



## VC PROTECTOR<sup>SM</sup> 6/2016

In consideration of the payment of the premium, and in reliance upon the statements made to the *Insurer* by application forming a part hereof, its attachments and the materials incorporated therein, the *Insurer* agrees as follows:

### 1. INSURING AGREEMENTS

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Solely with respect to *Claims* first made against an *Insured* during the *Policy Period* or the *Discovery Period* (if applicable) and reported to the *Insurer* pursuant to the terms of this policy, and subject to the other terms, conditions and limitations of this policy, this policy affords the following coverage:

#### COVERAGE A: INSURED PERSON AND GENERAL PARTNER LIABILITY INSURANCE

This policy shall pay the *Loss* of each and every *Insured Person* or *General Partner* of an *Organization* arising from a *Claim* made against such *Insured Person* or *General Partner* for any *Wrongful Act* of such *Insured Person* or *General Partner*, taking place following the *retroactive date*, **except when and to the extent that an *Organization* or any *General Partner* has indemnified such *Insured Person* or *General Partner* for such *Loss*. Coverage A shall not apply to *Loss* arising from a *Claim* made against an *Outside Entity Executive*.**

#### COVERAGE B: ORGANIZATION LIABILITY AND INDEMNIFICATION INSURANCE

- (i) ***Organization Liability***: This policy shall pay the *Loss* of an *Organization* arising from a *Claim* made against such *Organization* for any *Wrongful Act* of such *Organization*, taking place following the *retroactive date*.
- (ii) ***Indemnification Insurance***: This policy shall pay the *Loss* of an *Organization* or a *General Partner* arising from a *Claim* made against an *Insured Person* (including an *Outside Entity Executive*), a *General Partner* or an *Investment Advisor* for any *Wrongful Act* of such *Insured*, taking place following the *retroactive date*, **but only when and to the extent that such *Organization* or *General Partner* has indemnified such *Insured Person*, *General Partner* or *Investment Advisor* for such *Loss*. Coverage B(ii) shall not apply to *Loss* arising from a *Claim* made against an *Outside Entity Executive* of an *Outside Entity* as defined in Definition 2.25(3) or 2.25(4).**

#### COVERAGE C: OUTSIDE ENTITY EXECUTIVE LIABILITY INSURANCE

This policy shall pay the *Loss* of any *Outside Entity Executive* arising from a *Claim* made against such *Outside Entity Executive* for any *Wrongful Act* of such *Outside Entity Executive* taking place following the *retroactive date*, **but only excess of any indemnification provided by an *Outside Entity* and any insurance coverage afforded to an *Outside Entity* or its *Executives* applicable to such *Claim*, except when and to the extent that an *Organization* has indemnified such *Outside Entity Executive*. In the event that no indemnification is provided for whatever reason by an *Outside Entity*, nor its *Executives* applicable to such *Claim*, the *Organization* must pay the excess specified in the Schedule and this policy shall only pay the *Loss* of any *Outside Entity Executive* in excess of the amount specified in the Schedule.**

#### COVERAGE D: INVESTMENT ADVISOR LIABILITY INSURANCE

This policy shall pay the *Loss* of an *Investment Advisor* arising from a *Claim* brought by or on behalf of a *Fund* or its investors against such *Investment Advisor* for any *Wrongful Act* of such *Investment Advisor*, taking place following the *retroactive date*, **except when and to the extent that an *Organization* has indemnified such *Investment Advisor* for such *Loss*.**



## 2. DEFINITIONS

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### 2.1 “*Claim*” means:

- (1) a written demand for monetary, non-monetary or injunctive relief;
- (2) a civil, criminal, administrative or regulatory proceeding for monetary, non-monetary or injunctive relief, which is commenced by: (i) service of a complaint or similar pleading; (ii) service of an indictment, information or similar document (in the case of a criminal proceeding); or (iii) receipt or filing of a notice of charges;
- (3) a formal civil, criminal, administrative or regulatory investigation of an *Insured Person* once such *Insured Person* is identified by such investigating authority, including but not limited to the Israeli Securities Authority or similar state or foreign government authority, as a person against whom a proceeding described in Definition 2.1(2) may be commenced; or
- (4) an investigation by the Equal Employment Opportunity Commission or Office of Federal Contract Compliance Program or similar federal, state, local or foreign agency which is commenced by service of a complaint or similar pleading or receipt or filing of a notice of charges of which notice has been given to an *Insured*.

The term “*Claim*” includes a *Securities Claim* and an *Employment Practices Claim*.

### 2.2 “*Defense Costs*” means reasonable and necessary fees, costs and expenses consented to by the *Insurer* (including premiums for any appeal bond, attachment bond or similar bond arising out of a covered judgment, but without any obligation to apply for or furnish any such bond) resulting solely from the adjustment, defense and appeal of a *Claim* against an *Insured*, **but excluding any compensation of an Executive of an Organization, General Partner, Investment Advisor, Employee of an Organization, or any other Insured.**

### 2.3 “*Discovery Period*” means the period of time specified in Extension 4.2, immediately following the termination of this policy during which written notice may be given to the *Insurer* of any *Claim* first made against the *Insured* during such period of time for any *Wrongful Act* occurring prior to the end of the *Policy Period* and otherwise covered by this policy

### 2.4 “*Employee*” means any past, present or future employee, whether such employee is in a supervisory, co-worker or subordinate position or otherwise, including any part-time, seasonal and temporary employee. Provided, further, that solely with respect to an *Employment Practices Claim*, the term “*Employee*” shall also include any individual who is leased to an *Organization* or who is an independent contractor for an *Organization*, **but only if and to the extent that such *Organization* provides indemnification to such leased individual or independent contractor in the same manner as is provided to the *Organization’s* employees pursuant to a written contract or agreement.**

**The term “*Employee*” shall not include an *Executive of an Organization* or a *General Partner*.**

### 2.5 “*Employment Practices Claim*” means a *Claim* alleging an *Employment Practices Violation*.

### 2.6 “*Employment Practices Violation*” means any actual or alleged:

- (1) wrongful dismissal, discharge or termination, either actual or constructive, of employment (including wrongful dismissal, discharge or termination in breach of an implied contract, or in breach of the implied covenant of good faith and fair dealing or in violation of public policy);
- (2) harassment (including but not limited to sexual harassment);
- (3) discrimination (including, but not limited to, discrimination based upon age, gender, race, color, national origin, religion, sexual orientation, sexual preference, pregnancy or disability);
- (4) employment-related misrepresentation to an *Employee* of or applicant for employment with an *Organization* or an *Outside Entity*;



- (5) employment-related libel, slander, humiliation, defamation or invasion of privacy;
- (6) wrongful failure to employ or promote;
- (7) wrongful deprivation of career opportunity, wrongful demotion or negligent *Employee* evaluation, including, but not limited to, wrongfully making negative or defamatory statements in connection with an employee reference;
- (8) wrongful discipline;
- (9) failure to grant tenure; or
- (10) with respect to any of the foregoing sub-sections (1) through (9) of this definition: negligent hiring, retention, training or supervision, infliction of emotional distress, failure to provide or enforce adequate or consistent corporate policies and procedures, or violation of an individual's civil rights,

**but only if such act, error or omission relates to an *Executive* of, an *Employee* of or an applicant for employment with, an *Organization* or an *Outside Entity*, whether committed directly, indirectly, and provided that the cause of action stipulated in the *Employment Practices Claim* does not arise under or derive from infringement of any specific Labor Law, or any stipulation in a group agreement which the *Organization* or an *Outside Entity* is subject to.**

With respect to a *Claim* brought by a natural person customer or client, "*Employment Practices Violation*" shall mean only actual or alleged discrimination, sexual harassment or violation of an individual's civil rights relating to such discrimination or sexual harassment, whether committed directly or indirectly.

**However, a *claim* for sexual harassment shall not be covered:**

- (i) in respect of the allegedly harassing *insured*, in any of the following cases: the *claim* for sexual harassment was settled, or it was established through a judgment, or any other final adjudication adverse to the *insured*, or any admission by an *insured* that the *insured* in fact committed sexual harassment; or–
- (ii) in case the *insured* failed to take all the measures stipulated in the Law of Prevention of Sexual Harassment – 1998;

2.7 "*Employment-Related Benefits*" means any type of emolument provided by virtue of employment, including but not limited to stock or share options, perquisites (**other than fringe benefits comprising company car, luncheon vouchers and healthcare which form part of an industrial tribunal award**), pension and welfare plan benefits, medical expenses insurance, deferred compensation, and severance payments of any claimant which shall be presumed.

2.8 "*Executive*" means any past, present or future:

- (1) duly elected or appointed director, officer or trustee of a corporation; management committee member of a joint venture; and member of the management board of a limited liability company (or equivalent position);
- (2) person in a duly elected or appointed position in an entity organized and operating in a jurisdiction outside of Israel that is equivalent to an executive position listed in sub-section (1) above; or
- (3) General Counsel or Risk Manager (or equivalent position) of the *Named Fund Manager*.

2.9 "*Financial Institution*" means any entity that is a depository institution (including but not limited to commercial banks, savings banks, credit unions and savings and loan institutions), any insurance entity or any entity that is a diversified financial institution (including but not limited to brokerage firms and investment companies).



- 2.10 “**Fund**” means any: (1) entity specifically listed as a *Fund* in an endorsement attached to this policy; and (2) entity that qualifies as a *Fund* pursuant to Clause 5.7(b) of this policy.
- 2.11 “**Full Annual Premium**” means the annual premium level in effect immediately prior to the end of the *Policy Period*.
- 2.12 “**General Partner**” means any duly elected or appointed general partner of an *Organization* formed as a limited partnership, but only if such general partner is: (1) the *Named Fund Manager*; (2) a *Subsidiary* of the *Named Fund Manager*; (3) an *Executive* or *Employee* of an *Organization*; (4) an *Executive* of an entity *General Partner*; (5) a *Subsidiary* of an entity *General Partner*; or (6) specifically listed as a *General Partner* in an endorsement attached to this policy.
- 2.13 “**Indemnifiable Loss**” means *Loss* for which an *Organization* or a *General Partner* has indemnified or is permitted or required to indemnify an *Insured Person* or natural person *General Partner* pursuant to law or contract or the charter, bylaws, partnership agreement, operating agreement or similar documents of an *Organization* or a *General Partner*.
- 2.14 “**Insured**” means any:
- (1) *Insured Person*;
  - (2) *General Partner*;
  - (3) *Investment Advisor*;
  - (4) *Organization*.
- 2.15 “**Insured Person**” means any:
- (1) *Executive of an Organization*;
  - (2) *Employee of an Organization*; and
  - (3) *Outside Entity Executive*.
- 2.16 “**Investment Advisor**” means any individual or entity that engages in the business of rendering *Investment Advisory Services* to a *Fund*, but only if such investment advisor is: (1) the *Named Fund Manager*, a *General Partner*, a *Subsidiary* of the *Named Fund Manager* or a *Subsidiary* of a *General Partner*, a member of an investment advisory committee of such entities, an *Executive* of or *Employee* of an *Organization*; or (2) specifically listed as an *Investment Advisor* in an endorsement attached to this policy.
- 2.17 “**Investment Advisory Services**” means: (1) the giving of financial, economic or investment advice regarding investments in securities; and (2) the rendering of investment management services, in each case, pursuant to a written contract defining the scope of such advice and services and the compensation to be paid therefor.
- 2.18 “**Investment Vehicle**” means any entity: (1) whose revenue is primarily generated by equity or debt investments in one or more other entities; and (2) that was created or established by the *Named Fund Manager*, a *Subsidiary* of the *Named Fund Manager* or a *Fund*.
- 2.19 “**Loss**” means damages, settlements, judgments (including pre/post-judgment interest on a covered judgment) and *Defense Costs*; however, “**Loss**” shall not include: (1) civil or criminal fines or penalties; (2) taxes; (3) punitive or exemplary damages; (4) the multiplied portion of multiplied damages; (5) any amounts for which the *Insureds* are not financially liable or which are without legal recourse to the *Insureds*; (6) *employment-related benefits*, stock options, severance payments, golden parachutes, perquisites, deferred compensation or any other type of compensation; (7) any liability or costs incurred by any *Insured*, any *Organization*, any *General Partner*, any *Portfolio*



**Entity or any *Minority Held Entity* to modify any building or property in order to make said building or property more accessible or accommodating to any disabled person, or any liability or costs incurred in connection with any educational, sensitivity or other corporate program, policy or seminar; or (8) matters which may be deemed uninsurable under the law pursuant to which this policy shall be construed.**

Without derogating from the above, *loss* shall also include payment to a third party imposed on the *insured* pursuant to the Law of Efficiency of Enforcement Procedures in the Securities Authority (legislation amendments) - 2011, the Law of Enhancement of Enforcement Procedures in the Capital Market (Legislation Amendments) – 2011 and similar administrative enforcement laws, **as long as the said payments are insurable by law.**

**In the event of a *Claim* alleging that the price or consideration paid or proposed to be paid for the acquisition or completion of the acquisition of all or substantially all the ownership interest in or assets of an entity is inadequate, *Loss* with respect to such *Claim* shall not include any amount of any judgment or settlement representing the amount by which such price or consideration is effectively increased;** provided, however, that this paragraph shall not apply to *Defense Costs*.

2.20 “**Management Control**” means entities in which the *Named Fund Manager*, either directly or indirectly through one or more of its *Subsidiaries*:

- (i) controls half or more of the composition of the board of directors; or
- (ii) controls half or more of the voting power; or
- (iii) holds half or more of the issued share capital on or before the inception date of this policy.

2.21 “**Minority Held Entity**” means any for-profit entity (other than a *Financial Institution*), which is not an *Investment Vehicle*, in which a *Fund* has an ownership interest either directly or indirectly through one or more *Portfolio Entities*; provided that the *Named Fund Manager* or a *Fund* shall provide the *Insurer* with a list of all such *Minority Held Entities* prior to the end of the *Policy Period*.

*Minority Held Entity* shall also not include any *Organization* or any *Portfolio Entity*.

A *Minority Held Entity* ceases to be a *Minority Held Entity* when the *Fund* no longer maintains an ownership interest in such *Minority Held Entity* either directly or indirectly through one or more *Portfolio Entities*.

2.22 “**Non-Indemnifiable Loss**” means *Loss* for which an *Organization* or a *General Partner* has neither indemnified nor is permitted or required to indemnify an *Insured Person* or natural person *General Partner* pursuant to law, common or statutory, contract, or the charter, by-laws, partnership agreement, operating agreement or similar documents of an *Organization* or a *General Partner*.

2.23 “**Named Fund Manager**” means the entity specified in Item 1 of the Schedule.

2.24 “**Organization**” means:

- (1) the *Named Fund Manager* and each *Subsidiary* thereof;
- (2) each *Fund*

2.25 “**Outside Entity**” means any:

- (1) *Portfolio Entity*, other than a *Portfolio Entity* that is insolvent or that has filed for or has entered into (whether voluntarily or involuntarily) bankruptcy;
- (2) *Minority Held Entity* that: (i) actually provides indemnification for; and (ii) has in place valid and collectible managerial liability insurance or directors and officers liability insurance (including, but not limited to, directors, officers or general partner liability) for its *Executives* with an annual aggregate limit of liability of \$5,000,000 or more;



- (3) *Portfolio Entity* other than a *Portfolio Entity* described in sub-section (1) above;
- (4) *Minority Held Entity* other than a *Minority Held Entity* described in sub-section (2) above;
- (5) other entity listed as an “*Outside Entity*” in an endorsement attached to this policy.

2.26 “*Outside Entity Executive*” means any: (1) *Executive* of the *Organization* acting at the specific written request or direction of such *Organization* as an *Executive* of an *Outside Entity*; or (2) any other person specifically listed as an *Outside Entity Executive* in an endorsement attached to this policy.

2.27 “*Policy Period*” means the period of time from the inception date to the expiry date specified in Item 2 of the Schedule, unless the policy is cancelled in which event the *Policy Period* will end on the effective date of the cancellation.

2.28 “*Pollutants*” means, but is not limited to, any solid, liquid, biological, radiological gaseous or thermal irritant or contaminant whether occurring naturally or otherwise, including asbestos, smoke, vapor, soot, fibers, mould, spores, fungus, germs, fumes, acids, alkalis, nuclear or radioactive material of any sort, chemicals or *Waste*. “*Waste*” includes, but is not limited to, materials to be recycled, reconditioned or reclaimed.

2.29 “*Portfolio Entity*” means any for-profit entity (other than a *Financial Institution*) which is not an *Investment Vehicle* of which a *Fund* has *Management Control* either directly or indirectly through one or more *Portfolio Entities*, provided that the *Named Fund Manager* or such *Fund* shall provide the *Insurer* with a list of all such *Portfolio Entities* prior to end of the *Policy Period*.

A *Portfolio Entity* ceases to be a *Portfolio Entity* when the *Fund* no longer maintains *Management Control* of such *Portfolio Entity* either directly or indirectly through one or more *Portfolio Entities*.

2.30 “*Retroactive Date*” means the date(s) specified as such in the Schedule.

2.31 “*Securities*” means all negotiable and non-negotiable instruments or contracts, including any note, stock, bond, debenture, evidence of indebtedness, share or other equity or debt security, in respect of money or property, but does not include Money.

2.32 “*Securities Claim*” means a *Claim*, **other than an administrative or regulatory proceeding against, or investigation of an Organization**, made against any *Insured*:

- (1) alleging a violation of any federal, state, local or foreign regulation, rule or statute regulating securities (including, in Israel, any violation of the Securities Law – 1968 and its regulations, in the United States of America, any violation of the Securities Act of 1933 or the Securities Exchange Act of 1934, or any other similar federal or state regulation, rule, or statute), including, but not limited to, the purchase or sale or offer or solicitation of an offer to purchase or sell securities which is:
  - (a) brought by any person or entity alleging, arising out of, based upon or attributable to, in part or in whole, the purchase or sale or offer or solicitation of an offer to purchase or sell any *securities* issued by an *Organization*; or
  - (b) brought by a *security* holder of an *Organization* with respect to such *security* holder’s interest in *securities* issued by such *Organization*; or
- (2) brought derivatively on the behalf of an *Organization* by a *security* holder of such *Organization*.

The term “*Securities Claim*” shall include an administrative or regulatory proceeding brought by a governmental (whether a federal, state, provincial, local or foreign) agency that regulates the purchase and sale of securities against an *Organization*, **but only if and only during the time that such proceeding is also commenced and continuously maintained against an *Insured Person* or a *General Partner***.



2.33 “**Subsidiary**” means:

- (1) any entity that is not an *Investment Vehicle* or *Portfolio Entity* of which the *Named Fund Manager* or a *General Partner* has *Management Control* on or before the inception of the *Policy Period* either directly or indirectly through one or more other *Subsidiaries*, **provided that the *Named Fund Manager* provided the *Insurer* with full particulars of such *Subsidiary* before the inception date of this policy;** and
- (2) an entity which qualifies as a *Subsidiary* pursuant to Clause 5.7(c) of this policy.

Coverage for any *Claim* against any of the directors, officers and *Employees* of any *Subsidiary* shall apply **only for *Wrongful Act(s)* committed while such entity is a *Subsidiary* of the *Named Fund Manager*.** However, upon written request by the *Named Fund Manager*, the *Insurer* shall consider, after assessment and evaluation of the increased exposure, granting cover for *Wrongful Act(s)* committed prior to the acquisition of the *Subsidiary* by the *Named Fund Manager*.

2.34 “**Wrongful Act**” means:

- (1) any actual or alleged breach of duty, neglect, error, misstatement, misleading statement, omission or act or any *Employment Practices Violation*:
  - (i) with respect to any *Executive* of an *Organization*, by such *Executive* in his or her capacity as such or any matter claimed against such *Executive* solely by reason of his or her status as such;
  - (ii) with respect to any *General Partner*, by such *General Partner*, in his, her or its capacity as such or any matter claimed against such *General Partner* solely by reason of his, her or its status as such; provided, however; that with respect to any *General Partner* as defined in Definition 2.12(4) and 2.12(5), “*Wrongful Act*” means any actual or alleged breach of duty, neglect, error, misstatement, misleading statement, omission or act by such *General Partner* solely while acting on behalf of a *General Partner* as defined in Definition 2.12(1) or 2.12(2) in its capacity as a *General Partner*;
  - (iii) with respect to any *Employee* of an *Organization*, by such *Employee* in his or her capacity as such, but solely in regard to: (a) a *Securities Claim* or an *Employment Practices Claim*; or (b) any other *Claim* so long as such other *Claim* is also made and continuously maintained against an *Executive* of such *Organization*; or
  - (iv) with respect to any *Outside Entity Executive*, by such *Outside Entity Executive* in his or her capacity as such or any matter claimed against such *Outside Entity Executive* solely by reason of his or her status as such;
- (2) with respect to an *Organization*, any actual or alleged breach of duty, neglect, error, misstatement, misleading statement, omission or act by such *Organization* in its capacity as such;
- (3) with respect to an *Investment Advisor*, any actual or alleged breach of duty, neglect, error, misstatement, misleading statement, omission or act by the *Investment Advisor* in his, her or its capacity as such.

### 3. EXCLUSIONS

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**The *Insurer* shall not be liable to make any payment for *Loss* in connection with any *Claim* made against an *Insured*:**

- 3.1 **arising out of, based upon or attributable to the gaining in fact of any profit or advantage to which the *Insured* was not legally entitled;**
- 3.2 **arising out of, based upon or attributable to payments to an *Insured* of any remuneration by an entity without the previous approval of the such entity’s organs, security holders or members, which payment without such previous approval shall be held to have been illegal;**



- 3.3 arising out of, based upon or attributable to the committing in fact of any deliberate criminal or deliberate fraudulent act by the *Insured*. In addition, in respect of any *Insured Person*, any matter which is uninsurable pursuant to the Companies Law – 1999;
- 3.4 alleging, arising out of, based upon or attributable to the facts alleged, or to the same or related *Wrongful Acts* alleged or contained in any *Claim* which has been reported or could have been reported under any policy which preceded this policy, or in any circumstances of which notice has been given or could have been given under any policy which preceded this policy ;
- 3.5 alleging, arising out of, based upon or attributable to, as of the Continuity Date specified in the schedule, any pending or prior: (1) litigation; or (2) administrative or regulatory proceeding or investigation of which an *Insured* had notice, or alleging or derived from the same or essentially the same facts as alleged in such pending or prior litigation or administrative or regulatory proceeding or investigation;
- 3.6 with respect to any *Outside Entity Executive*, for any *Wrongful Act* occurring prior to his or her respective Continuity Date specified in the schedule if such *Outside Entity Executive*, as of such Continuity Date, knew or could have reasonably foreseen that such *Wrongful Act* could lead to a *Claim* under this policy;
- 3.7 alleging, arising out of, based upon or attributable to any actual or alleged act or omission of a natural person *Insured* serving in any capacity other than as a *General Partner*, an *Investment Advisor*, an *Outside Entity Executive*, or an *Executive* of or an *Employee* of an *Organization*;
- 3.8 alleging, arising out of, based upon or attributable to any actual or alleged contractual obligation or liability of an *Organization* or any other *Insured* under any express (written or oral) contract or agreement including, but not limited to, any severance agreement or golden parachute agreement, or any compensation agreement payable upon the termination of any *Insured*; provided, however, that this exclusion shall not apply to: (1) a *Claim* made solely against an *Investment Advisor*; or (2) the extent liability does not arise out of such express contract or agreement, or an actual or alleged breach thereof;
- 3.9 which is brought by any *Organization*, any other *Insured* (other than an *Employee* of an *Organization*), any *Portfolio Entity* or any *Executive* of a *Portfolio Entity*; or which is brought by any security holder, limited partner or member of an *Organization* or any *Portfolio Entity*, whether directly or derivatively, unless such security holder's, limited partner's or member's *Claim* is instigated and continued totally independent of, and totally without the solicitation of, or assistance of, or active participation of, or intervention of, an *Organization*, any other *Insured*, other than an *Employee* of an *Organization*, any *Portfolio Entity* or any *Executive* of a *Portfolio Entity*; provided, however, this exclusion shall not apply to:
- (1) any *Claim* brought by an *Insured Person* where such *Claim* is in the form of a cross-claim or third-party claim for contribution or indemnity which is a part of and results directly from a *Claim* which, absent the foregoing Exclusion (i), would be covered by this policy;
  - (2) an *Employment Practices Claim* brought by an *Insured Person*, who is not now and never was a director, *General Partner* or equivalent position of the *Named Fund Manager* or any *Fund*;
  - (3) a *Claim* brought by a *Fund* against an *Investment Advisor* solely alleging a *Wrongful Act* against the *Investment Advisor* in the *Investment Advisor's* capacity as such;
  - (4) any *claim* brought or maintained by a liquidator, receiver, administrative receiver, trustee or special manager or similar equivalent official appointed to the *Named Fund Manager* or to any other *Organization*, either directly or derivatively on behalf of the *Named Fund Manager* or such other





*Organization*, without the solicitation, assistance or participation of any *insured* or the *Named Fund Manager* or any other *Organization*;

- (5) any *Claim* brought by any past *Executive* of an *Organization* who has not served as a duly elected or appointed director, officer, trustee, governor, management committee member, member of the management board, *General Partner*, General Counsel or Risk Manager (or equivalent position) of or consultant to an *Organization*, for at least four (4) years prior to such *Claim* being first made against any person; or

**3.10 for any *Wrongful Act* as an *Outside Entity Executive* if such *Claim* is brought by any *Outside Entity* or any of its *Executives*; or which is brought by any security holder, limited partner or member of such *Outside Entity*, whether directly or derivatively, unless such security holder's, limited partner's or member's *Claim* is instigated and continued totally independent of, and totally without the solicitation of, or assistance of, or active participation of, or intervention of, the *Outside Entity* or any *Executive* of such *Outside Entity*, an *Organization* or any other *Insured*;**

**3.11 alleging, arising out of, based upon or attributable to any obligation pursuant to any worker's compensation, disability benefits, unemployment compensation, unemployment insurance, retirement benefits, social security benefits or similar law;**

**3.12 for bodily injury, sickness, disease or death of any person, or damage to or destruction of any tangible property, including the loss of use thereof;**

**3.13 for emotional distress or mental anguish or breach of autonomy of will, or for injury from libel, slander, defamation or disparagement, or for injury from a violation of a person's right of privacy; provided, however, this exclusion shall not apply to an *Employment Practices Claim*;**

**3.14 alleging, arising out of, based upon or attributable to any public offering of securities by an *Organization* or an *Outside Entity* or alleging a purchase or sale of such securities subsequent to such public offering; provided, however, that this exclusion will not apply:**

- (1) to any public offering of securities of an *Organization* or an *Outside Entity* which occurred prior to the inception date of this policy, **but only if the *Named Fund Manager* shall have given to the *Insurer* written notice of such public offering prior to the inception date of this policy together with full particulars and underwriting information required by the *Insurer* thereto and accepted any specific terms, conditions and additional premium required by the *Insurer* for coverage of such public offering; such coverage is also subject to the *Named Fund Manager* paying when due any such additional premium for such public offering;**
- (2) to any public offering of securities of an *Organization* or an *Outside Entity* which occurs during the *Policy Period*, as well as any purchase or sale of such securities subsequent to such public offering, **but only in the event that not later than 30 days prior to the effective time of such public offering: (i) the *Named Fund Manager* shall give the *Insurer* written notice of such public offering together with full particulars and underwriting information required thereto; and (ii) the *Named Fund Manager* accepts such terms, conditions and additional premium required by the *Insurer* for such coverage. Such coverage is also subject to the *Named Fund Manager* paying when due any such additional premium. In the event the *Named Fund Manager* gives written notice with full particulars and underwriting information pursuant to this paragraph, then the *Insurer* must offer a quote for coverage under this paragraph;**

**3.15 alleging, arising out of, based upon or attributable to: (i) the actual, alleged or threatened presence, discharge, dispersal, release, migration or escape of *Pollutants*; or (ii) any direction, request or effort to (a) test for, monitor, clean up, remove, contain, treat, detoxify or neutralize *Pollutants* (including, but not limited to, a *Claim* alleging damage to an *Organization* or its securities**



holders), or (b) respond to or assess the effects of *Pollutants* ; provided, however, that this exclusion shall not apply to an *Employment Practices Claim*.

3.16 for violation(s) of any of the responsibilities, obligations or duties imposed by:

- (i) the following Israeli laws: Hours of Work and Rest Law – 1951, Minimum Wage Law – 1987, Wages Protection Law – 1958, Youth Labor Law – 1953, the Collective Agreements Law – 1957, Severance Pay Law – 1963, Advanced Notice Prior to Dismissal of Resigning Law – 2001, Work Safety Ordinance [New Version] - 1970; or
- (ii) the following U.S. laws: Employee Retirement Income Security Act of 1974, the Fair Labor Standards Act (except the Equal Pay Act), the National Labor Relations Act, the Worker Adjustment and Retraining Notification Act, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), the Occupational Safety and Health Act of 1970 (OSHA), or

any rules or regulations promulgated thereunder, and amendments thereto or any similar provisions of any federal, state, local or foreign statutory law or common law;

3.17 for the return or reimbursement of fees; provided, however, that this exclusion shall not apply to *Defense Costs*;

3.18 alleging, arising out of, based upon or attributable to any commingling of funds;

3.19 with respect to Coverage B(i) only:

- (1) for any actual or alleged violation of any law, whether statutory, regulatory or common law, respecting any of the following activities: antitrust, business competition, unfair trade practices, civil rights, conversion or tortious interference in another's business or contractual relationships;
- (2) brought by or on behalf of any federal, state or local governmental or regulatory body (including but not limited to the United State of America, any state, commonwealth, territory, city, municipality or any agency, commission, bureau, administration, office or other subdivision thereof), or alleging, asserting, based upon, arising out of, or attributable to or in connection with a violation of any local, state or federal regulatory statute, code, rule, regulation or procedure;
- (3) seeking non-monetary relief, taxes or loss of tax benefits;
- (4) alleging, arising out of, based upon, attributable to, or in any way involving, directly or indirectly, the efficiency, inefficiency, performance or lack of performance, health or safety standards of any products, technologies or services manufactured, produced, processed, packaged, sold, marketed, distributed, advertised and/or developed by an *Organization*, a *Portfolio Entity* or a *Minority Held Entity*, or
- (5) alleging a *Wrongful Act* in its capacity as a controlling shareholder of an entity or as a selling shareholder;
- (6) alleging, arising out of, based upon, attributable to, or in any way involving, directly or indirectly an *Employment Practices Violation*.

provided, however, that exclusions (1) through (6) shall not apply to a *Securities Claim*; or

3.20 alleging, arising out of, based upon or attributable to any *Investment Advisor's* professional activities as an underwriter, broker or dealer; or

3.21 alleging, arising out of, based upon, attributable to, or in any way involving, directly or indirectly any actual or alleged plagiarism, misappropriation, infringement or violation of copyright, patent, trademark, trade secret or any other intellectual property rights; or



3.22 **alleging, arising out of, based upon, attributable to, or in any way involving, directly or indirectly the rendering or failure to render any service of any kind to a customer or client of an *Insured* or any other person or entity;** provided, however, that this exclusion shall not apply to any *Claim* made solely against an *Investment Advisor* solely in their capacity as an *Investment Advisor*; or

3.23 **loss caused or claim arising out of, in whole or in part, directly or indirectly or resulting from or by:**

1. **war, any act of war, civil war, invasion, insurrection, revolution, use of military power or usurpation of government of military power, act of foreign enemy, hostilities, permanent or temporary dispossession resulting from confiscation, commandeering or requisition by any lawfully constituted authority, military rising, rebellion, military or usurped power, martial law or state of siege or any of the events or causes which determine the proclamation or maintenance of martial law or state of siege; or**
2. **the intentional use of military force to intercept, prevent, or mitigate any known or suspected terrorist act; or**
3. **any terrorist acts.**

It is further agreed that the terms *war* and *terrorist acts* are respectively defined as follows:

- a) **War shall mean war, whether declared or not, or any warlike activities including use of military force by any sovereign nation to achieve economic, geographic, nationalistic, political, racial, religious or other ends;**
- b) **Terrorist Act(s) shall mean any actual or threatened use of force or violence directed at or causing damage, injury, harm or disruption, or commission of an act dangerous to human life or property, against any individual, property or government, with the stated or unstated objective of pursuing economic, ethnic, nationalistic, political, racial or religious interests, whether such interests are declared or not. Robberies or other criminal acts, primarily committed for personal gain and acts arising primarily from prior personal relationships between perpetrator(s) and victim(s) shall not be considered *terrorist acts*.  
A *terrorist act* shall also include any act which is verified or recognized as such by the Israeli or the United States Governments or any other country where the *claim* was made or where the act took place.**

## 4. EXTENSIONS

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### 4.1 WORLDWIDE EXTENSION

Where legally permissible, this policy shall apply to any *Claim* made against any *Insured* anywhere in the world.

### 4.2 DISCOVERY PERIOD EXTENSION

If the *Named Fund Manager* refuses to renew this policy or the *Insurer* refuses to offer any terms or conditions to renew this policy, then the *Named Fund Manager* shall have the right, upon payment of an additional premium of 75 per cent of the *Full Annual Premium* to a *Discovery Period* of 12 months following the effective date of non-renewal.



The *Insured* shall be entitled to a 30 days *Discovery Period* at no additional premium if this policy is not renewed by either the *Named Fund Manager* or the *Insurer* and the *Named Fund Manager* cannot renew or replace this policy with or cannot purchase any other policy affording similar liability cover. If the *Named Fund Manager* elects to purchase a *Discovery Period*, this 30-days *Discovery Period* shall be part of and not in addition to the purchased *Discovery Period*.

To purchase the *Discovery Period*, the *Named Fund Manager* must request its purchase in writing within 15 days of the termination date of the policy and must tender the additional premium within 30 days of the termination date.

The additional premium is not refundable and the *Discovery Period* is not cancellable.

If a *Transaction*, as defined in Clause 5.7(a), takes place, then the *Named Fund Manager* shall not have the right to purchase a *Discovery Period* as set out above. However, the *Named Fund Manager* shall have the right within 30 days of the end of the *Policy Period* to request an offer from the *Insurer* of a *Discovery Period* for up to 84 months. The *Insurer* shall have the right but not the duty to offer a *Discovery Period* with terms, conditions and premium as the *Insurer* may reasonably decide.

No *Discovery Period* of any length is available in the event of this policy being cancelled by the *Insurer* due to the non payment of premium or pursuant to articles 6(c), 7(a), or 18(a) of the Insurance Contract law 5741-1981.

#### 4.3 SPOUSAL AND LEGAL REPRESENTATIVE EXTENSION

If a *Claim* against a natural person *Insured* includes a *Claim* against: (i) the lawful spouse of such natural person *Insured*; or (ii) a property interest of such spouse, and such *Claim* arises from any actual or alleged *Wrongful Act* of such natural person *Insured*, this policy shall cover *Loss* arising from the *Claim* made against that spouse or the property of that spouse to the extent that such *Loss* does not arise from a *Claim* for any actual or alleged act, error or omission of such spouse. This policy shall cover *Loss* arising from a *Claim* made against the estates, heirs, or legal representatives of any deceased natural person *Insured*, and the legal representatives of any natural person *Insured*, in the event of incompetency, insolvency or bankruptcy, who was a natural person *Insured* at the time the *Wrongful Acts* upon which such *Claim* is based were committed.

## 5. CONDITIONS

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### 5.1 LIMIT OF LIABILITY (FOR ALL LOSS)

The Limit of Liability stated in Item 3 of the Schedule is the total aggregate limit of the *Insurer's* liability for all *Loss* arising out of all *Claims* first made, under all *Coverages* combined, against all *Insureds* during the *Policy Period* and the *Discovery Period* (if applicable); **however, the Limit of Liability for the *Discovery Period* shall be part of, and not in addition to, the Limit of Liability for the *Policy Period*. Further, a *Claim* which is made subsequent to the *Policy Period* or *Discovery Period* (if applicable) which pursuant to Clause 7(ii) or 7(iii) is considered made during the *Policy Period* or *Discovery Period* shall also be subject to the one applicable aggregate Limit of Liability stated in Item 3 of the Schedule.**

Further, the Sub-Limit of Liability stated in Item 3(a) of the Schedule shall be the maximum limit of the *Insurer's* liability for all *Loss* arising from all *Claims* made against all *Outside Entity Executives* alleging the same *Wrongful Act* or related *Wrongful Acts*. **Provided, however, that in all events, the Sub-limit of Liability stated in Item 3(a) shall be part of, and not in addition to, the Limit of Liability as stated in Item 3 of the Schedule and shall not serve to increase such Limit of Liability.**



***Defense Costs are part of Loss and as such are subject to the applicable Limit of Liability and Sub-Limit of Liability for Loss.***

Notwithstanding the above, it is agreed that in the event of a *Loss*, including *Defence Costs*, exceeding the total aggregate limit of liability, then this policy shall cover reasonable *Defence Costs* exceeding the total aggregate limit of liability, in accordance with article 66 of the Insurance Contract Law-1981.

With respect to *Claims* filed against the *Insured* outside the jurisdiction of the State of Israel, the reasonability of the *Defence Costs* exceeding the total aggregate limit of liability will be measured based on reasonable *Defence Costs* in Israel in accordance with Israeli standards.

To avoid any doubt, coverage under the Extensions detailed in this Policy is subject to the limit of liability, and shall not apply in excess thereto, unless specifically stated otherwise. In respect of each Extension which covers the *Insured's* legal liability, and which is subject to a sub-limit of liability, the *Insurer* shall indemnify the *Insured's Defence Costs* even in excess of the sub-limit of liability under the Extension.

## 5.2 RETENTION

For each *Claim*, the *Insurer* shall only be liable for the amount of *Loss* arising from a *Claim* which is in excess of the applicable Retention amounts stated in Items 4(a), 4(b), 4(c) and 4(d) of the Schedule with regards to all *Loss* under all insurance covers under this policy for which the *Organization* or *General Partner* has indemnified or is permitted or required to indemnify the *Insured*. It is agreed that the *Organization* or *General Partner* will be conclusively deemed to have indemnified the *Insured* to the maximum extent that the *Organization* or *General Partner* is permitted or required to grant such indemnification pursuant to law, common or statutory, or contract, or by the charter or by-laws or the Articles of Association or any agreement (including but not limited to the Limited Partnership and Management agreements) of the *Organization* or the *General Partner*, which are hereby deemed to incorporate, for the purposes of this policy, the broadest of the law which determines or defines such rights of indemnity.

The Retention amount is to be borne by the *Organization* and/or the *General Partner* and shall remain uninsured.

The Retention amount specified in:

- (a) Item 4(a) applies to *Defence Costs* that arise out of a *Securities Claim*;
- (b) Item 4(b) applies to *Loss* that arises out of an *Employment Practices Claim*;
- (c) Item 4(c) applies to *Loss* that arises out of a *Claim* against an *Investment Advisor*; and
- (d) Item 4(d) applies to *Loss* that arises out of any *Claim* other than those that are subject to the retention amounts specified in sub-sections (a), (b) and (c), above.

A single Retention amount shall apply to *Loss* arising from all *Claims* alleging the same *Wrongful Act* or related *Wrongful Acts*.

In the event a *Claim* triggers more than one of the Retention amounts stated in Item 4 of the Schedule, then, as to that *Claim*, the highest of such Retention amounts shall be deemed the Retention amount applicable to *Loss* (to which a Retention is applicable pursuant to the terms of this policy) arising from such *Claim*.

The Retention amount shall be reduced in the event that an *Insured* consents to the first "*Settlement Opportunity*," as defined in Clause 5.4(c), by the percentage described in Clause 5.4(c), subject to the conditions described in Clause 5.4(c).



### 5.3 HOW TO GIVE NOTICE AND REPORT A CLAIM PROVISIONS

- (a) Notice of a *Claim* or of circumstances which may result in a *Claim* shall be given in writing to Commercial Lines Claims, AIG Israel Insurance Company Ltd., 25 Hasivim St. Kiryat Matalon P.O.B 535, Petah Tikva 4910001 Israel. If posted the date of posting shall constitute the date that notice was given, and proof of posting shall be sufficient proof of notice.
- (b) The *Organization* or the *Insured* shall give written notice to the *Insurer* of any *Claim* made against an *Insured* as soon as practicable and either:
  - (i) any time during the *Policy Period* or during the *Discovery Period*;
  - or
  - (ii) within 30 days after the end of the *Policy Period* or the *Discovery Period*, as long as such *Claim(s)* is reported no later than 30 days after the date such *Claim* was first made against an *Insured*.

In case of breach of the duty to timely notify the insurer by the *Organization* or the *Insured* of any *claim* in accordance with Section 22 of the Insurance Contract Law – 1981, the remedies available to the *Insurer* shall in accordance with the provisions of Sections 24-25 of the Insurance Contract Law – 1981.

- (c) If, during the *Policy Period* or during the *Discovery Period* written notice of a *Claim* against an *Insured* has been given to the *Insurer* pursuant to the terms and conditions of this policy, then any *Claim* arising out of, based upon or attributable to the facts alleged in the *Claim* previously notified to the *Insurer* or alleging a single *Wrongful Act* which is the same as or related to any *Wrongful Act* alleged in the previously notified *Claim*, shall be considered made against the *Insured* and reported to the *Insurer* at the time the first notice was given.
- (d) If during the *Policy Period* or during the *Discovery Period*, the *Organization* or the *Insured* shall become aware of any circumstances which may reasonably be expected to give rise to a *Claim* being made against an *Insured* and shall give written notice to the *Insurer* of the circumstances and the reasons for anticipating a claim, with full particulars as to dates and persons involved, then any *Claim* which is subsequently made against an *Insured* and reported to the *Insurer* arising out of, based upon or attributable to the circumstances or alleging any wrongful act which is the same as or related to any *Wrongful Act* alleged or contained in those circumstances, shall be considered made against the *Insured* and reported to the *Insurer* at the time the notice of the circumstances was first given.

### 5.4 DEFENSE COSTS, SETTLEMENTS, JUDGMENTS (INCLUDING THE ADVANCEMENT OF DEFENSE COSTS)

- (a) **The *Insurer* does not assume any duty to defend.** The *Insureds* shall defend and contest any *Claim* made against them. The *Insurer* shall have the right to effectively associate with the *Organisation* and the *Insured* in the defence and settlement of any *Claim* that appears reasonably likely to involve the *Insurer*, including but not limited to effectively associating in the negotiation of any settlement. The *Insurer* will act in coordination and cooperation with the *Insured* and take reasonable measures not to prejudice the *Insured's* reputation or cause him any damage.

**The *Insured* shall not admit or assume any liability, enter into any settlement agreement or stipulate to any judgement without the prior written consent of the *Insurer*.**

Only those settlements and stipulated judgements which have been consented to by the *Insurer* shall be recoverable as *Loss* under the terms of this policy. The *Insurer's* consent shall not be unreasonably withheld, provided that the *Insurer* shall be entitled to effectively associate in the defence and the negotiation of any settlement of any *Claim* in order to reach a decision as to reasonableness.



**The Organisation and the Insured shall give the Insurer full co-operation and all information as it may reasonably require.** In the event that a dispute arises between the *Insurer* and the *Insured* regarding whether or not to contest any legal proceedings, neither the *Insured* nor the *Organisation* shall be required to contest any legal proceedings unless a senior lawyer with relevant expertise (to be mutually agreed by the *Named Fund Manager* and the *Insurer*) shall advise that the proceedings should be contested. The cost of the said senior lawyer shall be borne by the *Insurer*.

- (b) The *Insurer* shall advance, excess of the applicable retention amount, at the written request of the *Insured*, covered *Defense Costs* which have been approved in advance by the *Insurer*, prior to the final disposition of the *Claim*. In case such approval has not been obtained in advance, the *Insurer* will be liable only for reasonable *Defence Costs*. The advance payments by the *Insurer* shall be repaid to the *Insurer* by the *Named Fund Manager* or the *Insured*, severally according to their respective interests, in the event and to the extent that the *Named Fund Manager* or the *Insured* shall not be entitled to payment of the *Loss* under the terms and conditions of this policy.

In the event and to the extent that the *Named Fund Manager* is permitted or required to indemnify the *Insured* but for whatever reason fails to do so, the *Insurer* will advance all *Defence Costs* to the *Insured* on behalf of the *Named Fund Manager*. In this case, however, the retention amount specified in Item 4 of the Schedule shall be repaid by the *Named Fund Manager* to the *Insurer*, unless the *Named Fund Manager* is insolvent.

Notwithstanding the foregoing sub-sections (a) & (b), if all *Insured* defendants are able to dispose of all *Claims* which are subject to one retention amount for an amount not exceeding such retention amount (inclusive of *Defense Costs*), then the *Insurer's* consent shall not be required for such disposition.

- (c) If the *Insurer* recommends a settlement within the policy's applicable Limit of Liability which is acceptable to the claimant (a "*Settlement Opportunity*"), and the *Insureds* consent to such settlement, then the *Insured's* applicable retention amount shall be retroactively reduced by ten percent (10%) for such *Loss*. It shall be a condition to such reduction that the *Insureds* must consent to the first such settlement recommended by the *Insurer* and must consent within thirty (30) days of the date the *Insureds* are first made aware of the *Settlement Opportunity*, or in the case of a *Settlement Opportunity* which arises from a settlement proposal by the claimant, then within the time permitted by the claimant to accept such settlement proposal, but in all events no later than thirty (30) days after the settlement proposal was made. However, if a *Settlement Opportunity* arises and the *Insureds* do not consent to the settlement within the time prescribed above, the retention amount shall remain the applicable amounts indicated in Item 4 of the Schedule even if consent is given to a subsequent *Settlement Opportunity*.

**Furthermore, in the event the Insureds do not consent to a Settlement Opportunity within the time prescribed, then, subject to the Limit of Liability, the Insurer's liability for all Loss on account of such Claim shall not exceed: (1) the amount for which the Insurer could have settled such Claim, plus Defense Costs incurred as of the date such settlement was proposed by the Insurer, ("Settlement Opportunity Amount"); plus (2) 70% of covered Loss in excess of such Settlement Opportunity Amount, it being a condition of this insurance that the remaining 30% of such Loss excess of the Settlement Opportunity Amount shall be carried by the Organization and the Insureds at their own risk and be uninsured.** Notwithstanding the foregoing, this paragraph shall not apply until the *Settlement Opportunity Amount* exceeds the applicable Retention amounts stated in Item 4 of the Schedule.

- (d) With respect to: (i) *Defense Costs* jointly incurred by; (ii) any joint settlement entered into by; and/or (iii) any judgment of joint and several liability against, any *Organization* and any *Insured* in connection with any *Claim*, other than a *Securities Claim*, any such *Organization* and any such *Insured* and the *Insurer* agree to use their best efforts to determine a fair and proper allocation of the amounts as between any



such *Organization*, any such *Insured* and the *Insurer*, taking into account the relative legal and financial exposures, and the relative benefits obtained by any such *Insured* and any such *Organization*.

In the event that a determination as to the amount of *Defense Costs* to be advanced under the policy cannot be agreed to, then the *Insurer* shall advance *Defense Costs*, excess of the applicable retention amount, which the *Insurer* states to be fair and proper until a different amount shall be established.

- (e) **The Named Fund Manager and the insureds shall give the insurer full co-operation and all information as it may reasonably require** In the event that a dispute arises between the *insurer* and the *Named Fund Manager* regarding whether or not to contest any legal proceedings, neither the *insured* nor the *Named Fund Manager* shall be required to contest any legal proceedings unless a senior lawyer with relevant expertise (to be mutually agreed by the *Named Fund Manager* and the *insurer*) shall advise that the proceedings should be contested. The cost of the said senior lawyer shall be borne by the *insurer*.

## 5.5 JURISDICTION AND GOVERNING LAW

Any interpretation of this policy relating to its construction, validity or operation shall be made in accordance with the laws of the State of Israel and in accordance with the English text as it appears in this policy.

The parties agree to submit to the exclusive jurisdiction of the courts in the State of Israel.

## 5.6 CANCELLATION CLAUSE

This policy may be cancelled by the *Named Fund Manager* at any time only by mailing written prior notice to the *Insurer*. This policy may also be cancelled by or on behalf of the *Insurer* by delivering to the *Named Fund Manager*, or by mailing to the *Named Fund Manager*, by registered, certified, or other first class mail, at the *Named Fund Manager's* address as shown in Item 1 of the Schedule, written notice stating when, not less than sixty (60) days thereafter, the cancellation shall be effective. The mailing of such notice as aforesaid shall be sufficient proof of notice. The *Policy Period* terminates at the date and hour specified in such notice.

In case of cancellation of the policy by the *Insurer* before the expiry of the *Policy Period*, and the reason for the cancellation is not due to the violation of the policy terms by the *Insured* or an attempt to defraud the *Insurer* by the *Insured*, the *Insurer* will return the *Named Fund Manager* the amount which the *Insurer* would have charged from a similar insured in respect of the same type of insurance on the cancellation date, pro-rata to the remaining period up to the end of the *Policy Period*

In case of cancellation by the *insurer* due to non-payment of premium, if the *Named Fund Manager* does not pay the outstanding premium within 15 days following receipt of the *insurer's* written notice, the *insurer* may notify the *Named Fund Manager* in writing that the policy will be cancelled after 21 additional days, unless payment is made within such period.

If this policy shall be cancelled by the *Named Fund Manager*, the *Insurer* shall retain the pro rata proportion of the premium hereon.

Payment or tender of any unearned premium by the *Insurer* shall not be a condition to the effectiveness of cancellation but such payment shall be made as soon as practicable.

## 5.7 ORGANIZATIONAL CHANGES

- (a) If during the *Policy Period*:
- (1) the *Named Fund Manager* shall consolidate with, merge into, or sell all or substantially all of its assets to any other person or entity or group of persons or entities acting in concert; or





- (2) any person or entity or group of persons or entities acting in concert shall acquire *Management Control* of the *Named Fund Manager*; or
- (3) the temporary or permanent appointment to the *Named Fund Manager* of a liquidator, receiver, administrative receiver, trustee, special manager or similar equivalent official as a result of the insolvency, receivership, bankruptcy or liquidation of the *Named Fund Manager* or stay of proceedings against the *Named Fund Manager*, as a result of the above

(any of such events being a “*Transaction*”), then this policy shall continue in full force and effect as to *Wrongful Acts* occurring prior to the effective time of the *Transaction*, **but there shall be no coverage afforded by any provision of this policy for any actual or alleged *Wrongful Act* occurring after the effective time of the *Transaction*.** This policy may not be canceled after the effective time of the *Transaction* and the entire premium for this policy shall be deemed earned as of such time. The *Named Fund Manager* shall also have the right to an offer by the *Insurer* of a *Discovery Period* described in Extension 4.2 of this policy.

(b) ***Fund*** Additions: “*Fund*” also means

- (1) any for-profit entity that is an *Investment Vehicle*: (i) of which the *Named Fund Manager* or a *Fund* first becomes the sole *General partner* or first has *Management Control* during the *Policy Period*, either directly or indirectly through a *Subsidiary* of the *Named Fund Manager*; and (ii) whose aggregate net capital accounts of all partners, security holders and members total less than 15% of the total aggregate net capital accounts of all partners, security holders and members of all *Funds* combined as of the inception date of this policy; and (iii) whose securities or partnership interests have not been sold pursuant to a public offering.  
The *Named Fund Manager* shall provide the *Insurer* with full particulars of such new *Fund* before the end of the *Policy Period*; and
- (2) any for-profit entity that is an *Investment Vehicle* (other than an entity described in the foregoing sub-section (b)(1)): (i) of which the *Named Fund Manager* or a *Fund* first becomes the sole *General Partner* during the *Policy Period*, either directly or indirectly through a *Subsidiary* of the *Named Fund Manager*; or (ii) which is otherwise first sponsored by or affiliated with the *Named Fund Manager* or a *Fund* during the *Policy Period*, directly or indirectly through a *Subsidiary* of the *Named Fund Manager*, **but only upon the condition that within 90 days of the date of becoming the sole general partner, of first sponsorship by or affiliation with the *Named Fund Manager* or a *Fund*, the *Named Fund Manager* shall have provided the *Insurer* with full particulars of the new *Fund* and agreed to any additional premium and/or amendment of the provisions of this policy as required by the *Insurer* relating to such new *Fund*. Further, coverage as shall be afforded to a new *Fund* is conditioned upon the *Named Fund Manager* paying when due any additional premium required by the *Insurer* relating to such *Fund*.**

(c) ***Subsidiary*** Additions: “*Subsidiary*” also means:

- (1) automatically, any for-profit entity, which is not an *Investment Vehicle* or a *Portfolio Entity*, of which the *Named Fund Manager* or a *General Partner* first has *Management Control* during the *Policy Period* and whose assets total less than 15% of the total consolidated assets of the *Named Fund Manager* or the *General Partner* (respectively) as of the inception date of this policy. The *Named Fund Manager* shall provide the *Insurer* with full particulars of such new *Subsidiary* before the end of the *Policy Period*; and
- (2) any for-profit entity that is not an *Investment Vehicle* or a *Portfolio Entity*, of which the *Named Fund Manager* or a *General Partner* first has *Management Control* during the *Policy Period* (other than an entity described in the foregoing sub-section (c)(1)), **but only upon the condition that within 90 days of the date such *Named Fund Manager* or *General Partner* first had *Management Control* of such entity (respectively), the *Named Fund Manager***



shall have provided the *Insurer* with full particulars of the new *Subsidiary* and agreed to any additional premium and/or amendment of the provisions of this policy required by the *Insurer* relating to such new *Subsidiary*. Further, coverage as shall be afforded to the new *Subsidiary* is conditioned upon the *Named Fund Manager* paying when due any additional premium required by the *Insurer* relating to such new *Subsidiary*.

- (d) ***Executives*** of the ***Organization***: Coverage will automatically apply to all new *Executives* of an *Organization* after the inception date of this policy.
- (e) **Other Organizational Changes**: **In all events, coverage as is afforded under this policy with respect to a *Claim* made against an *Organization*, or any *Insured Person*, *General Partner Investment Advisor* of an *Organization* or of a *General Partner*, shall only apply for *Wrongful Acts* committed or allegedly committed after the effective time such *Organization*, or *General Partner* became an *Organization* or a *General Partner* (respectively) and prior to the effective time that: (1) such *Organization* or *General Partner* ceases to be an *Organization* or *General Partner* (respectively); (2) such *Organization's* or *General Partner's* dissolution is concluded; (3) any person or entity or group of persons or entities acting in concert shall acquire *Management Control* of such *Organization* or *General Partner*; or (4) in regard to a *Fund*, the general partners of such *Fund* shall be different from its general partners when it first became a *Fund*, unless the general partners of such *Fund* are and remain at all times *General Partners* as defined within this policy.**

**A *Subsidiary* ceases to be a *Subsidiary* when the *Named Fund Manager* or a *General Partner* (respectively) no longer maintains *Management Control* of such *Subsidiary* either directly or indirectly through one or more of its *Subsidiaries*.**

## 5.8 SUBROGATION

In the event of any payment under this policy, the *Insurer* shall be subrogated to the extent of such payment to all of each and every *Organization's* and the *Insureds'* rights of recovery thereof, and each such *Organization* and *Insured* shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the *Insurer* to effectively bring suit in the name of the *Organization* and each such *Insureds*. In no event, however, shall the *Insurer* exercise its rights of subrogation against an *Insured Person* under this policy unless such *Insured* has been convicted of a deliberate criminal act, or been determined to have in fact committed a deliberate fraudulent act, or been determined to have in fact obtained any profit or advantage to which such *Insured* was not legally entitled.

## 5.9 OTHER INSURANCE

In case that another policy which covers the matters covered under this policy provides that such other policy is primary, or in case the other policy is specifically designated to cover the matters covered under this policy, then cover under this policy shall apply in excess of the covered amount under such other policy.

## 5.10 NOTICE AND AUTHORITY

It is agreed that the *Named Fund Manager* shall act on behalf of all *Organizations* and all *Insureds* with respect to the giving of notice of a *Claim*, the giving and receiving of notice of cancellation, the payment of premiums and the receiving of any return premiums that may become due under this policy, the receipt and acceptance of any endorsements issued to form a part of this policy, the exercising or declining of the right to tender the defense of an *Employment Practices Claim* to the *Insurer* and the exercising or declining of any right to a *Discovery Period*.



### 5.11 ASSIGNMENT

**This policy and any and all rights hereunder are not assignable without the written consent of the Insurer.**

### 5.12 ORDER OF PAYMENTS

In the event of *Loss* arising from a covered *Claim* for which payment is due under the provisions of this policy, then the *Insurer* shall in all events:

- (a) first, pay *Loss* of a natural person *Insured* for which coverage is provided under Coverage A, C and D of this policy; then
- (b) only after payment of *Loss* has been made pursuant to sub-section (a) above, with respect to whatever remaining amount of the Limit of Liability is available after such payment, at the written request of the *Named Fund Manager*, either pay or withhold payment of such other *Loss* for which coverage is provided under Coverage B(ii) of this policy; and then
- (c) only after payment of *Loss* has been made pursuant to sub-sections (a) and (b) above, with respect to whatever remaining amount of the Limit of Liability is available after such payment, at the written request of the *Named Fund Manager*, either pay or withhold payment of such other *Loss* for which coverage is provided under Coverages B(i) and D of this policy.

In the event the *Insurer* withholds payment pursuant to sub-sections (b) and (c) above, then the *Insurer* shall, at such time and in such manner as shall be set forth in written instructions of the *Named Fund Manager*, remit such payment to an *Organization* or directly to or on behalf of a natural person *Insured*.

The bankruptcy or insolvency of any *Organization* and/or entity *Insured* and/or any *Insured Person* shall not relieve the *Insurer* of any of its obligations to prioritize payment of covered *Loss* under this policy pursuant to this Clause 5.12.

### 5.13 HEADINGS

The descriptions in the headings of this policy are solely for convenience, and form no part of the terms and conditions of coverage. In this policy words in italics have special meaning and are defined.

### 5.14 PREMIUM PAYMENTS AND OTHER FEES

- (a) Unless otherwise agreed between the parties, the insurance Premium and other fees due from the *Named Fund Manager* to the *Insurer* in connection with the policy will be fully paid within 28 days following commencement of the *Policy Period*, either in US Dollars, or in NIS calculated according to the representative NIS-US dollar exchange rate at the Bank of Israel on the payment date.
- (b) In case the Premium has not been paid within the aforementioned 28 days, or at other times explicitly agreed upon, any amount in arrears shall bear interest as stipulated in section 4(a) of the Adjudication of Interest and Linkage Law, 1961. Linkage The Limit of Liability of the Policy, which is specified in US dollars, shall be calculated in accordance with the representative NIS-US dollar exchange rate at the Bank of Israel on the date of actual payment of the *Claim*. The Retention specified in US dollars shall also be calculated in accordance with the representative NIS-US dollar exchange rate at the Bank of Israel on the date of actual payment of the *Claim*.