

## **APPENDIX A**

Due Diligence Checklist				
Firm Name				
Fund Name				
Strategy				
Vehicle				
Key Terms				
Primary Office Location				
Investment Officer				
Secondary Analyst				

  

Stage	Due Diligence Process		Action Items/Documentation	Lead	Date
Stage 1	Manager Sourcing	Identify manager candidates	eVestment screen, referrals, manager database screen		
		Perform initial qualitative due diligence	Manager Marketing Materials		
			Manager Organizational Chart		
			Firm-wide AUM and Returns Disclosure		
			Initial fee estimate		
		Perform initial quantitative due diligence	Returns Stats (Alpha, beta, TE, IR, batting average, up/down capture, etc.)		
			Check capacity		
		Funding considerations	Determine optimal & initial investment size		
			Determine source of funding		
		Conduct initial call with consultant analysts	Check consultant coverage, initial feedbacks		
		Narrow to top candidate(s)	Inform IG of top candidates		

  

Stage 2	Investment Due Diligence	Perform DD calls & meetings w/ managers	Manager DDQ		
			Supplemental DDQ (ad hoc)		
			ILPA DDQ/PREA DD Guidelines		
			LP List		
		Complete full quantitative due diligence	Historical Monthly Fund Returns		
			Historical Monthly Strategy AUM and Holdings (or Allocations)		
			Historical Sub-strategy Returns and Attribution (if applicable)		
			Historical Risk & Exposure Reports		
			Manager Monthly/Quarterly Strategy Update/Research		
			Manager Current Risk and Exposure Reports		
			Quantitative Analysis - Internal Risk System		
			Fund suitability analysis: correlation, contribution to TE & Return, etc.		
		Seek internal and external feedbacks	Investment DD Report (Meketa)		
			Conduct calls with consultant analysts		
			Quantitative Analysis - Consultant		
			Solicit feedback from IOs/CIO		
		Prepare Scoring Matrix & Proposal Memo	Manager Evaluation Form		
			IDD memo		

  

Stage 3	ODD	Operational Due Diligence	Manager ADV		
			Review of Financial Statements (Albourne)		
			Valuation Policy		
			Historical Annual Financial Statements (if applicable)		
			Reference Checks		
			Background checks for firm AUM < \$5 billion		
			Operational DD Report (Meketa or Albourne)		

  

Stage 4	Terms Review & Negotiations	Evaluate fees and core terms	Manager Fees/Terms		
			Review Manager standard IMA		
		CIO Review	CIO Meets with manager		
		Prepare final documents	Due Diligence Process Review & Checklist w/ Signoff		
			Staff Proposal Memo		
		Make final fund selection decision	Obtain Consultant supporting memo		
			Key Legal Documents (IMA, PPM/OM, LPA, Sub-Docs etc.)		

  

Stage 5	Approval	CIO Approval	CIO approval form		
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Stage 6	Approval & Communication	Federated IC notification			
		P&F IC notification			
		Federated board notification			
		P&F board notification			

## **APPENDIX B.1**



## Manager Due Diligence Questionnaire Public Equity

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### General Information

Firm Name

Address

Contact Name

Email

Phone Number

Strategy (or Strategies) for Consideration

Firm Inception Date

Strategy Inception Date

Date of completion

### A. Business Information

A.1 Firm background.

A.2 Describe firm ownership structure.

A.3 Is the firm SEC registered? If yes, please provide SEC File number.

A.4 If the firm has multiple locations, please list the locations that support this strategy. Please also specify their functions for each location.

A.5 List all affiliated companies or joint ventures.

A.6 Describe any planned changes to the firm structure or ownership.

**A.7 Please provide historical firm and product (proposed) AUM changes for the past 5 years. Please do not include market impact.**

	Firm AUM (\$Bln)				
	2017	2016	2015	2014	2013
Total					
Subscriptions					
Redemptions					
Net Change					

	Product AUM (\$mm)				
	2017	2016	2015	2014	2013
Total					
Subscriptions					
Redemptions					
Net Change					

**A.8 Provide a break-down of firm AUM by client type.**

Client Type	AUM (\$mm)	% of Total
Public Funds		
Corporate Pension		
Endowments/Foundations		
Union/Multi-employer		
Insurance Companies		
Sovereign Wealth Funds		
Fund of Funds		
Subadvisory WRAP Account		
Subadvisory Mutual funds		
Private/HNW/Family office		
Other		

**A.9 Provide a break-down of firm AUM by product.**

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**A.10 Please list all product vehicles for this strategy.**

Product Vehicle	AUM (\$MM)	# of Accounts	Investment from firm employees (Y/N)
Separate Account			
Comingled Account			
CIT			
Mutual Fund			

**A.11 List your five largest clients in this product. If you are not able to share the client name, please specify the client type (public fund, family office, etc.)**

Client or Client type	AUM (\$mm)	Inception Date

**B. Trading, Operations and Compliance**

**B.1 Please provide a description of your trading platform, including systems for execution and processing.**

**B.2 Please provide a description of your trading process. How are trades executed once a buy/sell decision has been made?**

**B.3 How do you choose to access restricted markets (e.g., China, India, other Emerging or frontier markets) and what type of securities do you utilize? In what instances would you use proxy securities to build your desired portfolio (e.g. ADRs, GDRs, ETFs, derivatives, p-notes)? How do you manage counter-party risk for some of the instruments?**

**B.4 What processes do you have in place for pre- and post-trade analysis and compliance?**

**B.5 What portfolio accounting system do you use? If it is outsourced, please list the company that you outsource to.**

**B.6 Describe the allocation objectives and implementation procedures across all accounts. What is the process by which trades are allocated across different accounts?**

**B.7 What is the average explicit cost (commissions)per share for the proposed strategy?**

**B.8 Do you use soft dollars? If yes, do you have a soft dollar policy?**

**B.9 Describe the participation of legal/compliance staff on firm oversight, management or similar committees. What system do you use to monitor portfolio compliance?**

**B.10 List pending litigations against the firm.**

**B.11 List regulatory sanctions against the firm.**

**B.12 Have you received a Wells Notice or SEC Enforcement Action?**

**B.13 Have you been audited by the SEC or any other regulatory body in the past 12 months? When was the last time your firm had an SEC audit?**

**B.14 List the insurance carrier and amount of coverage for Errors & omissions, Fiduciary Liability insurance, and any other professional insurance.**

**B.15 Does your firm undergo an annual financial audit? If so, who is the auditor? How often are your financial statements audited by a third party?**

**B.16 When was your last disaster recovery test? How often do you conduct the disaster recovery test?**

**B.17 Have you conducted penetration testing in the past? When was the last test? How often do you conduct penetration testing?**

**B.18 Have you had cybersecurity breach? Please describe in detail if yes.**

**B.19 What is the fee schedule of the proposed product? Do you have Most Favored Nation clause with your existing clients?**

**B.20 Are you open to performance based fees? If you have one in place please list it here.**

**B.21 What is the capacity of the proposed strategy?**

## C. Organization and People

C.1 List key executives who have responsibility for the management of the firm. Please include their titles, bios, and years they have been with the firm.

C.2 Please describe the key personnel turnover on the executive team in the past three years.

C.3 What is the compensation structure for Investment professionals?

C.4 Do you offer direct ownership or profit sharing to Investment professionals? Please elaborate on the details if you do.

C.5 Provide the bios of the lead Portfolio Manager(s).

C.6 Please fill out details of the investment team.

Name	Industry Experience # of years	Firm Experience # of years	Lead PM	Portfolio Management	Equity Research	Macro Research	Factor Research	Risk Management	Sector/Country Coverage (please list)
			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

C.7 Please provide details on the turnover of the investment team over the past five years.

C.8 What systems do you use for investment research, portfolio management, and risk management?



## D. Investment Philosophy and Process

D.1 Describe your investment philosophy. If applicable, please also provide academic or your proprietary research that supports this philosophy.

D.2 What is your investment universe? Please describe the market cap range and region/country of focus.

D.3 How do you source new ideas? If a quantitative screen is involved, please list the screen universe and some of the key factors that you consider.

D.4 Your investment strategy is characterized as (check all that apply):

☐ Top-Down    ☐ Bottom-up    ☐ Fundamental    ☐ Quantitative    ☐ Systematic

D.5 Who directs the research effort? How does the research team work together?

D.6 Describe your investment process.

D.7 Please give us an overview of your due diligence process. What qualities are prominent in the companies/securities you prefer? What characteristics do you avoid?

D.8 Do you calculate intrinsic value for each stock? If yes, describe the steps that derives your intrinsic value for each company.

D.9 Do you derive target price for each stock? How do you calculate target price?

D.10 Describe major enhancements in research in the past two years.

D.11 Do you use sell side research in your investment? If yes, how is it embedded in the process?

D.12 Who leads the portfolio construction process? If there are other people supporting that effort, what are their roles? Who has final say on the portfolio names and sizing?

D.13 Describe your portfolio construction process and tools used. How do you size your positions?

**D.14 How do you build your positions? Is it slowly over time or start with full positions?**

**D.15 How does macro-economic (top-down) view play a role in your process?**

**D.16 What is the range of securities in your portfolio? Describe the conditions under which the portfolio is more concentrated/diversified.**

**D.17 What is your recommended benchmark? Do you manage your strategy against the benchmark? What impact does the benchmark have on your portfolio construction?**

**D.18 Do you manage your strategy against a reference portfolio other than a market cap weighted benchmark? If yes, describe the process that generates this reference portfolio.**

**D.19 How do you define risk? Please provide your risk management guidelines and process.**

**D.20 Do you manage liquidity risk of the portfolio?**

**D.21 Do you hedge your currency exposures? If so, describe your currency hedging strategy.**

**D.22 Do you have return or risk target for your strategy? If yes, what is the target absolute return (or excess return)? What is the target standard deviation (or tracking error)?**

**D.23 What is the average ex-ante tracking error against your proposed benchmark? What is the major source(s) of the tracking error (country, industry, fundamental factors, or stock specific)?**

**D.24 Does the portfolio have market cap, regional/country, fundamental factor, or sector/industry bias? Please elaborate in detail if it does differ significantly (overweight, underweight, lack of exposure) from the benchmark.**

D.25 Please fill out the following if there are general guidelines in portfolio construction. Leave it blank if there are no such constraints.

Factors	Max	Min	Relative to BM (R) or Absolute (A)
Market Cap			
Industry			
Sector			
Country			
Region			
Emerging Markets			
Frontier Markets			
Individual Issuer			
Cash			

D.26 What prompts you to add or trim a position? Do you rebalance the portfolio regularly? How often is the portfolio rebalanced?

D.27 What is your sell discipline? What is the typical holding period for your stocks? What has been the average annual turnover?

D.28 Does timing play a role in your investment process?

D.29 Describe your performance attribution process and tools. Does the attribution help you change or enhance your process?

D.30 Describe best and worst markets for the strategy.

E. Portfolio Characteristics and Performance

Specify your benchmark for Section E.

**E.1 List portfolio and Index characteristics. Use the most recent quarter end data.**

	Proposed Strategy	Benchmark
# of Securities		
Weighted Avg. Market Cap		
Active Share		-
Dividend Yield		
Price/earnings		
P/E using FY1 Est.		
Est. 3-5 Yr EPS Growth		
Price/Cash Flow		
Price/Book		
Price/Sales		
PEG Ratio		
ROE		
As of Date		

**E.2 List portfolio and index allocations in GICS Sector. Use the most recent quarter end data.**

	Proposed Strategy	Benchmark
Consumer Discretionary		
Consumer Staples		
Energy		
Financials		
Healthcare		
Industrials		
Information Technology		
Materials		
Real Estate		
Telecommunication		
Utilities		
Cash		
As of Date		

**E.3 List portfolio and index allocations in MSCI Countries. Use the most recent quarter end data.**

Region/Country	Proposed Strategy	Benchmark
Developed		
Americas		
Canada		
USA		
Europe, Middle East		
France		
Germany		
Switzerland		
UK		
Other Developed Europe		
Pacific		
Australia		
Hong Kong		
Japan		
Other Developed Pacific		
Emerging		
Americas		
Brazil		
Mexico		
Other EM Americas		
Asia		
China		
South Korea		
Taiwan		
India		
Other EM Asia		
EMEA		

**E.4 Please provide the performance data for your composite Net of Fees.**

Date as of

Product Inception Date

	Trailing					Calendar Year			
	YTD	1Y	3Y	5Y	SI	2017	2016	2015	2014
Proposed Strategy									
Benchmark									
Excess Return									
Peer Rank (Quartile)									

Time Horizon	Return	Cumulative Return	Excess Return	Tracking Error	Batting Average	Info Ratio	Up Capture	Down Capture	Beta
3 Year									
5 Year									
10 Year									

## F. Appendix

Please attach the following documents to the questionnaire

### F.1 Standard Presentation Book

### F.2 Organizational Chart – Business Lines & Key Executives

### F.3 Organizational Chart – Investment Team for the proposed strategy

### F.4 Check the box if the firm has the following. Please also attach a copy.

- ☐ Code of Ethics
- ☐ Compliance Manual
- ☐ Soft Dollar Policy
- ☐ Risk Manual
- ☐ Mark to Market Manual
- ☐ Liquidity Management Manual
- ☐ Suitability Policy
- ☐ GIPS Compliance Verification
- ☐ Cyber Security Policy

### F.5 Monthly Composite Returns (Net of Fees) and Benchmark Return. You may use the following format.

Date	Composite (Net%)	Benchmark (%)
1/31/2018	5.200	4.000
2/28/2018	1.200	-1.000
3/31/2018	-1.000	-0.520
4/30/2018	2.031	3.000

### F.6 Monthly Security Holdings in one spreadsheet. Please follow this format. For domestic strategies, please use CUSIP. For International/Global strategies, please use SEDOL.

Date	Company Name	SEDOL/CUSIP	Weight (%)
1/31/2018	XXX	XXX	50.000
1/31/2018	XXXXX	XXXXX	50.000
2/28/2018	XXX	XXX	50.000
2/28/2018	XXXXX	XXXXX	50.000

## **APPENDIX B.2**

# Due Diligence Questionnaire

Version 1.1



Originally Released in October 2013  
Revised in September 2016



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### New in Version 1.1

- Added new questions regarding compliance with the [ILPA Reporting Template](#) (released in Jan. 2016) to the “Accounting / Valuation / Reporting” sections
- Revised the original “Governance” and “Risk / Compliance / ESG” sections to reflect PRI’s new [LP Responsible Investment DDQ](#), and to re-order/merge/edit existing questions from these sections
- Refreshed existing web links, font, and formatting, as needed

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*Disclaimer: All interested parties should, subject to applicable laws, respect the confidentiality of information contained in reports provided in connection with investments. The ILPA Due Diligence Questionnaire (DDQ) reflects the view of the participants involved in the creation thereof as to best practices with respect to fund diligence. However, no limited partner should utilize the DDQ as a substitute for its own determination as to what information such limited partner will need or desire with respect to any particular investment. Further, no representation is made that the DDQ, when provided by general partners to their prospective investor base, will include all desirable information or will be fully inclusive of all information needed for any limited partner to effectively monitor its investments.*

## Overview

As institutional investors increase their focus on issues related to alignment of interest, governance and transparency with their private equity manager relationships, the level of detail required for their upfront fund diligence process has increased. This increase has resulted in the proliferation of lengthy, customized due diligence questionnaires (“DDQ”) by many Limited Partners, advisors and placement agents. These customized DDQs, which have varying content and length, have created an extraordinary administrative burden on all interested parties, including Limited Partners, General Partners and Placement Agents.

Additionally, to ensure they are cognizant of the industry’s best practices, LPs are attentive to the types of diligence questions their peers are asking. With few available forums dedicated to the sharing of diligence practices, some Limited Partners may not even be aware of the level of detail being provided to their peers regarding a prospective fund.

The search for a more efficient process, and a means of minimizing the administrative burden of fundraising on all parties, prompted the ILPA to reach out to General Partners, Limited Partners, Placement Agents and other interested parties to craft a DDQ tool that may offer those efficiencies. The resources used to create and process the customized, but often redundant, questions and responses could then be repurposed toward additional transparency, assessment and analysis of results.

The ILPA Due Diligence Questionnaire (“ILPA DDQ”) was compiled from over a dozen sample questionnaires provided by LPs, GPs and third parties. It has been reviewed by the members of the ILPA Research, Benchmarking & Standards Committee, as well as several industry leaders as part of a six-month, public comment period.

**Please note that the ILPA DDQ is not intended to be a required document that all GPs must adopt. It is also not a panacea for all LPs’ diligence needs. We acknowledge that some variation may still be employed in the industry. The goal of this tool is to minimize variations to questions that are unique to a specific LP or GP.**

The ILPA DDQ covers many topics related to fund diligence, including:

- |                             |                                    |
|-----------------------------|------------------------------------|
| 1. General Firm Information | 8. Fund Terms                      |
| 2. General Fund Information | 9. Firm Governance/Risk/Compliance |
| 3. Investment Strategy      | 10. ESG                            |
| 4. Investment Process       | 11. Track Record                   |
| 5. Team                     | 12. Accounting/Valuation/Reporting |
| 6. Alignment of Interest    | 13. Legal/Administration           |
| 7. Market Environment       |                                    |

These topics are covered in a series of short form and long form questions that are designed to help shape the direction of an LP’s diligence process. The ILPA DDQ also provides a list of requested documents and data points that would ideally be provided in any GP’s diligence package.

Included in this package are many of the frequently asked questions received during the ILPA DDQ’s comment period. For further questions, or for digital copies of materials related to the ILPA DDQ, please visit [ilpa.org](http://ilpa.org), or contact the ILPA directly at +1-617-716-6500 or [info@ilpa.org](mailto:info@ilpa.org).

## Frequently Asked Questions

### 1. What is the purpose of this document?

The ILPA's goal is to reduce the administrative burden of LPs, GPs, Placement Agents and other third parties by providing a best-in-class due diligence questionnaire. Adoption will make questionnaire stage more efficient by minimizing the number of customized DDQs from LPs and consultants.

### 2. Is the industry required to use this document?

No, the ILPA understands that this document may not necessarily be applicable for all funds, or provide efficiencies for all parties. However, GPs that receive multiple questionnaires, with redundant and differently-organized questions, should see efficiencies in the diligence process.

### 3. How should GPs with funds for different strategies/geographies/industries (e.g. separate venture and growth funds) answer questions about the firm, and its funds and teams that aren't currently fund raising? What level of information is relevant to LPs if they are only conducting diligence on a specific type of fund offered by a GP?

In these situations, the GP does not necessarily need to provide detailed information about business units that are materially unrelated to the Fund. (A simple overview of these non-related business units should be made available, however.) Unless specifically noted, any reference to the "Firm" in the ILPA DDQ should be focused on business units materially related to the Fund. GP's should clearly state the business units being included and be able to explain their rationale for excluding others.

### 4. Are GP's expected to provide answers to any "sensitive" questions in this document?

GP's are not required to divulge sensitive information, especially if it violates any non-disclosure agreements with other parties. It is also understood that GPs may need to use caution in providing information to organizations they feel are not genuinely interested in committing to their fund. However, as fiduciaries, Limited Partners should not feel restricted from asking sensitive questions. The GP's right to guard confidential information is no greater than the LP's right to inquire about information they feel is relevant to the transparency and alignment of their potential partnership. If GPs are more comfortable with providing certain answers in person, in a redacted format or at a later stage in the diligence process, they should feel encouraged to do so. However, they should also provide an explanation for their rationale, as well as any further direction for LPs, in this document.

### 5. Are GPs expected to answer questions that are not applicable to their specific fund?

The ILPA DDQ is an attempt at a comprehensive questionnaire that applies to the majority of private equity funds. LPs should understand that not all questions are applicable to all GPs/funds. GPs should use their best judgment to only answer questions that are relevant to their organization. For skipped questions in the Detailed Questions section, GPs should provide a brief, one sentence statement explaining their rationale for not answering. For the skipped questions in the Basic Questions section, "N/A" should be populated in the "Reference" field.

### 6. Should LPs use a GP's answers in the Basic Questions section (yes/no questions) as the sole criteria for their ultimate investment decision?

No, the basic questions are intended to provide LPs with a top-level checklist, and a framework to highlight issues that need further clarity. There may be extenuating circumstances that explain a particular "negative" answer. GPs should use the "Reference" field in the Basic Questions section to direct LPs to more expanded answers to these questions. LPs should review the expanded answers in the Detailed Questions section, as well as their own follow-up questions, before making any investment decisions.

### 7. Should LPs only use this document? In what format should additional questions be sent to the GP?

One of the goals of this document is to minimize, not eliminate, the variations in LPs' diligence processes. While the ILPA believes that this is a comprehensive document that covers all of the questions that institutional investors should ask GPs, it may be necessary to supplement this document with additional questions. Additional questions should not be added to this document. To avoid any confusion, these questions should be listed in a separate document.

- 8. In various questions related to the Firm's staff, the form references both "Principals" and "Team Members." What is the difference between the two? For the purposes of this document, what criteria should a GP use to define each?**

As referenced in Appendix B, "Team Members" refers to all Firm-personnel, including investment professionals and senior non-investment professionals that left the Firm in the last ten years. "Principals" refers to the Firm's management team and other core members that have a significant contribution to the Firm's direction and investment performance. The "Principal" designation should be made at the GP's discretion. However, GPs should be prepared to answer any questions about their decision rationale.

- 9. Can GPs cite responses in their PPMs in the ILPA DDQ?**

It is recommended that all answers should be contained in the questionnaire. Any relevant answer in the PPM should be copied into the DDQ to preserve the DDQ as a stand-alone document.

## Cover Sheet

### Firm: General Information

Date of Completion: MM/DD/YYYY

Firm Name or Business Unit that is Fundraising (the "Firm"): \_\_\_\_\_

Address: \_\_\_\_\_ Street: \_\_\_\_\_

City: \_\_\_\_\_

State/Country: \_\_\_\_\_

Postal Code: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Regulatory Body(s) that Supervises Firm: \_\_\_\_\_

Regulatory Body(s) Registration Number(s): \_\_\_\_\_

Firm Contact (for requesting additional information): \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Email Address: \_\_\_\_\_

### Fund: General Information

General Partner Legal Name (the "GP"): \_\_\_\_\_

Fund Legal Name (the "Fund"): \_\_\_\_\_

Regulatory Body(s) that Supervises the Fund: \_\_\_\_\_

Regulatory Body(s) Registration Number(s): \_\_\_\_\_

<b>Fund Size:</b> (Reporting currency) Targeted: _____ Minimum: _____ Maximum / Cap: _____ First Close Amount: _____ Total Closings to Date: _____	<b>Fund Term:</b> (Years) Investment Period: _____ Follow-on Period: _____ Remainder of Term: _____ Extension Period: _____
<b>Management Fees:</b> (% of basis) Investment Period: _____ % of _____ Follow-on Period: _____ % of _____ Extension Period: _____ % of _____	<b>Misc. Terms:</b> (Fund only) Reporting Currency: _____ Hurdle (%): _____ Carried Interest (%): _____ Carry Catch-up (%): _____ Carry Escrow (%): _____ GP Commit. (%): _____ Date of First Close: _____
<b>Investment Focus:</b> (Fund only) Strategic Focus: _____ Geographic Focus: _____ Industry Focus: _____	

## Basic Questions

<b>1.0</b>	<b>Firm: General Information</b>	<b>Yes</b>	<b>No</b>	<b>Reference*</b>
1.1	Does the Firm have any existing business lines that are unrelated to the Fund's investment strategy?	<input type="checkbox"/>	<input type="checkbox"/>	<hr/>
1.2	Has the Firm or any affiliated entity ever failed to make payments under any secured or unsecured indebtedness?	<input type="checkbox"/>	<input type="checkbox"/>	<hr/>
1.3	Has the Firm or any affiliated entity ever filed for bankruptcy?	<input type="checkbox"/>	<input type="checkbox"/>	<hr/>
1.4	Has any of the Firm's current or former Team Members (as defined in Appendix B) ever filed for bankruptcy?	<input type="checkbox"/>	<input type="checkbox"/>	<hr/>
1.5	Will the Firm or any of its Principals (as defined in Appendix B) conduct outside business or investment management activities during the investment period of the Fund?	<input type="checkbox"/>	<input type="checkbox"/>	<hr/>
1.6	Will the Firm or any of its Principals conduct outside activities (non-profit, academic, etc.) that are expected to take-up a significant (approx. $\geq 20\%$ ) amount of time during the investment period of the Fund?	<input type="checkbox"/>	<input type="checkbox"/>	<hr/>
1.7	Is the Firm a publicly-held company?	<input type="checkbox"/>	<input type="checkbox"/>	<hr/>
<b>2.0</b>	<b>Fund: General Information</b>	<b>Yes</b>	<b>No</b>	<b>Reference*</b>
2.1	Will the Fund offer co-investments?	<input type="checkbox"/>	<input type="checkbox"/>	<hr/>
2.2	Outside of the General Partner, will non-limited partners affiliated with the Firm be prohibited from investing or holding an ownership interest in the Fund's investments?	<input type="checkbox"/>	<input type="checkbox"/>	<hr/>
2.3	Will Placement Agents be used during the fundraising process?	<input type="checkbox"/>	<input type="checkbox"/>	<hr/>
2.4	Will unregistered Placement Agents (i.e. (a) not affiliated with a FINRA member broker-dealer, (b) not registered as a municipal advisor with the SEC and the MSRB and (c) not registered as a lobbyist in the State of California) be prohibited from assisting in the fundraising process?	<input type="checkbox"/>	<input type="checkbox"/>	<hr/>
2.5	Will there be an annual investor meeting throughout the life of the Fund?	<input type="checkbox"/>	<input type="checkbox"/>	<hr/>
2.6	Will the Firm facilitate an in-camera session for each of the Fund's LP Advisory Board meetings?	<input type="checkbox"/>	<input type="checkbox"/>	<hr/>
2.7	Is the Fund prohibited from holding leverage on its balance sheet?	<input type="checkbox"/>	<input type="checkbox"/>	<hr/>
<b>3.0</b>	<b>Investment Strategy</b>	<b>Yes</b>	<b>No</b>	<b>Reference*</b>
3.1	Is the Fund's strategy materially different from the previous fund?	<input type="checkbox"/>	<input type="checkbox"/>	<hr/>
3.2	Will the Fund actively pursue investments in public securities and/or Private Investments in Public Equity (PIPE investments)?	<input type="checkbox"/>	<input type="checkbox"/>	<hr/>
3.3	Will the Fund engage in hostile transactions?	<input type="checkbox"/>	<input type="checkbox"/>	<hr/>
<b>4.0</b>	<b>Investment Process</b>	<b>Yes</b>	<b>No</b>	<b>Reference*</b>
4.1	Does the Firm have a dedicated debt management team?	<input type="checkbox"/>	<input type="checkbox"/>	<hr/>
4.2	Does the Firm have a dedicated operations team?	<input type="checkbox"/>	<input type="checkbox"/>	<hr/>
4.3	Does the Firm have a marketable securities trading operation?	<input type="checkbox"/>	<input type="checkbox"/>	<hr/>
4.4	Will the Firm actively manage the Fund's foreign currency exposure?	<input type="checkbox"/>	<input type="checkbox"/>	<hr/>

\*For expanded commentary on a response to a Basic Questions, LPs should refer to the following question in the Detailed Questions section

<b>5.0</b>	<b>Team</b>	<b>Yes</b>	<b>No</b>	<b>Reference*</b>
5.1	Are there any known conditions (health, financial, litigation, personal, etc.) of any of the Firm's Principals that might influence their ability to execute their duties to the Fund or Firm?	<input type="checkbox"/>	<input type="checkbox"/>	<hr/>
5.2	Has a "Key-Person" event occurred in the Firm's history?	<input type="checkbox"/>	<input type="checkbox"/>	<hr/>
5.3	In addition to any "Key-Person" event, were there any significant staff departures (partner in the management company or director-level employee (or higher) with more than five years of history with the Firm) over the life of the previous two funds?	<input type="checkbox"/>	<input type="checkbox"/>	<hr/>
5.4	Is the Firm aware of any significant staff departures (as defined above) that are expected to occur between now and the end of the Fund's investment period?	<input type="checkbox"/>	<input type="checkbox"/>	<hr/>
<b>6.0</b>	<b>Alignment of Interests</b>	<b>Yes</b>	<b>No</b>	<b>Reference*</b>
6.1	Will any of the Firm's Principals and/or affiliates elect to <u>not</u> invest in the Fund?	<input type="checkbox"/>	<input type="checkbox"/>	<hr/>
6.2	Will any commitments from the General Partner and/or any of its Principals be leveraged or loaned?	<input type="checkbox"/>	<input type="checkbox"/>	<hr/>
6.3	Will any commitments from the General Partner and/or any of its Principals be financed with deferred management fees?	<input type="checkbox"/>	<input type="checkbox"/>	<hr/>
6.4	Will any commitments from the General Partner and/or any of its Principals be financed with assets from another investment managed by the Firm?	<input type="checkbox"/>	<input type="checkbox"/>	<hr/>
6.5	Were there any carry clawback situations in any of the Firm's prior funds?	<input type="checkbox"/>	<input type="checkbox"/>	<hr/>
<b>7.0</b>	<b>Market Environment</b>			
	No Basic Questions (see the Detailed Questions section for more coverage of this topic)			
<b>8.0</b>	<b>Fund Terms</b>	<b>Yes</b>	<b>No</b>	<b>Reference*</b>
8.1	Has the Firm publicly-endorsed the most recent version of the <a href="#">ILPA Private Equity Principles</a> ?	<input type="checkbox"/>	<input type="checkbox"/>	<hr/>
8.2	Does the Fund offer each Limited Partner a choice of compensation options (e.g. (a) 2% management fee / 20% carry or (b) 2.5% management fee / 15% carry)?	<input type="checkbox"/>	<input type="checkbox"/>	<hr/>
8.3	Have any prospective investors in the Fund received any side agreements or rights ("side letters"), whether in-writing or verbally?	<input type="checkbox"/>	<input type="checkbox"/>	<hr/>
8.4	If yes to 8.3, will the terms in such side letters be offered to all limited partners that request them?	<input type="checkbox"/>	<input type="checkbox"/>	<hr/>
8.5	Will the Fund prohibit in-specie distributions?	<input type="checkbox"/>	<input type="checkbox"/>	<hr/>
8.6	Are Limited Partners permitted to opt out of certain Fund investments?	<input type="checkbox"/>	<input type="checkbox"/>	<hr/>
<b>9.0</b>	<b>Firm Governance / Risk / Compliance</b>	<b>Yes</b>	<b>No</b>	<b>Reference*</b>
9.1	Does the Firm have a written policy on the handling and safeguarding of any material, non-public information?	<input type="checkbox"/>	<input type="checkbox"/>	<hr/>
9.2	Has the Firm adopted the CFA Institute's most recent <a href="#">Code of Ethics and Standards of Professional Conduct</a> or substantive equivalent?	<input type="checkbox"/>	<input type="checkbox"/>	<hr/>
9.3	Does the Firm obtain Environmental Impact Studies for each of its portfolio company and property investments?	<input type="checkbox"/>	<input type="checkbox"/>	<hr/>
9.4	Is the Firm (as defined on the cover page) a registered investment advisor or broker-dealer?	<input type="checkbox"/>	<input type="checkbox"/>	<hr/>

\*For expanded commentary on a response to a Basic Questions, LPs should refer to the following question in the Detailed Questions section

<b>10.0 Environmental, Social, &amp; Governance (ESG)</b>	<b>Yes</b>	<b>No</b>	<b>Reference*</b>
10.1 Does the Firm have an ESG policy (or equivalent CSR/SRI policy)?	<input type="checkbox"/>	<input type="checkbox"/>	
10.2 Is the Firm a signatory to the <a href="#">United Nations Principles for Responsible Investing (UNPRI)</a> ?	<input type="checkbox"/>	<input type="checkbox"/>	
10.3 Is the Firm and/or any of its affiliated entities organized in a country that is a member of the <a href="#">Organization for Economic Co-operation and Development (OECD)</a> ?	<input type="checkbox"/>	<input type="checkbox"/>	
10.4 Does the Firm have policies that encourage portfolio companies to adopt external standards and codes (such as the United Nations Global Compact)?	<input type="checkbox"/>	<input type="checkbox"/>	
10.5 Does the Firm make formal commitments relating to ESG integration in fund formation contracts, Limited Partnership Agreements, or in side letters when requested by investors?	<input type="checkbox"/>	<input type="checkbox"/>	
<b>11.0 Track Record</b>	<b>Yes</b>	<b>No</b>	<b>Reference*</b>
11.1 Have any of the portfolio companies or properties held by the Firm filed for bankruptcy?	<input type="checkbox"/>	<input type="checkbox"/>	
11.2 Have any of the Firm's portfolio companies or properties failed to make payments under any secured or unsecured indebtedness during the Firm's period of ownership?	<input type="checkbox"/>	<input type="checkbox"/>	
11.3 Have any of the Firm's portfolio investments ever received a qualified audit opinion during the Firm's period of ownership?	<input type="checkbox"/>	<input type="checkbox"/>	
11.4 Are any investments in the Firm's track record excluded from the provided appendices?	<input type="checkbox"/>	<input type="checkbox"/>	

\*For expanded commentary on a response to a Basic Questions, LPs should refer to the following question in the Detailed Questions section



12.0 Accounting/Valuation/Reporting		Yes	No	Reference*
12.1	Has the Firm's Valuation Policy (as referenced in Appendix A) remained significantly unchanged over the past five years?	<input type="checkbox"/>	<input type="checkbox"/>	
12.2	Will the Fund follow the most recent version of the <a href="#">IPEV Valuation Guidelines</a> ?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
12.3	Will the Fund be valued by an independent, third-party valuation firm?	<input type="checkbox"/>	<input type="checkbox"/>	
12.4	Will the Fund's LP Advisory Board approve or review valuations?	<input type="checkbox"/>	<input type="checkbox"/>	
12.5	Is the Fund's audit firm unaffiliated with the Firm or any of its current or former Team Members?	<input type="checkbox"/>	<input type="checkbox"/>	
12.6	Does the Fund's audit firm <u>only</u> provide the Fund and Firm (plus the Firm's Principals and affiliates) with audit services?	<input type="checkbox"/>	<input type="checkbox"/>	
12.7	Have <u>none</u> of the funds managed by the Firm ever received a qualified audit opinion?	<input type="checkbox"/>	<input type="checkbox"/>	
12.8	Have carry payments and allocation in prior funds been audited (as part of an annual audit of the Firm and its funds) to ensure they reflect the terms and conditions in the Limited Partners Agreement?	<input type="checkbox"/>	<input type="checkbox"/>	
12.9	Will carry payments and allocation associated with the Fund be audited (as part of an annual audit of the General Partner and its funds)?	<input type="checkbox"/>	<input type="checkbox"/>	
12.10	Will the Fund's standard reporting package include the majority of content found in the ILPA Reporting Best Practices ( <a href="#">Reporting Template</a> , <a href="#">Quarterly Reporting Standards</a> , & <a href="#">Call/Dist. Template</a> )?	<input type="checkbox"/>	<input type="checkbox"/>	
12.11	If applicable, will the Fund use a fund administration service provider that has the capability to use (or uses) the ILPA Reporting Best Practices ( <a href="#">Reporting Template</a> , <a href="#">Quarterly Reporting Standards</a> , & <a href="#">Call/Dist. Template</a> )?	<input type="checkbox"/>	<input type="checkbox"/>	
12.12	Will the <a href="#">ILPA Reporting Template</a> be completed and provided to all of the Fund's Limited Partners on a regular basis?	<input type="checkbox"/>	<input type="checkbox"/>	
12.13	Will the <a href="#">ILPA Standardized Capital Call and Distribution Template</a> be completed and provided to all of the Fund's Limited Partners on a regular basis?	<input type="checkbox"/>	<input type="checkbox"/>	
12.14	Is the investment performance included in all of the Firm's marketing materials and reporting packages compliant with the most recent version of the <a href="#">Global Investment Performance Standards (GIPS)</a> ?	<input type="checkbox"/>	<input type="checkbox"/>	
13.0 Legal/Administration		Yes	No	Reference*
13.1	Have there been <u>no</u> criminal or administrative proceedings or investigations against the Firm, its affiliated entities and/or any of its current or former Team Members?	<input type="checkbox"/>	<input type="checkbox"/>	
13.2	Have there been <u>no</u> investigations by an industry regulatory body of the Firm, its affiliated entities and/or any of its current or former Team Members?	<input type="checkbox"/>	<input type="checkbox"/>	
13.3	Does the Firm seek an assessment of its internal controls (e.g. SAS 70) on a periodic basis?	<input type="checkbox"/>	<input type="checkbox"/>	
13.4	Does the Firm use a standard IT package and/or internally developed software for business functions like portfolio management, trade order management, administration and risk?	<input type="checkbox"/>	<input type="checkbox"/>	

\*For expanded commentary on a response to a Basic Questions, LPs should refer to the following question in the Detailed Questions section

## Detailed Questions

### 1.0 Firm: General Information

- 1.1. Provide a brief overview of the Firm, including information on the founding, subsequent history and information on any predecessor firm and/or parent firm. Describe any plans to change or expand the Firm (entering/exiting business lines, office locations, etc.) over the next 5 years.
- 1.2. Provide an overview (including chart) of the ownership structure of the Firm, its relevant investment advisors and any parent organization. Include details on the timing and rationale for each significant ownership change. State any limitations on the ability of the Principals (as defined in Appendix B) to assign their interests in the General Partner. Include percentage ownership, ownership vesting schedules, and any changes in ownership over the last 10 years.
- 1.3. Provide an overview (including chart) of the management/organizational structure of the Firm, including back office personnel. Discuss the Firm's succession plans.
- 1.4. Provide an overview of all investing, advisory or other business activities performed by the Firm. List all investment vehicles previously managed by the Firm, including predecessors to the Fund, vehicles with different investment strategies than that of the Fund and separate accounts managed by the Firm. Include information on the fee structures for each vehicle. If the Firm entered into any joint ventures with another manager, describe the structure, governance and economics of the relationship. Discuss the Firm's fundraising plans over the next 5 years.
- 1.5. Provide information regarding the Firm's liquidity and capitalization. If applicable, provide any debt service requirements on the Firm. Are there any personal guarantees involved? If so, by whom?
- 1.6. Describe any situation where the Firm, any of its affiliated entities or any of its current or former Team Members (as defined in Appendix B) has filed for bankruptcy or failed to make payments under any secured or unsecured indebtedness.
- 1.7. Provide the Firm's annualized pro-forma budget for the period covering the life of the Fund (as referenced in Appendix A).
- 1.8. Provide a description of the Firm's culture.
- 1.9. Describe any additional outside activities (non-profit, academic, etc.) of the Firm or its Principals that are expected to take-up a significant (approx.  $\geq 20\%$ ) amount of time during the investment period of the Fund. Include the associated time commitments for each activity.
- 1.10. Describe any activity currently underway that could lead to negative publicity about the Firm in the near future. Explain any past negative publicity, and the steps taken as a result.

### 2.0 Fund: General Information

- 2.1. Provide the legal and tax structure of the Fund (including chart). If available, provide a tax-structuring memo prepared by an external advisor that describes the tax structure of the Fund. Describe any distinctive features.

- 2.2. Detail the fundraising timeline, including each of the actual or anticipated closing dates. As referenced in Appendix C, state the total commitments received to date and, if available, the names, contact details and amounts committed by each investor (differentiating between hard and soft commitments). Describe the provisions regarding the admission of additional investors.
- 2.3. As referenced in Appendix A, list any investors in the previous fund that will not participate in the Fund, and provide reasons for their non-participation. List all secondary sales of limited partner interests in the two previous funds.
- 2.4. If applicable, provide details for the Fund's investments date. If no investments to date, when does the Fund expect to begin investing? When is the Fund expected to begin charging management fees?
- 2.5. State the Fund's policy regarding co-investments with other funds, other affiliates and/or limited partners. How will these co-investment opportunities be allocated? If applicable, provide examples of past co-investments.
- 2.6. Discuss how the Fund will utilize Placement Agents during the fundraising process.
- 2.7. Discuss the anticipated composition of the Fund's LP Advisory Board. As referenced in Appendix A, provide a list (with contact information) of any Limited Partners that have already agreed to participate on the board. Discuss the expected timing and format of any LP Advisory Board / Annual General Meetings during the life of the Fund.
- 2.8. State the Fund's ability to borrow capital, as well as any limits on borrowing capacity.
- 2.9. As referenced in Appendix A, provide the Fund's annualized pro-forma budget, detailing the expenses/costs required to conduct the business of the Fund during its entire life. For comparison purposes, provide similar budgets over the course of the two previous funds.

### **3.0 Investment Strategy**

- 3.1. Summarize the Fund's investment strategy and types of transactions the Fund will pursue. Include details on anticipated transaction sizes (including minimum/maximum), investment pace, holding periods, geographic focus, industry/sector focus, investment stage and other relevant characteristics).
- 3.2. Discuss the Firm's ability to invest at the Fund's targeted size. Address any significant change in fund size compared to previous funds, and the impact on co-investing with Limited Partners and non-Limited Partners.
- 3.3. Provide detail on the Fund's diversification strategy in terms of number of investments, geographical concentration and sector allocations.
- 3.4. Describe the background and evolution of the Firm's investment strategy, including strategies that do not apply to the Fund. Provide a timeline of this evolution, including when any additional strategic platforms were added to the Firm's offerings. Provide examples of investments that demonstrate this evolution. Discuss how the Fund's investment strategy compares to the previous fund. Is the Firm's/Fund's investment strategy expected to change in the future?
- 3.5. Describe the Firm's competitive advantages and discuss how the Firm attempts to produce replicable returns.

- 3.6. Describe the Fund's expected investment structures. What will be the typical equity structures used by the Fund? Discuss the use of leverage at the portfolio company level and state the targeted leverage levels (%) of a typical investment. Discuss the effectiveness of the Fund's expected strategy if leverage is not applied. How has the Firm's use of leverage evolved between the Fund and prior funds? Provide examples of investments that demonstrate this evolution.
- 3.7. Describe the Firm's preference for being a control, minority, joint or sole investor. Detail this preference historically. What controls and rights does the Firm seek when executing investments? If predominately a control investor, under what scenarios would the Firm consider a non-control position (and vice-versa)?
- 3.8. Provide examples of investments that were in violation of their debt covenants during the course of the Firm's investment. Provide a brief description of the covenant breach, the lessons learned from the situation and examples of steps taken in subsequent investments to prevent the same situation from repeating itself.
- 3.9. Describe any investments that will not be considered. Are there any factors that would automatically end a potential deal? If so, explain.
- 3.10. Discuss the risk factors of the Fund's investment strategy (e.g. political risk, economic, financial, technology, business cycle, etc.) and the steps taken to mitigate these risks.
- 3.11. Discuss the Firm's approach to working with existing or new management teams at portfolio companies. Describe (citing examples) the strategies that are used to incentivize portfolio company management teams.
- 3.12. Discuss the typical methods used by the Firm to create value for its portfolio companies (restructuring, strategic re-positioning, leveraging, operational improvements, etc.). Discuss how the Firm's strengths in creating value for investments impact its sourcing capabilities. Provide case studies to illustrate the Firm's value creation capabilities.
- 3.13. What is the return-profile threshold (gross IRR, money multiples, etc.) for targeted investments? What is the expected holding period?

#### 4.0 Investment Process

- 4.1. Describe the Firm's deal sourcing capabilities and the process used to identify attractive investment opportunities. How is the sourcing process staffed, conducted and documented? What criteria are used to assess an investment's attractiveness? Describe the robustness and sustainability of the Firm's proprietary network of contacts used to identify opportunities. Discuss any organizations that the Firm will not typically source deals from.
- 4.2. Describe the Firm's screening and due diligence processes. How is each process staffed, conducted and documented? How long is the due diligence process? Will the deal team be in charge of the investment until exit, or will other professionals be assigned post-acquisition? Include details on any due diligence checklists, internal reports, financial models and investment committee documents prepared.
- 4.3. Describe any functions performed by third parties in the sourcing, screening and due diligence processes. Describe the Firm's decision making process for determining if a third party is used/not used.

- 4.4. Discuss the Firm's screening, due diligence and risk management processes prior to acquiring an investment in a standard or an alternative asset investment fund (provide enhanced specificity if the fund will trade in an unregulated market) to protect against fraud, corruption or more general risks of a fund not gaining clear legal ownership of assets that the fund proposes to acquire. Describe how the Firm checks and determines the chain of title for all real assets, real estate or tangible personal property-collectible assets and secures adequate information to support management assertions under controlling accounting rules that the fund has clear legal ownership of the acquired assets. If applicable, provide examples of fraud, corruption or other potential asset ownership risks that the Firm previously identified in a potential investment and explain how the Firm identified and managed those risks.
- 4.5. Provide details on the Firm's internal decision-making and approval process, including details on the role, composition and function of the Firm's Investment Committee.
- 4.6. Provide examples of provisions that the Firm incorporates in contracts to protect its investments.
- 4.7. Discuss the Firm's approach to the valuation of investment opportunities and pricing discipline.
- 4.8. Discuss the Firm's portfolio investment monitoring policy, including details about contact events (weekly, quarterly, board meetings, etc.). What information is required to be reported by the portfolio investments? Discuss the Firm's approach to board representation at its portfolio companies.
- 4.9. How many active portfolio companies is each investment professional responsible for? In addition to active investments, how many deals in the pipeline is each investment professional responsible for? How were these number determined and how have they evolved over the Firm's history? What is the Firm's process for handling bandwidth during periods of peak activity?
- 4.10. Describe the Firm's criteria for evaluating follow-on investments. Include a description of the Fund's provisions for capital recycling and follow-on reserves.
- 4.11. Discuss the Firm's strategy/criteria/plan for exiting investments. Include an analysis of past exits (IPO, trade sale, financial buyer, write-offs, etc.). Provide examples that illustrate the Firm's decision-making for choosing the type of exits.
- 4.12. Describe the Firm's policy on IPOs. If applicable, include information about any dedicated group that monitors the public markets in anticipation of an IPO.
- 4.13. Describe the Firm's processes for protecting against fraud and corruption, post-investment. If applicable, discuss any fraud and/or corruption that were detected in prior investments.
- 4.14. Describe the Firm's processes, if any, to monitor and verify the supply chains of the portfolio companies. If applicable, are portfolio companies typically members of organizations such as the Fair Labor Association?
- 4.15. If applicable, provide examples of leveraging the management and/or capabilities of one investment to help another investment.
- 4.16. Describe the hedging policy that will be employed by the Fund. Will the Fund employ an active, passive or no policy? Describe any other fund (active or liquidated) managed by the Firm that uses/used a different policy and explain the rationale for the differences.

## **5.0 Team**

- 5.1. Provide an overview of the Firm's Team Members, including the shared work history of the Firm's Principals. Also, provide a description of each job title, detailing the responsibilities held by junior, mid-level and senior staff.
- 5.2. How does the team communicate internally? Discuss the co-operation and communication between the Firm's various offices. How often do the different offices meet in person? How often do the different offices meet electronically/telephonically?
- 5.3. Describe the Firm's recruitment plans and procedures for hiring staff. To what extent are background checks involved and how are objective references obtained?
- 5.4. Discuss the Firm's approach to staff retention and training. Discuss the Firm's historical experience in this area. Discuss any promotions that took place over the last year.
- 5.5. Describe any known conditions (health, financial, litigation, personal, etc.) of any of the Firm's Principals that might influence their ability to execute their duties to the Fund or Firm.
- 5.6. Describe the circumstances of any "Key-Person" event in the Firm's history. Describe the steps taken by the Firm to remedy the situation and the subsequent impact on any Firm policies.
- 5.7. Describe any significant staff departures (partner in the management company or director-level employee (or higher) with more than five years of history with the Firm) over the life of the previous two funds.
- 5.8. Describe any significant staff departures (as noted above) that are expected to occur between now and the end of the Fund's investment period.

## **6.0 Alignment of Interests**

- 6.1. Describe the compensation structure (salary, bonus, group/individual performance incentives, profit sharing, equity ownership, carried interest, etc.) for all Team Members. Include details on the allocation of the carried interest among Principals and others inside/outside the organization. How does this compare with the previous fund's carry split? Provide details on any separate compensation arrangements outside the Fund.
- 6.2. How is the carried interest vested for those parties that participate? What happens to the unvested carry of former Team Members?
- 6.3. Describe how the General Partner's contribution for investments is allocated among the team.
- 6.4. Describe how the General Partner's contribution for investments will be financed.
- 6.5. Describe how any Principal or affiliate of the General Partner will invest in the Fund (outside of the General Partner's commitment).

- 6.6. Describe any clawback situation that occurred in a prior fund.

## 7.0 Market Environment

- 7.1. Describe the markets in which the Fund will operate and provide an overview of the current opportunities. Why is the opportunity to invest in this market particularly attractive during the Fund's investment period?
- 7.2. Discuss how the current market environment compares/differs to that of prior funds.
- 7.3. Discuss how the Fund's pipeline of new investments compares / differs from prior funds?
- 7.4. Describe and list the Fund's direct competitors. Include details on competitors for individual investment opportunities during the investment phase of the previous fund.

## 8.0 Fund Terms

- 8.1. Provide a summary of notable deviations from each of the terms detailed in the most recent version of the [ILPA Private Equity Principles](#).
- 8.2. Provide a summary of notable deviations from the terms of the previous fund.
- 8.3. Describe the Fund's carried interest charge by the GP and its basis (e.g. whole fund or deal-by-deal). Describe the specific milestones that need to be met before the GP can start taking / take-additional carry. Include details on calculating carried interest. State the Fund's clawback provision and whether it is guaranteed by the GP on a joint or several basis. State the Fund's policy on holding a portion of carried interest in escrow. As referenced in Appendix A, provide a working example of the most recent fund's distribution waterfall, noting any variations from the expected calculations for the Fund.
- 8.4. State the Fund's management fees and other amounts payable to the GP, including the frequency and the formulas used to determine such fees.
- 8.5. Describe the allocation of fees (e.g. transaction fees, investment banking fees, monitoring fees, director's fees, etc.) between the GP and the Fund. How has this allocation evolved from prior funds? What are the Fund's policies on placement agent and finders' fees? Who is accountable for their payment?
- 8.6. Describe any different compensation options (e.g. (a) 2% management fee / 20% carry or (b) 2.5% management fee / 15% carry) that are offered to each Limited Partner.
- 8.7. State the Fund's provisions regarding the transferability of partnership interests.
- 8.8. State the standards of indemnification that apply to the GP and related parties.
- 8.9. Provide an overview of the Fund's "Key-Person" provision. How has this provision changed since the previous fund?

- 8.10. Describe any circumstance in which one Limited Partner is not investing under the same terms as other Limited Partners.
- 8.11. Describe the Fund's policy for making cash or in specie distributions. Provide details on the prior history of in specie distributions.
- 8.12. Describe the Fund's policy on allowing Limited Partners to opt-out of an investment. What are the circumstances for allowing an opt-out?

## 9.0 Firm Governance / Risk / Compliance

- 9.1. Describe the role of the Firm's internal advisory board(s). Detail all matters referred to the advisory board(s), including any currently unresolved matters. Describe any additional governing/advisory bodies that impact the management or investment activity of the Firm (e.g. CEO Circle, operating committee, management affiliate, etc.).
- 9.2. Detail how the Firm's policies (Compliance Manual, Code of Ethics, etc.) are supervised, monitored and enforced.
- 9.3. Detail any conflicts of interest (potential, current and historic) within the Firm, and explain how they have been/are identified, managed, disclosed (to LPAC or otherwise) and resolved. Identify any committees in place to help with identifying and resolving conflicts (conflict committee, etc.).
- 9.4. How will investment opportunities be allocated between active funds? Discuss any funds and/or separate accounts with potential allocation considerations.
- 9.5. What is the Firm's policy of personal investments by any employees or affiliates in deals reviewed by the General Partner (both accepted and rejected)? If applicable, provide a list of all previous investments of this nature.
- 9.6. Describe the Firm's policies on the handling and safeguarding of any material, non-public information? How are these policies communicated to employees?
- 9.7. Discuss the Firm's risk management. What types of risks are monitored and how are they measured? Are their dedicated employees assigned to the risk monitoring function?
- 9.8. Describe the types of investments for which the Firm obtains Environmental Impact Studies? Provide examples of how these studies impacted the Firm's investment decisions?
- 9.9. Discuss the Firm's compliance policies. Include information on the procedures and internal controls in place to prevent the Fund from being used to launder money, finance terrorist activities, and be used for personal gain.
- 9.10. Describe the regulatory bodies that have oversight of the Firm, and its affiliated entities, including any Investment Advisor or Broker-Dealer registrations. Identify the Firm's policies for remaining compliant with these bodies.



## 10.0 Environmental, Social & Governance (ESG) (per [PRI's LP Responsible Investment DDQ](#))

- 10.1. What are the Firm's ESG-related policies and how do ESG factors influence its investment beliefs?
  - 10.1.1. Does the Firm have a policy that describes its approach to identifying and managing ESG factors within the investment and portfolio management processes? If so, provide a copy. If not, indicate whether the Firm would consider adopting a responsible investment policy.
  - 10.1.2. What is the current implementation status of the Firm's responsible investment policy? Does it have any firm plans to develop its approach towards the management of ESG factors?
  - 10.1.3. Does the Firm commit to any international standards, industry (association) guidelines, reporting frameworks, or initiatives that promote responsible investment practices?
  - 10.1.4. Does the Firm make formal commitments relating to ESG integration in fund formation contracts, Limited Partnership Agreements, or in side letters when requested by investors?
  
- 10.2. How does the Firm identify and manage material ESG-related risk and use ESG factors to create value?
  - 10.2.1. How does the Firm define the materiality of ESG factors? Give 2-3 examples of ESG factors that have been identified as material to portfolio companies in the most recent fund.
  - 10.2.2. Describe the Firm's process for identifying and understanding (i) potentially material ESG risks, and (ii) ESG-related opportunities during due diligence.
  - 10.2.3. Once identified, how might (i) potentially material ESG risks, and (ii) ESG-related opportunities impact the investment decision?
  - 10.2.4. How are ESG risks and/or ESG-related opportunities reported to, considered, and documented by the ultimate decision making body, such as the Investment Committee?
  - 10.2.5. During deal structuring, what is the process for integrating ESG-related considerations into the deal documentation and/or the post-investment action plan?
  - 10.2.6. Describe how (i) oversight responsibilities, and (ii) implementation responsibilities for ESG integration are structured within the Firm. List the persons involved and describe their role, position within the organization, and how they are qualified for this role. Describe any external resources the Firm may use.
  - 10.2.7. Does the Firm provide training, assistance, and/or external resources to staff to help them understand and identify the relevance and importance of ESG factors in investment activities? If so, describe what level of training is provided.
  
- 10.3. How does the Firm contribute to portfolio companies' management of ESG-related risks and opportunities?
  - 10.3.1. Upon investing in a company, would the Firm review existing compliance with sustainability or ethical business guidelines, or introduce new guidelines if necessary?
  - 10.3.2. What monitoring processes would the Firm have in place to assess portfolio companies' management of ESG factors?
  - 10.3.3. Give 2-3 examples of how the Firm has contributed to portfolio companies' management of ESG factors. Specify which initiative(s) the Firm worked with management to identify and instigate; which the Firm supported the portfolio company to achieve (and how); and/or what the portfolio company was already doing that the Firm identified as existing good practice.
  - 10.3.4. How does the Firm assess that adequate ESG-related competence exists at the portfolio company level? How does it ensure that portfolio company management devotes sufficient resources to manage ESG factors that have been identified?
  - 10.3.5. How does the Firm use its interaction with the board to influence the portfolio company's management of ESG factors?
  - 10.3.6. Does the Firm systematically incorporate ESG considerations into preparations for exit? If yes, describe the approach. If not, explain why.
  - 10.3.7. Does the Firm measure whether its approach to ESG factors has affected the financial and/or ESG performance of its investments? If yes, describe how it's able to determine these outcomes.
  
- 10.4. How can LPs monitor and, where necessary, ensure that the Fund is operating consistently with agreed-upon ESG-related policies and practices, including disclosure of ESG-related incidents?
  - 10.4.1. Which channels does the Firm use to communicate ESG-related information to LPs? Can the Firm provide samples of ESG-related disclosures from an earlier fund? If not, indicate whether the Firm would consider introducing ESG-related disclosures.

- 10.4.2. Is the management of ESG factors included on the agenda of the Limited Partners Advisory Committee and/or Annual General Meeting?
- 10.4.3. Describe the Firm's approach to disclosing and following up on material ESG incidents to LPs.

## 11.0 Track Record

- 11.1. Provide examples of active/exited investments with an investment multiple (TVPI) below 1.0x. Discuss what went wrong, action taken, lessons learned and how (and when) outside experts were brought in.
- 11.2. Describe any situation in which a portfolio company or property has filed for bankruptcy or failed to make payments under any secured or unsecured indebtedness during the Firm's period of ownership.
- 11.3. Describe any qualified audit opinions received by the Firm's portfolio investments during the Firm's period of ownership.
- 11.4. Describe the most appropriate private and public market benchmarks for the three most recent funds (of the same strategy). As referenced in Appendix A, compare the limited partner returns of the prior funds with the relevant private and public market benchmarks. Describe the consistency and dispersion of the returns.
- 11.5. As referenced in Appendix A, for portfolio companies that were exited via an IPO, provide the offering price and a graph from the time of the listing, and indicate when the fund sold and/or distributed shares. Indicate if any prior fund sold its interests at the time of the IPO.
- 11.6. Discuss any investments in the Firm's track record that are not being included in the provided appendices. Describe the rationale from excluding them.

## 12.0 Accounting / Valuation / Reporting

- 12.1. Describe the Fund's internal accounting. What accounting principles does the fund operate under? Has the Firm established an internal audit function? If so, how often are internal control audits performed? Has there been any major control weaknesses identified from the audits? If so, what is the Firm doing to resolve the identified weaknesses?
- 12.2. Describe any significant changes in the Firm's Valuation Policy (as referenced in Appendix A) in the last five years.
- 12.3. Describe any deviations between the Fund's Valuation Policy and the [IPEV Valuation Guidelines](#).
- 12.4. Describe any role the Fund's LP Advisory Board plays in approving or reviewing valuations.
- 12.5. Describe any significant deviations between the Fund's standard reporting package and the ILPA Reporting Best Practices ([Reporting Template](#), [Quarterly Reporting Standards](#), & [Call/Dist. Template](#)).
- 12.6. Describe any deviations between the investment performance methodology in the Firm's marketing materials/reporting packages and the [Global Investment Performance Standards \(GIPS\)](#).

### 13.0 Legal / Administration

- 13.1. Describe any past criminal or administrative proceedings or investigations against the Firm, its affiliated entities and/or its current and former Team Members.
- 13.2. Describe any past investigations by an industry regulatory body of the Firm, its affiliated entities and/or its current or former Team Members.
- 13.3. Describe any pending or ongoing litigation/investigation against the Firm, its affiliated entities and/or its current or former Team Members.
- 13.4. Describe any accusation and/or conviction of fraud or misrepresentation against any of the Firm's current or former Team Members.
- 13.5. Describe the activities of the Firm's support functions (Finance and Fund Administration, Human Resources, Compliance/Legal, etc.).
- 13.6. Detail the processes and procedures for capital movements (capital calls, transfers of cash, investment acquisitions and distributions).
- 13.7. Provide an overview of the third-parties providing services to the Firm or Fund (e.g. law firms, custodians, fund administrators, prime brokers, consultants, banks, etc.). How does the Firm manage counterparty risk related to these third party arrangements?
- 13.8. What types of insurance coverage does the Firm maintain (e.g. fidelity bond insurance, errors and omission insurance, directors and officers insurance, other)? Provide a summary of any material claims made against these policies in the last five years.
- 13.9. List and describe any software that the Firm uses for business functions like portfolio management, trade order management, administration and risk?

## Appendix A - Requested Documents (if applicable)\*\*

1. Fund Limited Partnership Agreement (current version)
2. Fund Limited Partnership Agreement (black-lined version from the previous fund)
3. Private Placement Memorandum (PPM) of the Fund
4. PPM and Limited Partnership Agreement of the previous fund
5. Annual General Meeting materials for last 2 years
6. Firm's most recent regulatory body registration/disclosure form (e.g. Form ADV)
7. The Partnership Agreement of the GP
8. All audited annual & unaudited quarterly reporting packages sent to limited partners for each active prior fund
9. The audited financial statements of the Firm for the last 3 years
10. Examples of capital call and distribution notices
11. The Investment Advisory Agreement between the Fund and the General Partner
12. Presentation materials and minutes of all LP Advisory Board meetings held over the last 2 years
13. Disaster Recovery Plan (should include location of back-up data)
14. Business Continuity Plan
15. Valuation Policy
16. Risk Management Policy
17. Copies of all side agreements or rights ("side letters") the Fund has entered into
18. Compliance Manual
19. Code of Ethics/Conduct
20. Conflicts of Interest Policy
21. Personal Trading Policy
22. Completed due diligence report/investment recommendation for two recent investments
23. Chart: Firm ownership structure (as referenced in Detailed Questions section 1.0)
24. Chart: Firm management/organizational structure (as referenced in Detailed Questions section 1.0)
25. Firm budget (as referenced in Detailed Questions section 1.0)
26. Fund budget (as referenced in Detailed Questions section 2.0)
27. Chart: Fund legal/tax structure (as referenced in Detailed Questions section 2.0)
28. List of LPs from the most recent fund that are not re-upping (as referenced in Detailed Questions section 2.0)
29. List of LP secondary sales (as referenced in Detailed Questions section 2.0)
30. List of the Fund's LP Advisory Board Members (as referenced in Detailed Questions section 2.0)
31. Working example of the most recent fund's distribution waterfall, noting any variations from the expected calculations for the Fund (as referenced in Detailed Questions section 8.0)
32. Return comparison of prior funds vs. relevant benchmark (as referenced in Detailed Questions section 11.0)
33. IPO Graph (as referenced in Detailed Questions section 11.0)

\*\*If applicable, all requested documents/templates should be in spreadsheet format

## Appendix B - Templates: Team Members\*\*

### B1: Team Members – Investment Professionals (current)

For all current investment professionals, provide detailed information on professional background, role at Firm and time allocation:

- |  |   |                               |
|--|---|-------------------------------|
| o First Name   | o Is defined in the Fund's "Key-Person" agreement (y/n)   | o Time Allocation % (1 of 2): |
| o Last Name  |   | ▪ %Deal Sourcing              |
| o Current Title  | o Is defined as a "Principal" in this document (y/n)  | ▪ %Deal Execution             |
| o Original Title When Hired  |   | ▪ %Portfolio Monitoring       |
| o Birth Year   | o Directorships Held (portfolio company, external, non-profit, etc. - including details on roll and monthly time commitments) | ▪ %Operations                 |
| o Date Joined Firm   |   | ▪ %Marketing                  |
| o Date of Most Recent Promotion                                      |   | ▪ %Investor Relations         |
| o Office Location  | o Investments Responsible for (lead)  | ▪ %Administration             |
| o Total Years of Relevant Experience                                 | o Investments Responsible for (non-lead)  | ▪ %Non-Fund Initiatives       |
| o Previous Professional Experience (including years at each company) | o Target Number of Investments Responsible For  | ▪ %Other (w/ explanation)     |
| o Education  | o Average Number of Days Spent on Each Investment per month   | o Time Allocation % (2 of 2): |
| o Investment Committee Role  |   | ▪ %New Fund                   |
|  |   | ▪ %Existing Funds/Other       |

### B2: Team Members – Non-Investment Professionals (current)

For all current non-investment professionals, provide detailed information on professional background and role at the Firm:

- |                            |                                   |  |
|----------------------------|-----------------------------------|--|
| o First Name               | o Birth Year                      | o Previous Professional Experience (including years at each company) |
| o Last Name                | o Date Joined Firm                |  |
| o Title                    | o Total Years Relevant Experience | o Education  |
| o Role (IR, Finance, etc.) |                                   |  |
| o Office Location          |                                   |  |

### B3: Team Members (former)

Provide details on all investment professional and senior non-investment professional departures over the past 10 years:

- |                      |  |  |
|----------------------|--|--|
| o First Name         | o Office Location                                  | o Investments Responsible For (lead)     |
| o Last Name          | o Current Status (Employer/Education/Retired/Etc.) | o Investments Responsible For (non-lead) |
| o Title at Departure |  |  |
| o Date Joined Firm   | o Reason for Departure                             |  |
| o Date Departed Firm |  |  |

### B4: Firm Internal Advisory Board(s)

Provide a list of the all members of the Firm's internal advisory board(s)

- |              |                                      |             |
|--------------|--------------------------------------|-------------|
| o Board Name | o Year Joined                        | o Biography |
| o First Name | o Board Role (chair, observer, etc.) |             |
| o Last Name  | o Affiliation(s)                     |             |

### B5: Office Locations

List all office facilities the Firm has ever operated, providing the:

- |                   |   |   |
|-------------------|---|---|
| o Office Location | o Office Head   | o Specific Duties Performed in that Office (e.g. back-office, sourcing, etc.) |
| o Year Opened     | o Current Staff Count   |   |
| o Year Closed     | o Historical Staff Count (max. # of employees at any one point) |   |
| o Phone Number    |   |   |

\*\*If applicable, all requested documents/templates should be in spreadsheet format

## Appendix C - Templates: References\*\*

### C1: References – General

Provide a broad cross-section of references (e.g. co-investors, deal sources, bankers, personal references):

- |                                  |   |                                     |
|----------------------------------|---|-------------------------------------|
| <input type="radio"/> First Name | <input type="radio"/> Company           | <input type="radio"/> Email Address |
| <input type="radio"/> Last Name  | <input type="radio"/> Relationship Type |                                     |
| <input type="radio"/> Title      | <input type="radio"/> Phone Number      |                                     |

### C2: References – Portfolio Companies

Provide references at all portfolio companies in the last two funds; References should at least include the current CEO and any displaced CEOs during the fund's ownership:

- |                                  |                               |                                     |
|----------------------------------|-------------------------------|-------------------------------------|
| <input type="radio"/> First Name | <input type="radio"/> Title   | <input type="radio"/> Phone Number  |
| <input type="radio"/> Last Name  | <input type="radio"/> Company | <input type="radio"/> Email Address |

### C3: References – Service Providers

Provide a list of any third-party service providers (accountants, attorneys, consultants, custodians, IT, software, prime brokers, etc.) used by the Firm over the past 5 years:

- |   |                                     |  |
|---|-------------------------------------|--|
| <input type="radio"/> Company                   | <input type="radio"/> Last Name     | <input type="radio"/> Expiration Date of Existing Contract (if applicable) |
| <input type="radio"/> Relationship Type         | <input type="radio"/> Title         |  |
| <input type="radio"/> Brief Description of Role | <input type="radio"/> Phone Number  |  |
| <input type="radio"/> First Name                | <input type="radio"/> Email Address |  |

### C4: References – Limited Partners

List all Limited Partners in: 1) the Fund and 2) the previous fund:

- |  |                                     |  |
|--|-------------------------------------|--|
| <input type="radio"/> Name of Institution                                  | <input type="radio"/> Last Name     | <input type="radio"/> Admission Source (1st close, secondary purchase, etc.) |
| <input type="radio"/> Investor Type (Public Pension, Endowment, SWF, etc.) | <input type="radio"/> Title         | <input type="radio"/> Fund Name  |
| <input type="radio"/> First Name   | <input type="radio"/> Phone Number  | <input type="radio"/> Commitment Amount                                      |
|  | <input type="radio"/> Email Address |  |

### C5: References – LP Advisory Board Members

Provide a list of LP Advisory Board members in the previous fund:

- |  |                                  |  |
|--|----------------------------------|--|
| <input type="radio"/> Institution Name                                     | <input type="radio"/> First Name | <input type="radio"/> Phone Number             |
| <input type="radio"/> Investor Type (Public Pension, Endowment, SWF, etc.) | <input type="radio"/> Last Name  | <input type="radio"/> Email Address            |
|  | <input type="radio"/> Title      | <input type="radio"/> Committed to Fund? (y/n) |

### C6: References – Auditors

Provide the contact information for the auditor of the Fund and of all prior funds:

- |                                       |                                    |                                     |
|---------------------------------------|------------------------------------|-------------------------------------|
| <input type="radio"/> Firm Name       | <input type="radio"/> Last Name    | <input type="radio"/> Email Address |
| <input type="radio"/> Fund(s) Audited | <input type="radio"/> Title        |                                     |
| <input type="radio"/> First Name      | <input type="radio"/> Phone Number |                                     |

### C7: References – Placement Agents

List all placement agents and fundraising advisors used during fundraising:

- |                                  |   |  |
|----------------------------------|---|--|
| <input type="radio"/> Firm Name  | <input type="radio"/> Title             | <input type="radio"/> Fund Name                |
| <input type="radio"/> First Name | <input type="radio"/> Phone Number      | <input type="radio"/> Payment Structure/Amount |
| <input type="radio"/> Last Name  | <input type="radio"/> Services Provided | <input type="radio"/> Registration Number(s)   |

### C8: References – Background Checks

List any vendors that have performed background checks on the Firm or its employees:

- |                                   |                                    |   |
|-----------------------------------|------------------------------------|---|
| <input type="radio"/> Vendor Name | <input type="radio"/> Title        | <input type="radio"/> Services Provided |
| <input type="radio"/> First Name  | <input type="radio"/> Phone Number |   |
| <input type="radio"/> Last Name   | <input type="radio"/> Email        |   |

\*\*If applicable, all requested documents/templates should be in spreadsheet format

## Appendix D - Templates: Fund\*\*

### D1: Performance & Attribution: Fund

Provide the following for each prior fund on a since inception basis, using the Net Asset Values attributable to the most recent quarter. If applicable, provide totals for: 1) the GP's share and 2) aggregate LPs' share. Where noted, all values should be denominated (as of the transaction day) in: 1) the respective fund's reporting currency, 2) US Dollar (\$) and 3) Euro Dollars (€):

- |  |  |  |
|--|--|--|
| o Fund Name                                    | ▪ Total Value to Paid-In (TVPI) (GPs/all LPs):       | o Total Fees Collected from Portfolio Companies, incl. fees that accrued to benefit of LPs (fund reporting currency) |
| o Vintage Year                                 | • Net of Fees  |  |
| o Date of Initial Capital Call                 | • Gross of Fees                                      |  |
| o Fund Size (fund reporting currency)          | ▪ Distribution Value to Paid-In (DVPI) (GP/all LPs): | o Total Fees Collected from Portfolio Companies, excl. fees that accrued to benefit of LPs (fund reporting currency) |
| o Performance Metrics (multiple currencies):   | • Net of Fees  |  |
| ▪ Total Contributions, incl. fees (GP/all LPs) | • Gross of Fees                                      |  |
| ▪ Total Contributions, excl. fees (GP/all LPs) | ▪ Reported Value to Paid-In (RVPI) (GP/all LPs):     | o Total Realized Carry (fund reporting currency)   |
| ▪ Total Distributions (GP/all LPs)             | • Net of Fees  | o Total Estimated Unrealized Carry (fund reporting currency)   |
| ▪ Current NAV (GP/all LPs)                     | • Gross of Fees                                      | o Total Current Clawback Balance (if applicable) (fund reporting currency)   |
| ▪ Net IRR (GP/all LPs)                         | o Total # of Invs. Made                              |  |
| ▪ Gross IRR (GP/all LPs)                       | o Total # of Invs. Remaining                         |  |
|  | o Average Age of All Investments                     |  |

### D2: Cash Flows: Fund

Provide detailed cash flows (incl. stock distributions) for each prior fund on a since inception basis, using the Net Asset Values attributable to the most recent quarter. Data should be broken down between the: 1) GP's share and 2) aggregate LPs' share. All values should be denominated (as of the transaction day) in: 1) the respective fund's reporting currency, 2) US Dollar (\$) and 3) Euro Dollars (€). This information should allow for the calculation of net/gross IRRs and multiples for each fund (in multiple currencies). Values presented should reconcile to the funds' financial statements and Appendix D1:

- |                           |  |   |
|---------------------------|--|---|
| o Fund Name               | o Amount (multiple currencies)                       | o NAV as of the Most Recent Quarter (multiple currencies) |
| o Date of Cash Flow       | o Type of Flow (Call, Cash Dist., Stock Dist., etc.) | o Cash Flow Description (Investment, Fees, etc.)          |
| o Fund Reporting Currency |  |   |

\*\*If applicable, all requested documents/templates should be in spreadsheet format



## Appendix E - Templates: Portfolio Investments\*\*

### E1: Deal Log: Portfolio Investments

Provide a copy of the Firm's deal flow log for all investments reviewed over the last 5 years, where the General Partner either, (i) expressed a level of interest; (ii) commenced due diligence; and/or (iii) generated a letter of intent. Include information on the source and estimated transaction size of the investment opportunity:

- |                                    |   |  |
|------------------------------------|---|--|
| o Date of Opportunity              | o Purchase Type (take-private, trade sale, carve-out, etc.)                           | o Inv. Transaction Currency                                    |
| o Portfolio Investment Name        |   | o Estimated Total Transaction Size (inv. transaction currency) |
| o Short Description of Opportunity | o Deal Log Status (i.e. how far the opportunity progressed through the deal pipeline) | o Estimated Fund Investment Size (inv. transaction currency)   |
| o Source of Opportunity            |   |  |
| o Type of Auction (if applicable)  |   |  |

### E2: Performance & Attribution: Portfolio Investments

Provide summary tables of all realized and unrealized portfolio investments in prior funds on a since inception basis (unless noted otherwise), using the investment value attributable to the most recent quarter (or at exit for realized invs.). All spin-offs and partial divestitures should be properly notated in the table (if necessary, provide additional explanation in a supplemental table). All values should be denominated (as of the transaction day) in: 1) the respective fund's reporting currency and 2) the investment's reporting currency:

- |   |  |   |
|---|--|---|
| o Portfolio Investment Name                                 | ▪ Equity Value   | o Gross IRR (multiple currencies)   |
| o Status (realized/unrealized)                              | ▪ Net Debt   | o Total Value to Paid-In (TVPI = ((c+d)/a)) (multiple currencies)   |
| o Fund Name (if cross-fund investment, separate each fund)  | ▪ LTM Interest Expenses  | o Distribution Value to Paid-In (DVPI = c/a) (multiple currencies)  |
| o Fund Reporting Currency                                   | o Date of Sale Agreement   | o Reported Value to Paid-In (RVPI = (d/a) (multiple currencies)   |
| o Inv. Transaction Currency                                 | o Exit Date  | o Total Realized Carry (fund reporting currency)  |
| o Seller Name at Entry                                      | o Exit Type (IPO, write-off, etc.)   | o Total Current Unrealized Carry (estimated) (fund reporting currency)  |
| o Purchase Type (take-private, trade sale, carve-out, etc.) | o Buyer Name at Exit   | o Valuation Methodology (e.g. market multiples, DCF, etc.)  |
| o Date of Purchase Agreement                                | o Investment Metrics – Current/at Exit (multiple currencies)-<br><i>include since-inception, compound annual growth rates (CAGR) for all applicable metrics:</i> | o Enterprise Value (using Firm's reported interim valuation) prior to signing of sale agreement (realized invs. only) |
| o Initial Investment Date                                   | ▪ Fund Ownership % (pro-rata, fully diluted)   | o Deal Team Member (lead)   |
| o Short Business Description                                | ▪ Total # of Board Seats   | o Deal Team Member (sourcing)   |
| o Source of Opportunity                                     | ▪ Fund's # of Board Seats (pro-rata)   | o Deal Team Member (diligence)  |
| o Sector/Industry   | ▪ LTM EBITDA   | o Co-Investors, w/ ownership % and equity invested (Non-LPs -)  |
| o Geography: Headquarters                                   | ▪ LTM Revenue  | o Co-Investors, w/ ownership % and equity invested (LPs)  |
| o Geography: Base of Operations                             | ▪ Enterprise Value   | o In Compliance with Covenants (Currently)? (y/n)   |
| o Geography: Primary Market                                 | ▪ Equity Value   | o In Compliance with Covenants (during life of inv.)? (y/n)   |
| o Value Creation Thesis                                     | ▪ Net Debt   |   |
| o Security Type (e.g. sub-debt)                             | ▪ LTM Interest Expenses  |   |
| o Number of Shares/Units                                    | o Total Inv. Capital at Entry  |   |
| o Lending Syndicate Names                                   | o Total Inv. Capital to Date (multiple currencies) (a)   |   |
| o Investment Metrics – at Entry (multiple currencies):      | o Current Investment Cost (multiple currencies) (b)  |   |
| ▪ Fund Ownership % (pro-rata, fully diluted)                | o Total Proceeds to Date (multiple currencies) (c)   |   |
| ▪ Total # of Board Seats                                    | o Current Reported Value (multiple currencies) (d)   |   |
| ▪ Fund's # of Board Seats (pro-rata)                        |  |   |
| ▪ LTM EBITDA  |  |   |
| ▪ LTM Revenue   |  |   |
| ▪ Enterprise Value  |  |   |

\*\*If applicable, all requested documents/templates should be in spreadsheet format



## Appendix E - Templates: Portfolio Investments (cont.)\*\*

### E3: Cash Flows: Portfolio Investments

Provide detailed cash flow information for each realized and unrealized investment in prior funds on a since inception basis (unless noted otherwise), and the investment reported value attributable to each quarter end. If applicable, provide detailed cash flow information for each deal previously completed by each Lead Deal Team Member prior to joining/forming the General Partner. All values should be denominated (as of the transaction day) in: 1) the respective fund's reporting currency and 2) the currency of the investment transaction. This information should allow for the calculation of gross IRRs and multiples for each portfolio investment (in local & legal currency). Values presented should reconcile to the funds' financial statements and Appendix E2:

- |                             |                                |                                 |
|-----------------------------|--------------------------------|---------------------------------|
| o Portfolio Investment Name | o Fund Reporting Currency      | o Type of Cash Flow             |
| o Deal Team Member (lead)   | o Investment Transaction       | o Cash Flow Description         |
| o Fund Name                 | o Currency                     | o Reported Value at Quarter End |
| o Date of Cash Flow         | o Amount (multiple currencies) | o (multiple currencies)         |

### E4: Fee Schedule: Portfolio Investments

Provide detailed cash flow information related to all fees charged to portfolio companies, denominated in the Fund's reporting currency:

- |                     |                                     |
|---------------------|-------------------------------------|
| o Date of Cash Flow | o Portfolio Investment Name         |
| o Amount            | o Type of Fee (e.g. Director's Fee) |

### E5: Debt Maturities: Portfolio Investments

For all unrealized investments, provide debt covenant details. Provide data for 3 years prior to the investment, through the ownership. All values should be denominated in the investment's reporting currency:

- |                             |                           |                    |
|-----------------------------|---------------------------|--------------------|
| o Portfolio Investment Name | o Debt Maturities by Year | o Origination Fee  |
| o Total Current Debt        | o Number of Tranches      | o Payment Schedule |

### E6: Investment Details: Portfolio Investments

Each page is designed to give the limited partner a qualitative and quantitative synopsis on each investment (realized & unrealized) and should include the following sections (denominated in the investment's reporting currency):

#### Overview:

- |                                  |   |   |
|----------------------------------|---|---|
| ▪ Portfolio Investment Name      | ▪ Other Significant Investors                               | ▪ Types of Alternative Funding Sources Used (e.g. SBIC) |
| ▪ Status (realized/unrealized)   | ▪ Any C-Level management changes during investment          | ▪ Deal Team Member (lead)                               |
| ▪ Detailed Business Description  | ▪ Significant Post-Investment Issues (e.g. covenant breach) | ▪ Deal Team Member (sourcing)                           |
| ▪ Detailed Sourcing Information  | ▪ Exit Type (IPO, write-off, etc.)                          | ▪ Deal Team Member (diligence)                          |
| ▪ Detailed Value Creation Thesis |   | ▪ Gross IRR   |
| ▪ Transaction Summary            |   |   |

Financial Tables (provide annual data for 3 years prior to the investment through the ownership):

- |                            |                  |  |
|----------------------------|------------------|--|
| ▪ Revenue (value and CAGR) | ▪ Debt Balance   | ▪ Value of Outstanding Warrant and Options |
| ▪ EBITDA (value and CAGR)  | ▪ Equity Balance | ▪ Other Relevant Metrics                   |

#### Status (current or at exit):

- |  |   |
|--|---|
| ▪ Short Company Assessment (e.g. on plan, above plan, below plan)  | ▪ Valuation Bridge with commentary on changes/drivers, including: (i) additional capital invested, (ii) operational improvement/ decline, (iii) multiple expansion/ compression and (iv) leverage |
| ▪ Detailed Company Assessment  | ▪ Provide information for each add-on acquisition   |
| ▪ Capitalization Table (table format is not rigid, adjust as appropriate for relevant portfolio company) | ▪ Describe the expectations regarding future cash flow needs, valuations and realization events   |
| ▪ Recent Events and Key Initiatives  |   |
| ▪ Valuation Methodology/Assumptions (including a list of comparable companies)                           |   |

\*\*If applicable, all requested documents/templates should be in spreadsheet format



[ilpa.org](http://ilpa.org)

September, 2016

For questions, contact Matthew DeMatteis, +1-617-716-6500 or [mdematteis@ilpa.org](mailto:mdematteis@ilpa.org)

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## **APPENDIX C.1**



## Fund Evaluation Form- Public Equity

<b>Firm Name</b>			
<b>Fund Name</b>			
<b>Strategy</b>			
<b>Investment Officer</b>			
<b>Secondary Analyst</b>			
<b>Total Score</b>	<b>70.00</b>		
<b>Rating</b>	<b>Buy</b>	<b>(&lt;60 Sell, 60-69 Hold, 70-89 Buy, &gt;=90 Strong Buy)</b>	

**Organization (25%)** **18**

	Score	Unacceptable	Below Expectation	Meet Expectation	Exceed Expectation	Comments
Firm AUM	1.09			x		
Product AUM	1.09			x		
% of Institutional assets of the product	1.09			x		
Client concentration (% of largest 3 clients)	1.09			x		
Average product AUM growth over the past 3 years	1.09			x		
Senior staff turnover over the past 3 years	1.09			x		
Corporate governance	1.09			x		
Adequate compliance program	1.09			x		
Adequate system to support the strategy	1.09			x		
Adequate backoffice/operations team	1.09			x		
Sales and Client Service Team	1.09			x		
Any major legal or compliance breach?	1.09			x		
Employee growth for the past 3 years	1.09			x		
Financial viability	1.09			x		
Fees are reasonable (Willing to consider performance fees?)	1.09			x		
Ample capacity	1.09			x		

**People (25%)** **17.50**

	Score	Unacceptable	Below Expectation	Meet Expectation	Exceed Expectation	Comments
Strong leadership in the company	1.35			x		
Lead PM # of years of experience	1.35			x		
Investment team average # of years of experience	1.35			x		
# of years of team working together	1.35			x		
Responsibilities are clearly defined within the firm and the investment team	1.35			x		
Employee compensations are adequate and aligned with their performance	1.35			x		
Employees have their own assets invested in the product	1.35			x		
Investment team interaction and collaboration	1.35			x		
Investment team has adequate investment skills	1.35			x		
Investment team share the same investment philosophy and execute the process consistently.	1.35			x		
Investment people have their sole focus on investment decision making (not distracted by marketing, trading, etc.)	1.35			x		
There is adequate number of people covering the strategy	1.35			x		
There is adequate back-up for each role	1.35			x		

<b>Process (40%)</b>		<b>28</b>				
	Score	unacceptable	Below Expectation	Meet Expectation	Exceed Expectation	Comments
Investment Philosophy	2.33			x		
Source of investment ideas (universe, screen, sourcing channel advantages)	2.33			x		
Company Research	2.33			x		
Portfolio construction and sizing	2.33			x		
Risk management	2.33			x		
Sell discipline	2.33			x		
Benchmark awareness & management	2.33			x		
Adherence to investment guidelines or principals	2.33			x		
Investment style consistency	2.33			x		
Understand source of outperformance and underperformance (attribution)	2.33			x		
Continued research on strategy enhancement	2.33			x		

Reasonable rebalancing or turnover	2.33	x
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Performance (10%)	7					
	Score	unacceptable	Below Expectation	Meet Expectation	Exceed Expectation	Comments
Years of Track Record	0.88			x		
Average rolling 12 month excess return	0.88			x		
Average Rolling 12 month Tracking Error	0.88			x		
Since Inception Informatioin Ratio	0.88			x		
Batting average of rolling 12 month excess return	0.88			x		
Up capture since inception	0.88			x		
Down capture since inception	0.88			x		
Current z score	0.88			x		

## **APPENDIX C.2**

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*Private Fund LPA Evaluation Form*


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Private Equity Principles	Meets or Exceeds Best Practices	Acceptable in Current Form	Acceptable with Minor Changes	Weak / Fails to Meet Standards	Comments
<b>Alignment of Interest</b>					
<b>Waterfall Structure</b>					
A standard all-contributions-plus-preferred-return-back-first model must be recognized as a best practice					
Enhance the deal-by-deal model:					
- Return of all realized cost for given investment with continuous makeup of partial impairments and write-offs, and return of all fees and expenses to date (as opposed to pro rata for the exited deal)					
- For purposes of waterfall, all unrealized investments must be valued at lower of cost or fair market value					
- Require carry escrow accounts with significant reserves (30% of carry distributions or more) and require additional reserves to cover potential clawback liabilities					
The preferred return should be calculated from the day capital is contributed to the point of distribution					
<b>Calculation of Carried Interest</b>					
Alignment is improved when carried interest is calculated on the basis of net profits (not gross profits) and on an after-tax basis (i.e. foreign or other taxes imposed on the fund are not treated as distributions to the partners)					



No carry should be taken on current income or recapitalizations until the full amount of invested capital is realized on the investment					
<b>Clawback</b>					
Clawbacks should be created so that when they are required they are fully and timely repaid					
The clawback period must extend beyond the term of the fund, including liquidation and any provision for LP giveback of distributions					
<b>Appendix B: Carry Clawback Best Practice Considerations<sup>ii</sup></b>					
<b>Management Fee Structure</b>					
Management fees should be based on reasonable operating expenses and reasonable salaries, as excessive fees create misalignment of interests					
During the formation of a new fund, the GP should provide prospective LPs with a fee model to be used as a guide to analyze and set management fees					
Management fees should take into account the lower levels of expenses generally incident to the formation of a follow-on fund, at the end of the investment period, or if a fund's term is extended					
<b>Expenses</b>					
The management fee should encompass all normal operations of a GP to include, at a minimum, overhead, staff compensation, travel, deal sourcing and other general administrative items as well as interactions with LPs					
The economic arrangement of the GP and its placement agents should be fully disclosed as part of the due diligence materials provided to prospective limited partners. Placement agent fees are often required by law to be an expense borne entirely by the GP					
<b>Term of Fund</b>					
Fund extensions should be permitted in 1 year increments only and be approved by a majority of the LPAC or LPs					

Absent LP consent, the GP must fully liquidate the fund within a one year period following the expiration of the fund term					
<b>GP Fee Income Offsets</b>					
Transaction, monitoring, directory, advisory, exit fees, and other consideration charged by the GP should accrue to the benefit of the fund					
<b>GP Commitment</b>					
The GP should have a substantial equity interest in the fund, and it should be contributed in cash as opposed to being contributed through the waiver of management fees					
GPs should be restricted from transferring their real or economic interest in the GP in order to ensure continuing alignment with the LPs					
The GP should not be allowed to co-invest in select underlying deals but rather its whole equity interest shall be via a pooled fund vehicle					
<b>Standard for Multiple Product Firms</b>					
Key persons should devote substantially all of their business time to the fund, its predecessors and successors within a defined strategy, and its parallel vehicles. The GPs must not close or act as a general partner for a fund with substantially equivalent investment objectives and policies until after the investment period ends, or the fund is invested, expended, committed, or reserved for investments and expenses					
The GP should not invest in opportunities that are appropriate for the fund through other investment vehicles unless such investment is made on a pro-rata basis under pre-disclosed co-investment agreements established prior to the close of the fund					
Fees and carried interest generated by the GP of a fund should be directed predominantly to the professional staff responsible for the success of that fund					

Any fees generated by an affiliate of the GP, such as an advisory or in-house consultancy, whether charged to the Fund or an underlying portfolio company, should be reviewed and approved by a majority of the LPAC					
<b>Governance</b>					
<b>Team</b>					
Automatic suspension of investment period, which will become permanent unless a defined super-majority of LPs in interest vote to re-instate within 180 days, when a key-man event is triggered or for cause (e.g. fraud, material breach of fiduciary duties, material breach of agreement, bad faith, gross negligence, etc.)					
Situations impacting a principal's ability to meet the specified "time and attention" standard should be disclosed to all LPs and discussed with, at a minimum, the LPAC					
LPs should be notified of any changes to personnel and immediately notified when key-man provisions are tripped					
Changes to key-man provisions should be approved by a majority of the LPAC or LPs					
<b>Investment Strategy</b>					
The investment purpose clause should clearly and narrowly outline the investment strategy					
Any authority to invest in debt instruments, publicly traded securities, and pooled investment vehicles should be explicitly included in the agreed strategy for the fund					
Funds should have appropriate limitations on investment and industry concentration and may consider investment pace limitations, if appropriate					
The GP should accommodate a LP's exclusions policy, which may proscribe the use of its capital in certain sectors and/or jurisdictions. However, consideration of increased concentration effects on remaining LPs and transparency of process and					

policies must be requisite in the event of a non-ratable allocation					
<b>Fiduciary Duty</b>					
GPs should present all conflicts to the LPAC for review and seek prior approval for any conflicts and/or non-arm's length interactions or transactions. As materiality is a subjective criterion, it is best to consult the LPAC in all instances. No GP should clear its own conflicts					
The high standard of fiduciary duty applicable to the GP should preclude provisions that allow for them to be exculpated in advance or indemnified for conduct constituting a material breach of the partnership agreement, breach of fiduciary duties, or other "for cause" events					
A majority of LPs must be able to remove the GP or terminate the fund for cause					
Conditions precedent and other removal mechanisms should be constructed so that LPs can act before there is irreparable damage to their interests. To the extent that there are mitigating factors, LPs will take these into consideration in evaluating their response to the "for cause" event					
To the extent that an all-partner clawback is appropriate in order for the fund to indemnify the GP, this should be limited to a reasonable proportion of the committed capital but in no case more than 25% and limited to a reasonable period, such as two years following the date of distribution					
<b>Changes to the Fund</b>					
The auditor should present their view on valuations and other relevant matters annually to the LPAC and be available to answer questions at the annual meeting of the fund. A list of the members of the LPAC should be provided to the auditors					
LPs should be notified of any change in the independent external auditor of the fund					

The auditors should review the capital accounts with specific attention to management fee, other partnership expenses, and carried interest calculations to provide independent verification of distributions to the GP and LP					
When considering important matters of fund governance or other matters where the GP's interests may not be entirely aligned with the LPs', a reasonable minority of the LPAC may engage independent counsel at the fund's expense					
<b>Changes to the Fund</b>					
Any amendment to the LPA should require the approval of a majority in interest of the LPs, and certain amendments should require a super-majority approval. Amendments that negatively affect the economics of a particular LP should require that LP's consent					
No fault rights upon two-thirds in interest vote of LPs for the following:					
- Suspension of the commitment period					
- Termination of the commitment period					
No fault rights upon two-thirds in interest vote of LPs for the following:					
- Removal of the GP					
- Dissolution of the Fund					
<b>Responsibilities of the LPAC</b>					
Reviewing and approving transactions that pose conflicts of interest, such as cross-fund investments and related party transactions					
Reviewing and approving the methodology used for portfolio company valuations (and in some cases, approving the valuations themselves)					
Engaging GP on discussion of partnership operations, including auditors, compliance (including CSR/ESG/PRI), allocation of partnership expenses, conflicts, team developments, new business initiatives of the firm					
<b>Appendix A: LPAC<sup>iii</sup></b>					
<b>Transparency</b>					

<b>Management and Other Fees</b>					
All fees (i.e., transaction, financing, monitoring, management, redemption, etc.) generated by the GP should be periodically and individually disclosed and classified in each audited financial report and with each capital call and distribution notice					
All fees charged to the fund or any portfolio company by an affiliate of the GP should also be disclosed and classified in each audited financial report					
<b>Capital Calls and Distribution Notices</b>					
Capital calls and distributions should provide information consistent with the ILPA Standardized Reporting Format (see also, Appendix C)					
The GP should also provide estimates of quarterly projections on capital calls and distributions					
<b>Disclosure Related to the GP</b>					
Any inquiries by legal or regulatory bodies in any jurisdiction should be immediately disclosed to LPs upon occurrence					
Any material contingency or liability arising during the fund's life should be immediately disclosed to LPs upon occurrence					
Any breach of a provision of the LPA or other fund documents should be immediately disclosed to LPs upon occurrence					
Other activities that should be disclosed in writing to LPs include formation of public listed vehicles, sale of ownership in the management company to other parties, public offering of shares in the management company, formation of other investment vehicles					
<b>Risk Management</b>					
GP annual reports should include:					
- Concentration risk at fund level					
- Foreign exchange risk at fund level					
- Leverage risk at fund and portfolio company levels					

- Realization risk (i.e. change in exit environment) at fund and portfolio company levels					
- Strategy risk (i.e. change in, or divergence from, investment strategy) at portfolio company level					
- Reputation risk at portfolio company level					
- Extra-financial risks, including environmental, social and corporate governance risks, at fund and portfolio company level					
Immediate reporting may be required for material events					
<b>Financial Information</b>					
Annual Reports – Funds should provide information consistent with the ILPA Standardized Reporting for Portfolio Companies and Fund information at the end of each year (within 90 days of year-end) to investors (see also, Appendix C)					
Quarterly Reports – Funds should provide information consistent with the ILPA Standardized Reporting for portfolio companies and fund information at the end of each quarter (within 45 days of the end of the quarter) to investors (see also, Appendix C)					
<b>LP Information</b>					
A list of LPs, including contact information, excluding those LPs that specifically request to be excluded from the list					
Closing documents for the fund, including the final version of the partnership agreement and side letters					
LPs receiving sensitive information as described above must keep such information confidential. Agreements should clearly state that LPs may discuss the fund and its activities amongst themselves. LPs should support the general partner in taking appropriate sanctions against any LP that breaches this confidentiality					

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<sup>i</sup> <https://ilpa.org/wp-content/uploads/2015/07/ILPA-Private-Equity-Principles-version-2.pdf>

<sup>ii</sup> Significance of structure and terms of the carry clawback is dependent on the waterfall structure.

<sup>iii</sup> The LPAC policies and procedures should be discussed and evaluated for consistency with best practices.



## **APPENDIX D**

Due Diligence: CIO Approval Form	
Firm Name	
Fund Name	
Strategy	
Primary Office Location	
Investment Officer	
Secondary Analyst	

Process Review	CIO Notification	Comments
IDD Results	<input type="checkbox"/>	
ODD Results	<input type="checkbox"/>	
Consultant Support	<input type="checkbox"/>	
Legal Documents	<input type="checkbox"/>	
DD Check List	<input type="checkbox"/>	

Final Decision	CIO Decision	Date
Approve	<input type="checkbox"/>	
Reject	<input type="checkbox"/>	

## **APPENDIX E**

**To be provided at a later date.**

## **APPENDIX F**

[illegible]



*Reference Check*  
*Public Equity*

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## Reference Information

Strategy:

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Name:

Title:

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Firm:

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Phone:

E-mail:

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Officer:

Date:

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## Comments

1. When did you hire the strategy? What is the allocation as of now?

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2. Are they currently on Watch List or do you plan to put them on Watch List any time soon?

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3. Have they been consistent in executing the investment philosophy and process?

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4. Do you think the investment people have sufficient skills in managing money?

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5. Have they performed to your expectation?

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**6. Have there been any breaches in compliance?**

**7. What do you think of the organization stability and staff turnover?**

**8. Any issues with trading and operations?**

**9. How is client service? Are they responsive to client requests?**

**10. Knowing what you know now about the strategy, would you select the strategy today?**

**11. Other comments.**