

Document Checklist: End of Life Funds

Version 1.0



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Introduction

The following guidance addresses the documents (provided by the GP and internally-generated) that an LP should collect, create, and review during the termination of a fund. Please note, this guidance focuses purely on document collection and examination. It does not attempt to address the countless number of steps an LP should take while managing complicated, end-of-life challenges (e.g. fund restructurings).

This checklist includes:

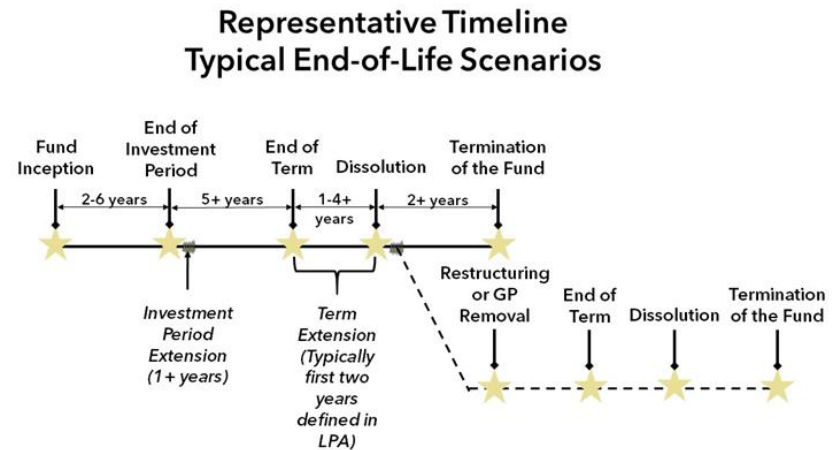
- The name, description, and rationale for each document
- The LP department(s) (accounting, legal, etc.) that would likely need to review each document
- Tips of what to look for within each document

A print-friendly version of this checklist, which can be used to make internal notes for an individual fund, is also available as a separate attachment. Please note that individual LPs should exercise their best judgement to determine if any of the items on this checklist are applicable to their organization.

We'll continuously reflect member feedback and new market conditions into this document. From time-to-time, look for updated versions on the ILPA member website. Please contact me directly with your feedback.

Sincerely,

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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 End of Life Checklist (Checklist) reflects the view of the participants involved in the creation thereof as to best practices with respect to fund monitoring. However, no limited partner should utilize the Checklist 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 contents within the Checklist, when provided by general partners to their 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.

Document Checklist: End of Life Funds

<u>Document</u>	<u>Description</u>	<u>Rationale</u>	<u>LP Role</u>	<u>Things to Monitor</u>
Final Audited Financial Statements	Final statement with zero balance and unqualified opinion from auditor	Provides assurance that the remaining value of the Fund was distributed and there are no other assets/liabilities (incl. clawback from either GP or LPs)	<ul style="list-style-type: none"> Accounting Investment/Monitoring 	<ul style="list-style-type: none"> Audit exceptions, exclusions, and conditional statements may imply unresolved or pending actions, causing future liabilities or asset transfers A fund may consist of multiple fund vehicles and the final statement should cover all of them Compare to prior quarter statement and seek clarification for significant changes from prior period (e.g. a change of auditor should raise a red flag, unless clearly explained)
Liquidation Certificate	Document stating the dissolution of the partnership	Proves that the partnership is legally terminated	<ul style="list-style-type: none"> Legal Accounting 	<ul style="list-style-type: none"> Documentation may vary, based upon the jurisdiction of the Fund (Delaware, Cayman) Confirm the cease-of-operations date and the legal name of the partnership
List of Escrows/ Liquidating Trusts <ul style="list-style-type: none"> Timeline to full dissolution Estimated value 	List of assets or liabilities removed from a fund's balance sheet	If there are any remaining conditional assets/liabilities, the GP may move them to a special vehicle(s); Allows LPs to track any potential value that can be attributed to a liquidated fund	<ul style="list-style-type: none"> Legal Accounting Investment/Monitoring 	<ul style="list-style-type: none"> Timeline, probability, value, milestones as the GP should report liquidation progress Liquidating Trustee - GP; third party; compensation of the trustee Potential Liability - Possibility of an LP clawback Rules and restrictions applicable to management of the trust, transfers, and liquidation
Performance Verification <ul style="list-style-type: none"> Fund level Investor's level 	Internally-generated reconciliation used for verifying a fund's waterfall, fee, and performance calculations	Key in assessing proper share of profits, return metrics, clawback, etc.	<ul style="list-style-type: none"> Investment/Monitoring 	<ul style="list-style-type: none"> See Appendix I
Tax Documents	Confirmation of no Fund's tax liabilities (e.g. U.S. K1)	Could be used to claim back-taxes paid (tax-exempt entities)	<ul style="list-style-type: none"> Accounting 	<ul style="list-style-type: none"> No taxes paid/owed No income/loss to report
Liquidation Summary	Voluntary, internally-generated document, summarizing a fund's history and any lessons learned	Provides a reference point to help guide any future decisions on re-ups or future partnerships with comparable managers	<ul style="list-style-type: none"> Investment/Monitoring 	<ul style="list-style-type: none"> Compare expected return to actual Risks and opportunities, comparing diligence assumptions versus actual Adherence to strategy, allocation, pacing Compare fund performance vs. public market, other asset classes, other GPs Key takeaways from your experience with this GP Record of signoff from legal counsel

<u>Document</u>	<u>Description</u>	<u>Rationale</u>	<u>LP Role</u>	<u>Things to Monitor</u>
LPA Key Terms	Voluntary, internally-generated document, listing the final terms at liquidation.	Reference to important final provisions, specifically related to fund liquidation	<ul style="list-style-type: none"> Investment/Monitoring 	<ul style="list-style-type: none"> Suspension and removal: cause/no-cause, voting threshold, etc. LPAC role LP indemnity Management fee continuance Accrued carry treatment Expense bearing Liquidation trustee
Communication Matrix	3 distinct contact lists: <ul style="list-style-type: none"> Key contacts for the GP and the fund's 3rd parties (administrator, counsel, etc.) All LP contacts Key contacts for your organization, whom the GP is authorized to contact (incl. any legal counsel and advisors that are authorized to receive, acknowledge, and approve fund documents); List provided to the GP, as needed 	Quick reference in case of follow-up questions or remaining concerns	<ul style="list-style-type: none"> Legal Accounting Investment/Monitoring 	<ul style="list-style-type: none"> LPAC names LP list with percentage ownership (GP may not be authorized to disclose all LPs) Changes to fund legal counsel, auditors, valuation advisors, etc. Remove any contacts no longer authorized to receive fund's info.

Appendix

I. Performance Verification

In order to verify a fund's performance and ensure (at a minimum) the reasonability of waterfall/fee calculations, an LP needs access to detailed fund cash flows. LPs should be provided with a detailed breakdown of each historical cash flow, expressed in appropriate accounting categories to complete a reconciliation against their internal ledgers. It's recommended that GP-provided cash flows mirror the categories used within the ILPA Capital Call and Distribution Notice Template, which can be found on www.ilpa.org.

Specific checks against the GP's reported numbers can include:

- Performance (net/gross: IRR, MOIC)
- Carry, clawback obligations
- Preferred return calculations (proper catch-up)
- Return of capital and fees
- Fee calculations including offsets

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