routine and Routine Services. Non-Routine Services involve activities that generate value and drive global profit for CA Group as a whole. Routine Services consist of accounting, finance, legal, human resources, and IT support services.

CAMBRIDGE ASSOCIATES, LLC AND SUBSIDIARIES

Notes to the Consolidated Balance Sheet

December 31, 2023

(7) Related Party Transactions (continued)

Effective January 1, 2022 and automatically renewing for successive 12-month periods, CA LLC entered into a Target Operating Profit Agreement (“Profit Agreement”) with the Canadian branch of CA LTD LLC, CA GmbH, and CA Hong Kong. Under the terms of the Profit Agreement, these companies will retain an arm’s length return consistent with comparable companies and expressed as an operating margin.

In addition, the Company, CA Group Companies and other affiliates may be reimbursed for payment of costs incurred on an affiliate’s behalf for vendors that are used under a global contract. At December 31, 2023, the total amount due to affiliates recorded in the consolidated balance sheet was \$13,979.

The Company was owed \$2,163,858 from the affiliated funds at December 31, 2023, which was included in Trade receivables in the consolidated balance sheet.

(8) Unit-Based Compensation

(a) Profits Interests

In 2018, CA LLC entered into a transaction with its founders and existing investors to allow for a change in ownership interests and to admit new investors into the Company at fair value. Pursuant to the transaction, CA LLC’s Board of Managers approved a new equity plan for its partners. Under the new equity plan, the newly formed entity, CAP LP, is authorized to issue profits interests (the “profits interests”) to plan participants in exchange for the cancellation of existing outstanding unit options of CA LLC in such amounts and subject to the specific terms and conditions as determined by CAP LP. The profits interests under the new plan may be issued as long-term compensation for CA LLC’s partners. The profits interests units are intended to constitute “profits interests” within the meaning of Internal Revenue Code guidance or other amendments that supplement or supersede the foregoing guidance. CAP LP specified the conditions and dates upon which profits interests shall vest and become nonforfeitable. In addition to any terms and conditions that are specified by CAP LP, the profits interests units are subject to the terms and conditions of the individual Profits Interests Grant Agreement and such other restrictions, including restrictions on transferability as the CAP LP may impose.

Activity of profits interests units during the years indicated as follows:

	<u>Number of units</u>	<u>Weighted average remaining contractual terms</u>
Balance outstanding at December 31, 2022	12,645	2.10
Granted	1,125	6.00
Exercised/Redeemed	(315)	-
Cancelled/Forfeited	(368)	2.96
Balance outstanding at December 31, 2023	<u>13,087</u>	<u>1.81</u>
Balance vested at December 31, 2023	<u>8,617</u>	<u>1.00</u>

Profits interests units are forfeited for the unvested portion of terminated partners’ grants.

CAMBRIDGE ASSOCIATES, LLC AND SUBSIDIARIES

Notes to the Consolidated Balance Sheet

December 31, 2023

(8) Unit-Based Compensation (continued)

(a) Profits Interests (continued)

A summary of the status of the Company's profits interests units during the periods indicated is as follows:

	Number of units	Weighted average grant-date fair value
Nonvested at December 31, 2022	5,073	\$ 5,696.57
Granted	1,125	8,646.64
Vested	(1,360)	5,702.71
Forfeited	(368)	5,711.80
Nonvested at December 31, 2023	4,470	\$ 6,435.91

(b) Unit Options

In 1995, CA LLC created a unit option plan (the "Plan") that was amended in 2000, which provides for nonstatutory unit options to be granted under the Plan. Nonstatutory, nondesignated options have been granted with an exercise price equal to the fair market value of CA LLC as determined by the Members at the time of issuance. The Plan provides for vesting to take place for: 1) a schedule of up to seven years; 2) upon retirement at age 59 or older (the "Allowable Retirement Age"); and/or 3) the event of merger, consolidation, unit sales or liquidation of CA LLC, as defined in the Plan, and may be forfeited for reasons specified in the Plan. In 2015, the Plan was amended to change the Allowable Retirement Age to age 63 or older, or age 60-62 if the option holder has been employed by the Company for at least 15 years.

The fair value of each unit option award is estimated on the date of the grant using the Black-Scholes option-pricing model based on the assumptions noted in the following table. The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options, which have no vesting restrictions and are fully transferable. Many of these assumptions require management's judgment. CA LLC's estimated volatility assumption is based on the average historical volatility of daily share prices for peer companies that are publicly traded over a period equal to the expected term of the options. CA LLC uses historical data to estimate the expected term of options granted. The risk-free rate for periods within the contractual term of the unit option is based on the US Treasury yield curve in effect at the time of grant.

The fair value of the Company is determined using a discounted cash flow valuation model. Valuation assumptions used as of the most recent valuation were following:

	January 1, 2023
Valuation Assumptions:	
Estimated volatility	38.20%
Estimated dividend-price ratio	7.98%
Expected term (in years)	15
Risk-free interest rate	4.20%

CAMBRIDGE ASSOCIATES, LLC AND SUBSIDIARIES

Notes to the Consolidated Balance Sheet

December 31, 2023

(8) Unit-Based Compensation (continued)

(b) Unit Options (continued)

The type and number of unit options outstanding at December 31 are as follows:

Type	Exercise price	2023 Issued and outstanding
Nonstatutory, nondesignated	\$ 2,626.02 - 13,070.00	2,884

Activity of nonstatutory, nondesignated options during the year is as follows:

	Number of units	Weighted average exercise prices	Weighted average remaining contractual terms
Balance outstanding at December 31, 2022	2,876	\$ 8,528.23	1.03
Granted	285	13,070.00	6.00
Exercised/Redeemed	(176)	6,605.66	-
Cancelled/Forfeited	(101)	6,742.75	-
Balance outstanding at December 31, 2023	2,884	\$ 9,051.09	1.20
Balance exercisable at December 31, 2023	2,265	\$ 8,406.58	1.00

Options are forfeited for the unvested portion of terminated employees' grants.

The weighted average exercise price for unvested options as of December 31, 2023 was \$11,409.42 for the Company.

A summary of the status of the Company's nonvested nonstatutory, nondesignated options during the year is as follows:

	Number of units	Weighted average
Nonvested at December 31, 2022	593	\$ 2,002.72
Granted	285	1,614.23
Vested	(208)	2,294.28
Exercised/Redeemed	(26)	2,478.00
Cancelled/Forfeited	(25)	1,868.56
Nonvested at December 31, 2023	619	\$ 1,721.60

(9) Self-Insured Medical Benefits

CA LLC maintains a contributory, self-insured medical care plan which provides health and dental benefits to eligible employees (and their dependents) of CA LLC. The cost of such benefits is provided through contributions by participating employees and CA LLC. At December 31, 2023, CA LLC has accrued estimated reserves of \$2,603,513 for claims incurred but not paid, which is included in Accounts payable and accrued expenses in the consolidated balance sheet.

CAMBRIDGE ASSOCIATES, LLC AND SUBSIDIARIES

Notes to the Consolidated Balance Sheet

December 31, 2023

(10) Income Taxes

The significant components of the Company's deferred income taxes at December 31, 2023 are as follows:

	<u>2023</u>
Deferred tax assets:	
Difference in tax provision	\$ 297,609
Difference in right-of-use asset	<u>3,961,538</u>
Total gross deferred income tax assets	<u>\$ 4,259,147</u>
Deferred tax liabilities:	
Differences in fixed asset bases	210,752
Difference in operating lease liabilities	<u>3,961,538</u>
Total gross deferred income tax liabilities	<u>4,172,290</u>
Net deferred tax asset	<u>\$ 86,857</u>

The Company adopted the Uncertain Tax Positions ("UTP") provisions of ASC 740 - *Income Taxes* on January 1, 2009, which required management to determine whether tax positions of the Company are more likely than not to be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. For tax positions meeting the more likely than not threshold, the tax amount recognized in the consolidated balance sheet is reduced by the largest benefit that has greater than fifty percent likelihood of being realized upon ultimate settlement with the relevant taxing authorities.

The Company recognizes interest and penalties related to uncertain tax positions in the provision for income taxes. As of December 31, 2023, the total amount of accrued taxes, interest and penalties recorded in the consolidated balance sheet was \$1,547,096 as Accounts payable and accrued expenses.

The Company files income tax returns with federal, state, local, and foreign jurisdictions. The Company's federal and state tax returns are open from 2019 through 2023. For all foreign jurisdictions, 2017 through 2023 are subject to future examinations.

(11) Capital Reserve

In conjunction with regulatory requirements, CA LTD is required to hold capital at minimum levels as defined by the Financial Conduct Authority ("FCA"). As of December 31, 2023, CA LTD was required to hold approximately £9,350,246 (\$11,940,171) of equity in reserve. CA LTD is in compliance with these requirements.

CA LTD LLC is required to hold working capital in relation to its Canadian branch at minimum levels of \$100,000. As of December 31, 2023, CA LTD LLC is in compliance with this requirement.

CAMBRIDGE ASSOCIATES, LLC AND SUBSIDIARIES

Notes to the Consolidated Balance Sheet

December 31, 2023

(12) Commitments and Contingencies

From time to time, the Company may be subject to legal or regulatory proceedings arising out of the ordinary course of its business. Management believes that any losses resulting from the resolution of such proceedings would not have a material adverse effect on the Company's consolidated balance sheet.

(13) Risks and Uncertainties

Geopolitical risks, including those arising from trade tension and/or the imposition of trade tariffs, terrorist activity or acts of civil or international hostility, are increasing. Military conflicts could result in geopolitical instability and adversely affect the global economy or specific markets. Strategic competition between the US and China and resulting tensions have also contributed to uncertainty in the geopolitical and regulatory landscapes. Such events and responses, including regulatory developments, may cause significant volatility and declines in the global markets, disproportionate impacts to certain industries or sectors, disruptions to commerce (including to economic activity, travel and supply chains), loss of life and property damage, and may adversely affect the global economy or capital markets, as well as the Company's products, operations, clients, vendors and employees, which may cause the Company's revenue and earnings to decline.

(14) Subsequent Events

The Company evaluated subsequent events and transactions occurring after December 31, 2023 through March 27, 2024, the date this consolidated balance sheet was available for issuance. The Company is not aware of any subsequent events which would require recognition or disclosure in the consolidated balance sheet.