

PRIVATE INVESTMENT SCHEDULE K-1s

If you have participated in a private investment that issues a Schedule K-1, please file a tax extension. It is very common for private investment Schedule K-1s to arrive after the first tax deadline in April due to the reasons outlined below. **The deadline for filing an extension is the standard tax deadline of April 18th, 2023.**

We strongly encourage you to coordinate with your tax professional to plan to file extensions each year. Please instruct your tax professional to set up access to Altera's investor portal via ShareSecure (www.sharesecurely.com) if they have not already. **This will allow your tax professional to view your K-1s directly, receive updates on timing, and view your capital contributions and distributions to aid any payment estimates.** If your tax professional needs to be set up with an account, please send an email to investor-relations@alteraprivate.com and Altera's team will be happy to help.

WHAT IS A SCHEDULE K-1? WHAT DOES IT INCLUDE?

A Schedule K-1 is an IRS tax form that reports the gains, losses, interest, dividends, and other distributions of a business or financial entity's partners from the previous tax year. Investors in private placement offerings serve as Limited Partners (LPs) and are considered partners of the private investment, and therefore receive a Schedule K-1 any year the private investment records income or loss – both of which are considered taxable events. Schedule K-1s also contain information about your sharing percentage of profits, losses, capital, liabilities, income, deductions, credits, and other items.

WHY DO MY PRIVATE INVESTMENT SCHEDULE K-1s ARRIVE AFTER THE FIRST TAX DEADLINE?

Partnerships are taxed as "pass-through entities", meaning they do not pay taxes of their own, but instead pass any income, deductions, or credits to the various partners. Partnerships file Form 1065 with the IRS and then issue a Schedule K-1 to each limited partner that details their share of the financial results. Each limited partner is required to report this tax liability on their own tax return.

The below outlines a couple of the reasons why tax preparation for alternative investments may result in Schedule K-1s being delivered after the initial April tax deadline:

MULTIPLE LAYERS AND TIMING

Preparing tax documents for a fund that has invested in a portfolio of private companies requires completed financial reporting by each of the portfolio holdings. These holdings are expected to report their income to the IRS by April of most tax years, but a very large number of them do not meet this deadline and file extensions of their own.

Fund financials can only be prepared once all underlying holdings have filed. When a partnership invests in an entity that is also an LLC, the pass-through challenge is magnified, as the filing is now affected by gains, losses, net income, tax credits, deductible expenses, and many other items of the underlying LLC.

Additionally, Altera is a Registered Investment Advisor and is required to audit each of its holdings. This can result in further delays in the turnaround time.

INDUSTRY BOTTLENECK

The accounting industry is, unfortunately, charged with providing all financial statements, audits, and tax documents around the same time each year for all businesses and individuals in the country. Altera meets with our tax and audit teams at the end of each year to plan and to ensure that their teams have the proper resources to expediently produce the required reporting to move this process forward.

Please note, it is common for investors to see their scheduled K-1s delivered as late as the following September of the tax year. Because of this, it is imperative for investors to file a tax extension to avoid penalties.