Company Name

RISK MANAGEMENT AND INVESTMENT POLICY

This investment policy (this “Policy”) has been adopted by resolution of the Board of Directors (the “Board”) ticCompany Name (the “Company”), on \_\_\_\_, 2024, with respect to the Company and any subsidiaries. This Policy sets forth the eligible investments and the investment limits applicable to the Company’s investment portfolio (the “Portfolio”). The Portfolio is the responsibility of the CFO of the Company (the “CFO”), subject to the supervision of the Board. The CFO shall comply with this Policy in all actions taken with respect to the Portfolio.

1. PURPOSE

The Company’s surplus funds are held to meet the Company’s working capital and fixed capital requirements and for its business development and acquisition program. Funds are not held for the purpose of investment of a speculative nature and at no time should the capital value of the Funds be put at unnecessary risk.

1. INVESTMENT OBJECTIVES
	1. The objectives of the management of the Portfolio are as follows:
		1. to conserve capital;
		2. to maintain adequate liquidity;
		3. subject to the objectives specified in sub-clauses 2.1.1 and 2.1.2 above, to optimize the Portfolio yield, subject to the terms of this Policy and to such tax considerations as the Board may determine as relevant from time to time; and
		4. to maintain a free cash flow distribution, as set forth in this Policy.
	2. The Company intends to continue to qualify for the exemption from registration as an investment company contained in Rule 3a-8 (or another exemption) under the U.S. Investment Company Act of 1940, as amended (the “Investment Company Act”).
2. AUTHORIZED INVESTMENTS
	1. Investment Grade and Investment Products

All Permitted Investment Products (as defined below) shall comply with explicit ratings by Moody’s Investors Services, Inc. (or its Israeli affiliate, Midroog) (collectively, “Moody’s”), Standard & Poor’s Financial Services LLC (or its Israeli affiliate, Standard & Poor's Maalot) (collectively, “Standard & Poor’s”) and/or Fitch, Inc. (“Fitch”). For those Investments with a short-term credit rating, the minimum rating must be as follows: \_ (by Moody’s), \_ (by Standard & Poor’s) and/or \_ (by Fitch) and, where applicable, the minimum long-term credit rating must be as follows: \_ (by Moody’s), \_ (by Standard & Poor’s) and/or \_ (by Fitch). For those investments with a long-term credit rating only, the minimum rating must be as follows: A (by Moody’s), \_ (by Standard & Poor’s) and/or \_ (by Fitch).

“Permitted Investment Products” shall mean any of the following:

Term Deposits (“Term Deposits”)

A Term Deposit is an interest-bearing deposit that provides a specific rate of interest for a set period of time. A Term Deposit is non-negotiable. The interest rate is an annual rate payable over the term (the number of days) of the deposit. The interest rate and the yield to maturity are the same.

Certificate of Deposit (“CD”) / Money Market Account ("MMA")

A CD or MMA is issued by a financial institution evidencing a deposit made for a set period of time that provides a specific rate of interest (the coupon). CDs or MMAs are negotiable. When traded on the secondary market, the price is determined by the set period of time for which the CD or MMA was issued, the coupon, the current market interest rate (the yield to maturity), the remaining life of the CD or MMA and the nominal or face value of the CD or MMA.

Money Market Funds (“MMFs”)

ESMA regulated UCITS or 2a7 compliant.

* 1. Investment and Cash Balances Guidelines on Allocations

Certain Restrictions with respect to Allocations per Bank

The company should maintain depository accounts with at least two banks with a minimum of one of the top 10 leading banks. All Investments made through a single bank shall not exceed 60% of the total available cash balances.

Certain Restrictions with respect to Term Deposits, MMAs and CDs

All Term Deposits, MMAs and CDs held with or issued by financial institutions must be held with or issued by established financial institutions regulated as to capital adequacy and other measures of financial soundness by a financial regulatory authority, as determined and approved by the Board. All Term Deposits, MMAs and CDs at current interest rate must have a maturity of up to twelve (12) months and shall be invested on a recurring basis.

For accounting purposes, all investments will be designated as “Available for Sale” as defined by FASB Accounting Codification ASC320, “Investments - Debt and Equity Securities.” Thus, investments may be sold prior to maturity to preserve capital or to provide required liquidity or for other reasons determined by the Investment Manager

1. CURRENCY HEDGING ACTIVITIES

All Currency Hedging activities shall be conducted with the purpose of mitigating the exposure of foreign currency fluctuations relative to the US Dollar in which currency the Company’s balance sheet is reported and its annual operating plan is prepared and approved. Hedging will be subject to the Foreign Currency Risk Management Policy (Appendix A).

**Appendix A**

**Foreign Currency Risk Management Policy**

1. OBJECTIVE

The objective of the foreign currency (“FX”) risk management policy is to significantly reduce the effects of exchange rate changes on the financial results of the Company. More specifically, to protect the cash flow and planned profit in respect of the Company’s work plan (the “Budget”) in terms of the Company’s functional currency. The purpose of the policy is to define suitable work processes when dealing with different types of exposures.

1. FUNCTIONAL CURRENCY

The Company’s functional currency is the US Dollar (“USD”). All assets/liabilities, revenues/expenses or cash inflows/outflows denominated in (or linked to) currencies other than the USD expose the Company to FX risk.

1. FX EXPOSURE TYPOLOGY
	1. Fair Value exposure - Refers to the effects of exchange rate fluctuations on the financial items in the balance sheet (e.g. trade receivables, employee's related obligations, deposits etc.). A differentiation is made between two types of Fair Value exposures:
		1. Permanent exposure - derives from static balance sheet items (long term debt, severance pay etc.), which has no immediate effect on the cash flow. These items are revaluated from one reporting period to the next, and generate finance income/expenses.
		2. Current exposure - derives from dynamic balance sheet items (accounts receivable, accounts payable etc.), which affect the cash flow in the short term, and are revaluated to the payment date.

 The effect of Fair Values exposures on the P&L is usually attributed to finance expenses/income, and in some cases, can be attributed to Other Comprehensive Income (“OCI”).

* 1. Transaction exposure - Describes the effect of FX fluctuations on the value of future revenues/expenses that are not yet reflected in the financial statements. Transaction exposure can be both contractual and forecasted. The exposure begins upon planning and ends when an accounting entry is made.

We can group the Transaction exposure and the Current Fair Value exposure into one consecutive exposure - Cash Flow exposure. The Cash Flow exposure describes the effect of FX fluctuations on the value of the Company's cash inflows/outflows. The exposure begins upon planning and ends when the monetary transaction is completed.

1. HEDGING
	1. Hedging Scope

The hedging scope may vary between \_\_% and 100% of the monthly exposure. Hedging tables may be used as a benchmark when deciding the hedging scope. All exposures in local currency equivalent or higher of USD \_\_\_\_\_\_\_\_\_ needs to be considered for hedging, should the commercial terms be acceptable. Any exposure lower than that will be evaluated separately if hedging is considered. The Company intends to hedge mainly the non-USD expenses on a minimum of \_-months rolling forward basis.

* 1. Hedging Policy Costs

It is recommended that the direct costs incurred at the time of purchase or sale of a financial derivative be at zero cost.

1. ACCOUNTING RECOGNITION

Financial derivatives are registered at their fair value, and therefore a periodic revaluation of the hedging positions is required. Unless hedge accounting is implemented, all changes in the positions' fair value (including upon expiration) are registered to the Company's P&L report (under finance income/expense).

Two issues should be taken into consideration:

- The results of the hedging activity will not be reflected in the hedged top line items, but rather by offsetting in the Net Profit.

- As the Company hedges exposures which have yet to be recognized (Transactions exposure), volatility of finance income/expense may significantly exceed the volatility of the hedged top-line items (in terms of amounts).

If hedge accounting is implemented, changes in fair value will be registered to OCI, and will not affect the P&L report. Upon expiration, the accumulated fair value will be registered to the top-line hedge item. Implementation of hedge accounting is a decision to be made by the CFO.

1. EXECUTION OF HEDGING TRANSACTIONS

In the event that the Company decides on executing hedging transactions (with the exception of deposits/loans), a broker may be approached in order to negotiate the pricing with the relevant counterparties (banks), based on third party pricing systems. Once a transaction has been executed, it will be recorded in a hedging status report, which specifies all open hedging transactions and cash flow exposures.

1. DOCUMENTATION

The following papers will be documented by the finance department:

* Confirmation of execution of transactions, received from banks/broker.
* Monthly fair value evaluation of the open hedging transactions.
* Hedging status reports.
1. REPORTING

Quarterly reports will be prepared for the Board of Directors.

The reports will include:

(a) Hedging Status report.

(b) Fair Value report of all open hedging transactions.