



# ILPA Quarterly Reporting Standards Initiative

Performance + Cash Flows Workstream

May 3, 2024



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# Agenda



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# Performance + Cash Flows

## Performance - View Across Net/Gross IRR and MOIC



### Compared to What LPs Typically Receive

While different standards exist and there has been progress with agreement on different elements of inputs into calculations, there is not a single, industry-wide accepted methodology across the required performance metrics.

**Greater required detail** for 4 without impact of any fund-level subscription facilities with **less required detail** across both 1 *account level* (fund-level) and 2 *periodicity* (QTD)

#### Focus of efforts:

- Standardize 5 inputs and methodology (where possible) and create framework for recommendations to 5 inputs and methodology (where necessary) - including with the 3 prominent disclosure of the criteria used and assumptions made in calculating the performance
- Introduce approach for 4 with and without impact of any fund-level subscription facilities
- Structure that allows **required** 1 account level and 2 periodicity information to be provided alongside **recommended**

- 1 Account Level: Fund-level (**required**) / LP-level (**recommended**)
- 2 Periodicity: ITD (**required**) / QE and YTD (**recommended**)
- 3 Must include prominent disclosure of the criteria used and assumptions made in calculating the performance
- 4 All metrics computed both **with and without impact** of any fund-level subscription facilities
- 5 **Gross IRR** and **Gross MOIC** (gross of all fees, expenses, and performance-based compensation borne by the private fund)
- 5 **Net IRR** and **Net MOIC** (net of all fees, expenses, and performance-based compensation borne by the private fund)
- 5 **Gross IRR** and **Gross MOIC** for the **realized** and **unrealized portions** of the fund's portfolio
- 5 MOIC: sum of (unrealized value of the illiquid fund *and* the value of all distributions made by the illiquid fund) divided by (total capital contributed to the fund by its investors)
- 5 IRR: Discount rate that uses the NPV of all cash flows throughout the life of the fund to be equal to zero

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# Performance + Cash Flows

## Contributions and Distributions – View Across Cash Flows

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- SEC Required
- ILPA Recommended



Compared to **Capital Call / Dist. Template**

**Greater required detail** for  
 2 periodicity (ITD) with **less required detail** across the 3 transaction type (inflow/outflow), 4 transaction description (none), and 1 account level (fund-level)

**Focus of efforts:**

- Identify how to map inflow/outflow
- 3 transaction types with consideration for what is required to support “calculations” and necessary information to support performance metrics
- Structure that allows reporting to shift from a LP-level per capital call/distribution orientation to a quarterly update of inflows/outflows since inception at the fund-level
- Structure that allows **required** 1 account level to be provided alongside **recommended** with additional
- 3 transaction type and 4 transaction description information

ILPA Capital Call & Distribution Template <small>(Version 1.2, updated in Sept. 2018; See the Trans. Type Definitions tab for a list of updates)</small>						
2.01 Fund		Best Practices Fund II, L.P.				
Section A: Fund Level / Cash Flow Information (Fund Local Currency)						
2.02 Issue Date (MM-DD-YYYY):		6/6/2018				
2.03 Due Date (MM-DD-YYYY):		8/20/2018				
2.04 Fund Local Currency:		USD				
2.05 GP Commitment		1,000,000				
2.06 Fund Size, Including all AIVs (Fund Local Currency):		1,000,000,000				
Section C: Worksheet - LP Amounts (Fund Local Currency) - Please include any transactions that net to zero						
4 2.15 Holding Name / Transaction Description (If applicable, please provide a 2-3 word description of each transaction, particularly for misc. fees or income)	3 2.16 Transaction Type (Choose from Dropdown)	1 2.17 LP Amount (Enter all Values as Positive Amounts)	2.18 Impact on Unfunded Commitment (Choose from Dropdown)	Formulas, Do Not Overwrite		
				Value Impact on Unfunded Commitment Net Contributed)	Net Amount Called / (Distributed) - Current Notice	
Call for investment in XYZ Corp	Call: Investments	237,500.00	Decreases	(237,500.00)	237,500.00	
				0.00	0.00	
				0.00	0.00	
				0.00	0.00	
				0.00	0.00	

- 1 Account Level: Fund-level (required) / LP-level (recommended)
- 2 Periodicity: Inflows/Outflows: ITD (required), NAV: QE (required)
- 3 Must present all capital inflows the private fund has received from investors and all capital outflows the private fund has distributed to investors since the private fund’s inception, with the value and date of each inflow and outflow
- Must present the NAV of the private fund as of the end of the reporting period (i.e. Quarter End outside of a newly formed private fund)

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Simplified for illustrative purposes

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# Sample Structure - Template

## Mapping Starting Point of Template - Fund Performance

Fund Cashflows Since Inception			
Effective Date	Inflow/Outflow – Fund Standpoint	Transaction Type	\$ Amount
	Inflow	Capital Call: Investments	
	Inflow	Capital Call: Management Fees	
	Inflow	Capital Call: Partnership Expenses	
	Inflow	Capital Call: Placement Agent Fees	
	Outflow	Carry / Clawback	
	Outflow	Distribution: income	
	Outflow	Distribution: other	
	Outflow	Distribution: G/L	
	Outflow	Distribution: return of capital - permanent	
	Outflow	Distribution: return of management fees- permanent	
	Outflow	Distribution: return of partnership expenses - permanent	
	Outflow	Distribution: return of excess capital called	
	Outflow	Distribution: return of management fees - recallable	
	Outflow	Distribution: return of partnership expenses - recallable	
	Outflow	Distribution: return of capital - recallable	
	NAV Adjustment	Quarter-end adjustment for carry allocation	
	NAV Adjustment	Quarter-end adjustment for accrued management fees/partnership expenses	
	Cash Adjustment	Management Fee/Partnership Expense adjustments	
<b>3/31/2025</b>	<b>NAV</b>		

Fund Performance Since Inception	
<b>With Subline - Net</b>	
IRR	
MOIC	
<b>With Subline - Gross</b>	
IRR	
MOIC	
<b>Without Subline - Net</b>	
IRR	
MOIC	
<b>Without Subline - Gross</b>	
IRR	
MOIC	

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# Sample Structure - Cash Flows

## Mapping Cash Flows to the Performance Metrics

Inflow/Outflow - Fund Standpoint	Transaction Type	Net IRR	Gross IRR	Net MOIC	Gross MOIC
Inflow	Capital Call: Investments	Included	Included	Denominator	Denominator
Inflow	Capital Call: Management Fees	Included		Denominator	
Inflow	Capital Call: Partnership Expenses	Included		Denominator	
Inflow	Capital Call: Placement Agent Fees	Included		Denominator	
Outflow	Carry / Clawback	Included		Numerator	
Outflow	Distribution: income	Included	Included	Numerator	Numerator
Outflow	Distribution: other	Included	Included	Numerator	Numerator
Outflow	Distribution: G/L	Included	Included	Numerator	Numerator
Outflow	Distribution: return of capital - permanent	Included	Included	Numerator	Numerator
Outflow	Distribution: return of management fees- permanent	Included		Numerator	
Outflow	Distribution: return of partnership expenses - permanent	Included		Numerator	
Outflow	Distribution: return of excess capital called	Included	Included	Decrease Denominator	Decrease Denominator
Outflow	Distribution: return of management fees - recallable	Included		Numerator	
Outflow	Distribution: return of partnership expenses - recallable	Included		Numerator	
Outflow	Distribution: return of capital - recallable	Included	Included	Numerator	Numerator
NAV Adjustment	Quarter-end adjustment for carry allocation	Included		Numerator	
NAV Adjustment	Quarter-end adjustment for accrued management fees/partnership expenses	Included		Numerator	
Cash Adjustment	Management Fee/Partnership Expense adjustments	Included		Denominator	
<b>NAV</b>		Included	Included	Numerator	Numerator

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## Additional Areas of Focus

- Finalizing methodology for With and Without Sublines (especially Without):
  - Cash flows
  - Impact on performance metrics - with focus on Net IRR
- Performance metrics for Realized/Unrealized at the Portfolio Investment Level
  - Cash flows (optional to surface)
  - Gross MOIC
  - Gross IRR
  - *With and Without*





# Thank You!

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