



# ILPA Quarterly Reporting Standards Initiative (QRSI)

Q&A Session for the Industry

October 3, 2024

# ILPA Update

Get the Most Out of Your Membership With ILPA's Education, Events and Resources

# ILPA Update: Last Chance for LP Registration



- Registration for the **2024 ILPA Summit** closes tomorrow on **October 4** for LPs
- Private equity industry's premier networking event; GP registration sold out!
- Everything in one place
  - High-quality, curated meetings
  - Compelling workshops & sessions
  - Exceptional opportunities for peer connection
- **Insurance Network Dinner @ ILPA Summit:** Nov. 11
- **Family Office Network Dinner @ ILPA Summit:** Nov. 11
- **Diversity in Action Breakfast for signatories @ ILPA Summit featuring James Rhee, Author of *Red Helicopter*:** Nov. 12



Visit [ilpa.org](https://ilpa.org) or email [summit@ilpa.org](mailto:summit@ilpa.org) to register!

# ILPA Update: What Else is Happening

## OTHER UPCOMING EVENTS FOR ILPA MEMBER LPs

- **Montreal Member Gathering:** Oct. 9
- **ILPA European LP Legal Community Gathering:** Oct. 22

## EDUCATION

**ILPA Institute** offerings available worldwide

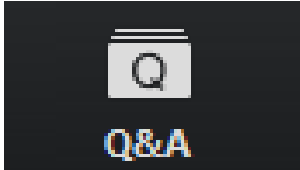
- This fall in San Francisco, Melbourne, Virtual
- **2025 Calendar: Announced SOON!**

## ENGAGEMENT

- **Updated ESG Assessment Framework:** Now Available
- **NAV-Based Facilities Guidance for LPs and GPs:** Now Available

**Visit [ilpa.org](https://ilpa.org) for more information**

# Audience Participation



**Online Q&A Box:** at the bottom of your screen is a Q&A Box. Ask questions, comment on questions from others and **upvote** the questions you are most interested in hearing answered.

# ILPA QRSI - Materials



## Where to find materials

### QRSI Landing Page ([Here](#))

Industry Guidance > Templates, Standards & Model Documents > ILPA Quarterly Reporting Standards Initiative (QRSI)

#### Draft ILPA Reporting Template (Post-PFA Version)

Share your perspectives on new and updated elements of the template, from the purposefully expanded list of partnership expenses to the streamlined NAV-roll design.

[View the Template](#) →

[Provide Your Feedback](#) →

[ILPA Reporting Template](#)

[View the Template](#)

[Provide Your Feedback](#)

#### Draft ILPA Performance Template (Post-PFA Version)

Evaluate the newly created template and provide feedback on the methodology behind fund-level IRR and MOIC/TVPI presentations as well as proposed optionality for reporting performance at the portfolio investment level.

[View the Template](#) →

[Provide Your Feedback](#) →

[ILPA Performance Template](#)

[View the Template](#)

[Provide Your Feedback](#)

### ILPA Webcasts ([Here](#))

Events > Webcasts

[Past Webcasts \(Here\)](#)

[ILPA QRSI Q+A  
Webcast \(Oct. 3\)](#)

[Past Webcasts \(Here\)](#)

[ILPA QRSI Webcast  
\(Sept. 24\)](#)

# Today's Speakers



**Emily Kisak**  
Director,  
Industry Affairs, ILPA



**Neal Prunier**  
Managing Director,  
Industry Affairs, ILPA

# Agenda

Template Walkthrough

ILPA Performance Template FAQs

ILPA Reporting Template FAQs

Structural FAQs

Template Adoption

Open Q&A Session

Next Steps



# Agenda

## Template Walkthrough

- ILPA Performance Template FAQs
- ILPA Reporting Template FAQs
- Structural FAQs

## Template Adoption

## Open Q&A Session

## Next Steps

# ILPA QRSI - Cash Flow & Performance Template



## Frequently Asked Questions

<b>1.</b>	<b>What performance metrics will the Performance Template require?</b>
2.	What is/isn't included in the gross performance calculations? Are there any allowance for different methodologies?
3.	How are the unlevered returns calculated? Why is capital that is called from the LPs and designated for subscription line repayment captured under the "Without Fund-level Subscription Facility" column?
4.	Should accrued carry be calculated on an unlevered basis, and how will this impact the unlevered NAV?
5.	The performance template requires itemization of each capital call; can the performance template be adapted for managers who do not call capital on a granular basis?

# ILPA QRSI - Cash Flow & Performance Template



## Fund & Portfolio Performance - Required & Optional Metrics

Fund Cash Flows To Investors Since Inception		
Effective Date	Transaction Description	\$ Amount
	Capital Call: Investments	
	Capital Call: Management Fees/Partnership Expenses	
	Capital Call: Working Capital	
	Fund-level Subscription Facility Drawdown: Investments	
	Fund-level Subscription Facility Drawdown: Management Fees/Partnership Expenses	
	Fund-level Subscription Facility Drawdown: Working Capital	
	Capital Call: Fund-level Subscription Facility Fees/Interests	
	Synthetic Distribution: Fund-level Subscription Facility Repayment: Investments	
	Synthetic Distribution: Fund-level Subscription Facility Repayment: Management Fees/Partnership Expenses	
	Deemed Contribution	
	Deemed GP Contribution from LPs	
	Carry / Clawback – (Carry is offset to LP Distributions – input as negative value)	
	Distribution: Permanent	
	Distribution: Recallable	
	Distribution: Return of Excess Capital Called	
	Deemed Distribution	
	Management Fee/Partnership Expense Adjustments	
	Quarter-end Adjustment for Carry Allocation	
	Quarter-end Adjustment for Accrued Management Fees/Partnership Expenses	
	Gross Up Outstanding Balance and Unpaid/Accrued Interest from Fund-level Subscription Facility	
	NAV	

Fund to Investors

Fund to Investors

Fund Performance	
<b>With Impact of Fund-level Subscription Facility – Net</b>	
IRR	
TVPI	
<b>With Impact of Fund-level Subscription Facility – Gross</b>	
IRR	
MOIC	
<b>Without Impact of Fund-level Subscription Facility – Net</b>	
IRR	
TVPI	
<b>Without Impact of Fund-level Subscription Facility – Gross</b>	
IRR	
MOIC	

Optional

Optional

Portfolio Performance	
<b>Realized Portfolio</b>	
Gross IRR	
Gross MOIC	
<b>Partially Realized Portfolio</b>	
Gross IRR	
Gross MOIC	
<b>Unrealized Portfolio</b>	
Gross IRR	
Gross MOIC	
<b>Total Portfolio</b>	
Gross IRR	
Gross MOIC	

Optional

# ILPA QRSI - Cash Flow & Performance Template



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# ILPA QRSI - Cash Flow & Performance Template



## Gross performance calculations

1

### Fund Performance Questions

The Fund Performance metrics are based on cash flows between the Fund and Investors (and Investor, in the case of LP-Level).

Recognizing that there are different practices in the industry today, and noting that gross performance is often based on cash flows between the Fund and Investments, should the ILPA Performance Template only be used for **net fund-level performance**, or should we continue to push for the inclusion of **gross fund-level performance**, defining gross fund level performance as between the Fund and Investors?

Note: Gross performance metrics calculated on the cash flows between the Fund and Investments will be included regardless.

The ILPA Performance Template and fund performance table should only include the net fund-level cash flows/returns that occur between the fund and its investors

The ILPA Performance Template and fund performance table should include both the net and gross cash flows/returns that occur between the fund and its investors



### Context/Question:

- *Fund level* performance based on cash flows from **Fund to Investor**
  - With Impact - **Net** IRR - **Required**
  - Without Impact - **Net** TVPI - **Required**
  - With Impact - **Gross** IRR - **Recommended** (and preferred)
  - Without Impact - **Gross** MOIC - **Recommended** (and preferred)
- *Portfolio performance* based on cash flows from **Fund to Investments**
  - **Gross** IRR - **Required**
  - **Gross** MOIC - **Required**

# ILPA QRSI - Cash Flow & Performance Template



## Gross performance calculations - alternative methodology

### Alternative Methodology - Gross Up Fees and Expenses in Gross Fund/Investor Calculations

As of - Enter Date  
Since Inception

ILPA Methodology breaks apart capital call into specific use cases, which allows for the **exclusion** of management fees/partnership expenses from the denominator of the gross TVPI (paid-in capital). Alternative methodology displays total amount of capital call as one line-item, thereby including management fees/partnership expenses in the denominator of the gross TVPI (paid-in capital).

Due to the inability to differentiate the amounts from the call designated for management fees/partnership expenses, these values are captured in the denominator of the gross TVPI. Grossing up fees/expenses adds these values to the numerator of the gross TVPI as well so as to algebraically cancel these values out.

Cash Flows (ILPA Required)			Cumulative LPs' Allocation of Total Fund	
Effective Date	Amount - Cumulative LP Allocation	Transaction Description (ILPA Required)	Performance Treatment (ILPA Required)	
			Gross	Net
7/13/2022	-\$10,000.00	Capital Call: Total Amount	-\$10,000.00	-\$10,000.00
7/13/2022	\$130.00	Gross up Management Fees/Partnership Expenses	\$130.00	\$0.00
8/15/2022	\$100.00	Gross up Management Fees/Partnership Expenses	\$100.00	\$0.00
10/3/2022	-\$10,500.00	Capital Call: Total Amount	-\$10,500.00	-\$10,500.00
10/6/2022	\$350.00	Distribution: Permanent	\$350.00	\$350.00
11/15/2022	\$100.00	Gross up Management Fees/Partnership Expenses	\$100.00	\$0.00
4/24/2023	\$400.00	Distribution: Permanent	\$400.00	\$400.00
5/30/2023	-\$8,100.00	Capital Call: Total Amount	-\$8,100.00	-\$8,100.00
5/30/2023	\$100.00	Gross up Management Fees/Partnership Expenses	\$100.00	\$0.00
9/15/2023	\$200.00	Gross up Management Fees/Partnership Expenses	\$200.00	\$0.00
12/31/2023	\$29,020.00	NAV	\$29,020.00	\$29,020.00

Calls for management fees/partnership expenses are **included** in the total gross PIC.

Grossed up management fees/partnership expenses are included ("added back") in the numerator of the gross TVPI calculation.

Total Paid In	-\$28,600.00	-\$28,600.00
Distributions	\$750.00	\$750.00
Paid Expenses (Gross Up)	\$630.00	\$0.00
NAV	\$29,020.00	\$29,020.00

Differences in the **gross IRR** are due to timing considerations, specifically the length of time between the capital call and the actual payment of fees/expenses (reflected above as a "gross up") of the expenses to the investment adviser.

Differences in the **gross TVPI** are due to the inclusion of management fees/partnership expenses in the numerator and denominator of the ratio.

Performance Measure	Fund Performance (ILPA Required)	
	With Impact of Fund-level Subscription Facility	
	Gross	Net
IRR	5.72%	3.66%
TVPI/MOIC	1.0629	1.0409

# ILPA QRSI - Cash Flow & Performance Template



## Frequently Asked Questions

1.	What performance metrics will the Performance Template require? Are there any allowances for differing methodologies?
2.	What is/isn't included in the gross performance calculations? Are there any allowance for different methodologies?
3.	<b>How are the unlevered returns calculated? Why is capital that is called from the LPs and designated for subscription line repayment captured under the "Without Fund-level Subscription Facility" column?</b>
4.	Should accrued carry be calculated on an unlevered basis, and how will this impact the unlevered NAV?
5.	The performance template requires itemization of each capital call; can the performance template be adapted for managers who do not call capital on a granular basis?

# ILPA QRSI - Cash Flow & Performance Template



“With” and “Without” performance calculations

Cash Flows		Transaction Description	Performance Treatment			
Effective Date	Amount - Cumulative LP Allocation		Gross - With Impact of Fund-level Subscription Facility	Net - With Impact of Fund-level Subscription Facility	Gross - Without Impact of Fund-level Subscription Facility	Net - Without Impact of Fund-level Subscription Facility
7/1/2022	-\$15,000.00	Fund-level Subscription Facility Drawdown: Investments	\$0.00	\$0.00	-\$15,000.00	-\$15,000.00
7/1/2022	-\$300.00	Fund-level Subscription Facility Drawdown: Management Fees/Partnership Expenses	\$0.00	\$0.00	\$0.00	-\$300.00
10/15/2022	-\$100.00	Capital Call: Fund-level Subscription Facility Fees/Interest	\$0.00	-\$100.00	\$0.00	\$0.00
4/1/2023	-\$15,000.00	Capital Call: Investments	-\$15,000.00	-\$15,000.00	-\$15,000.00	-\$15,000.00
4/1/2023	-\$300.00	Capital Call: Management Fees/Partnership Expenses	\$0.00	-\$300.00	\$0.00	-\$300.00
4/3/2023	\$15,000.00	Synthetic Distribution: Fund-level Subscription Facility Repayment: Investments	\$0.00	\$0.00	\$15,000.00	\$15,000.00
4/3/2023	\$300.00	Synthetic Distribution: Fund-level Subscription Facility Repayment: Management Fees/Partnership Expenses	\$0.00	\$0.00	\$0.00	\$300.00
12/31/2023	\$XXXX.XX	NAV	\$XXXX.XX	\$XXXX.XX	\$XXXX.XX	\$XXXX.XX

**Sample Cash Flow Mapping:** Fund-Level Subscription Facility Drawdown, Call for Interest on the Fund-Level Subscription Facility, and Subsequent Repayment (Synthetic Distribution)

- 1 Drawdown from subscription facility, used to finance an investment.
- 2 Drawdown from subscription facility, used to finance management fees/ partnership expenses.
- 3 Call for fees/interest resulting from the use of a fund-level subscription facility. Only impacts “With” IRR/MOIC calculations as these fees/interest would not have been incurred had a fund-level subscription facility not been used.
- 4 Call to repay 7/1 subscription facility drawdown.
- 5 Call to repay 7/1 subscription facility drawdown.
- 6 Actual repayment of 7/1 subscription facility drawdown.
- 7 Actual repayment of 7/1 subscription facility drawdown.



# ILPA QRSI - Cash Flow & Performance Template



## Frequently Asked Questions

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2.	What is/isn't included in the gross performance calculations? Are there any allowance for different methodologies?
3.	How are the unlevered returns calculated? Why is capital that is called from the LPs and designated for subscription line repayment captured under the "Without Fund-level Subscription Facility" column?
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# ILPA QRSI - Cash Flow & Performance Template



“With” and “Without” performance calculations - Impact to carry

ILPA is not recommending that accrued carry be re-calculated on an unlevered basis. The actual values of the accrued/paid carry are more meaningful to investors; therefore, hypothetical changes to carry do not need to be included in the scope of the unlevered calculation.

# ILPA QRSI - Cash Flow & Performance Template



## Frequently Asked Questions

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# ILPA QRSI - Cash Flow & Performance Template



## Working capital transaction type

Cash Flows		Transaction Description	Performance Treatment				"Working Capital" Balance
Effective Date	Amount - Cumulative LP Allocation		Gross - With Impact of Fund-level Subscription Facility	Net - With Impact of Fund-level Subscription Facility	Gross - Without Impact of Fund-level Subscription Facility	Net - Without Impact of Fund-level Subscription Facility	
<i>As of - Q4 2022</i>							
<i>Since Inception</i>							
10/15/2022	-\$10,500.00	Capital Call: Working Capital	-\$10,500.00	-\$10,500.00	-\$10,500.00	-\$10,500.00	\$10,500.00
12/31/2022	\$XXXX.XX	NAV	\$XXXX.XX	\$XXXX.XX	\$XXXX.XX	\$XXXX.XX	
<i>As of - Q3 2023</i>							
<i>Since Inception</i>							
10/15/2022	-\$10,500.00	Capital Call: Working Capital	-\$10,500.00	-\$10,500.00	-\$10,500.00	-\$10,500.00	\$10,500.00
12/1/2023	-\$10,000.00	Capital Call: Investments	-\$10,000.00	-\$10,000.00	-\$10,000.00	-\$10,000.00	
12/1/2023	\$10,000.00	Capital Call: Working Capital	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$500.00
7/31/2023	-\$7,000.00	Capital Call: Investments	-\$7,000.00	-\$7,000.00	-\$7,000.00	-\$7,000.00	\$500.00
7/31/2023	-\$500.00	Capital Call: Management Fees/Partnership Expenses	\$0.00	-\$500.00	\$0.00	-\$500.00	
7/31/2023	\$500.00	Capital Call: Working Capital	\$500.00	\$500.00	\$500.00	\$500.00	\$0.00
9/30/2023	\$XXXX.XX	NAV	\$XXXX.XX	\$XXXX.XX	\$XXXX.XX	\$XXXX.XX	

# Agenda

## Template Walkthrough

ILPA Performance Template FAQs

➤ ILPA Reporting Template FAQs

Structural FAQs

Template Adoption

Open Q&A Session

Next Steps

# ILPA QRSI - Fee & Expense Reporting Template



## Frequently Asked Questions

**1. What are the key changes to the latest version of the Reporting Template?**

**2.** What is meant by 'Affiliated Positions'? What balances should be captured in this column?

# ILPA QRSI - Fee & Expense Reporting Template



## Key changes to the template

Template Section	Update
<u>Cash/Non-Cash Flows</u>	<b>Expand</b> section to include <b>offering/syndication costs, placement fees, partner transfers</b>
<u>Management Fees</u>	<u>Add</u> gross to net reconciliation of management fees. Step-by-step netting of rebates, waivers, discounts, and offsets.
<u>Partnership Expenses</u>	<u>Differentiate</u> between external expenses and internal chargebacks and <u>expand</u> on each.
<u>Partnership Expenses</u>	<u>Break out</u> 'Subscription Facility - Fees' and 'Subscription Facility - Interest'. Consideration to add line-items for NAV Facility Fees & Interest.
<u>Offset Categories/ Portfolio Company Fees</u>	<u>Expand</u> section
<u>Realized/Unrealized Gain/Loss</u>	<u>Add</u> line-items to net any capitalized transaction fees/expenses from portfolio gains.
<u>Incentive Allocation</u>	<u>Add</u> 'Ending NAV - Gross of Accrued Incentive Allocation' and step-by-step accounting of incentive allocation earned, paid, returned, and held in escrow.

<b>Post-PFA Comment Period - Cash / Non-Cash Flows</b>
Contributions - Cash & Non-Cash
Distributions - Cash & Non-Cash
Offering/Syndication Costs
Placement Fees
Partner Transfers
<b>Total Cash / Non-Cash Flows (Contributions, Less Distributions)</b>

# ILPA QRSI - Fee & Expense Reporting Template



## Key changes to the template

Template Section	Update
<u>Cash/Non-Cash Flows</u>	<u>Expand</u> section to include offering/syndication costs, placement fees, partner transfers
<b><u>Management Fees</u></b>	<b><u>Add gross to net reconciliation of management fees. Step-by-step netting of rebates, waivers, discounts, and offsets.</u></b>
<u>Partnership Expenses</u>	<u>Differentiate</u> between external expenses and internal chargebacks and <u>expand</u> on each.
<u>Partnership Expenses</u>	<u>Break out</u> 'Subscription Facility - Fees' and 'Subscription Facility - Interest'. Consideration to add line-items for NAV Facility Fees & Interest.
<u>Offset Categories/ Portfolio Company Fees</u>	<u>Expand</u> section
<u>Realized/Unrealized Gain/Loss</u>	<u>Add</u> line-items to net any capitalized transaction fees/expenses from portfolio gains.
<u>Incentive Allocation</u>	<u>Add</u> 'Ending NAV - Gross of Accrued Incentive Allocation' and step-by-step accounting of incentive allocation earned, paid, returned, and held in escrow.

**Post-PFA Comment Period - Management Fees**  
 (Management Fees - Gross of Offsets, Waivers, Discounts & Rebates)  
 Less Management Fee Rebate (input positive values)  
 Less Fee Waivers (input positive values)  
 Less Fee Discounts (input positive values)  
 Less Offsets to Management Fees (Applied During Period) (input positive values)  
**(Management Fees - Net of Offsets, Waivers, Discounts & Rebates)**



# ILPA QRSI - Fee & Expense Reporting Template



## Key changes to the template

Template Section	Update
<u>Cash/Non-Cash Flows</u>	<u>Expand</u> section to include offering/syndication costs, placement fees, partner transfers
<u>Management Fees</u>	<u>Add</u> gross to net reconciliation of management fees. Step-by-step netting of rebates, waivers, discounts, and offsets.
<b>Partnership Expenses</b>	<b>Differentiate between external expenses and internal chargebacks and expand on each.</b>
<u>Partnership Expenses</u>	<u>Break out</u> 'Subscription Facility - Fees' and 'Subscription Facility - Interest'. Consideration to add line-items for NAV Facility Fees & Interest.
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<u>Incentive Allocation</u>	<u>Add</u> 'Ending NAV - Gross of Accrued Incentive Allocation' and step-by-step accounting of incentive allocation earned, paid, returned, and held in escrow.

### Post-PFA Comment Period - Partnership Expenses - Internal Staff/Related Persons

(Internal Staff/Related Persons - Fund Administration)

(Internal Staff/Related Persons - Accounting)

(Internal Staff/Related Persons - Valuation Services)

(Internal Staff/Related Persons - IT Activities)

(Internal Staff/Related Persons - Legal)

(Internal Staff/Related Persons - Audit)

(Internal Staff/Related Persons - Tax Preparation)

(Internal Staff/Related Persons - Organization Costs)

(Internal Staff/Related Persons - Investigation Fees/Expenses)

(Internal Staff/Related Persons - Regulatory, Compliance, and Examination Fees/Expenses)

(Internal Staff/Related Persons - Other)\*

(Internal Staff/Related Persons - Other: Prior ILPA Template Value) **YTD/ITD Only**

**(Expenses Allocated/Paid to Investment Adviser or Related Persons - Gross of Offsets)**

Less Offsets to Expenses Paid to the Investment Adviser & Related Persons (Applied During Period)

**(Expenses Allocated/Paid to Investment Adviser or Related Persons - Net of Offsets)**

# ILPA QRSI - Fee & Expense Reporting Template



## Key changes to the template

Template Section	Update
<u>Cash/Non-Cash Flows</u>	<u>Expand</u> section to include offering/syndication costs, placement fees, partner transfers
<u>Management Fees</u>	<u>Add</u> gross to net reconciliation of management fees. Step-by-step netting of rebates, waivers, discounts, and offsets.
<u>Partnership Expenses</u>	<u>Differentiate</u> between external expenses and internal chargebacks and <u>expand</u> on each.
<b><u>Partnership Expenses</u></b>	<b><u>Break out 'Subscription Facility - Fees' and 'Subscription Facility - Interest'. Consideration to add line-items for NAV Facility Fees &amp; Interest.</u></b>
<u>Offset Categories/ Portfolio Company Fees</u>	<u>Expand</u> section
<u>Realized/Unrealized Gain/Loss</u>	<u>Add</u> line-items to net any capitalized transaction fees/expenses from portfolio gains.
<u>Incentive Allocation</u>	<u>Add</u> 'Ending NAV - Gross of Accrued Incentive Allocation' and step-by-step accounting of incentive allocation earned, paid, returned, and held in escrow.

### Post-PFA Comment Period - Partnership Expenses - External

- (Partnership Expenses - Third-Party Fund Administration)
- (Partnership Expenses - Third-Party Accounting)
- (Partnership Expenses - Third-Party Valuation Services)
- (Partnership Expenses - Third-Party IT Activities)
- (Partnership Expenses - Third-Party Legal)
- (Partnership Expenses - Third-Party Audit)
- (Partnership Expenses - Third-Party Tax Preparation)
- (Partnership Expenses - Third-Party Organization Costs)
- (Partnership Expenses - Third-Party Investigation Fees/Expenses)
- (Partnership Expenses - Third-Party Regulatory, Compliance, and Examination Fees/Expenses)
- (Partnership Expenses - Taxes)
- (Partnership Expenses - Bank Fees)
- (Partnership Expenses - Subscription Facility - Fees)
- (Partnership Expenses - Subscription Facility - Interest)
- (Partnership Expenses - Other Credit Facilities - Fees)
- (Partnership Expenses - Other Credit Facilities - Interest)
- (Partnership Expenses - Interest Expense)
- (Partnership Expenses - Custody Fees)
- (Partnership Expenses - Due Diligence)
- (Partnership Expenses - Broken Deals)
- (Partnership Expenses - Travel & Entertainment)
- (Partnership Expenses - Insurance)
- (Partnership Expenses - Other)\*
- (Partnership Expenses - Other: Prior ILPA Template Value) **YTD/ITD Only**
- (External Partnership Expenses - Gross of Offsets, Waivers & Rebates)**
- Less Offsets to External Partnership Expenses (Applied During Period)
- (External Partnership Expenses - Net of Offsets, Waivers & Rebates)**

# ILPA QRSI - Fee & Expense Reporting Template



## Key changes to the template

Template Section	Update
<u>Cash/Non-Cash Flows</u>	<u>Expand</u> section to include offering/syndication costs, placement fees, partner transfers
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<b><u>Offset Categories/ Portfolio Company Fees</u></b>	<b><u>Expand</u> section</b>
<u>Realized/Unrealized Gain/Loss</u>	<u>Add</u> line-items to net any capitalized transaction fees/expenses from portfolio gains.
<u>Incentive Allocation</u>	<u>Add</u> 'Ending NAV - Gross of Accrued Incentive Allocation' and step-by-step accounting of incentive allocation earned, paid, returned, and held in escrow.

Post-PFA Comment Period - Offset Categories
Advisory Fee Offset
Broken Deal Fee Offset
Transaction & Deal Fee Offset
Directors Fee Offset
Monitoring Fee Offset
Capital Markets Fee Offset
Arrangement Fee Offset
Origination Fee Offset
Organization Cost Offset
Placement Fee Offset
Other Offsets*
Other Fee Offsets: Prior ILPA Template Value <b>YTD/ITD Only</b>
<b>Total Offsets to Fees &amp; Expenses (Recognized During Period)</b>
<b>Total Offsets to Fees &amp; Expenses (Applied During Period)</b>

# ILPA QRSI - Fee & Expense Reporting Template



## Key changes to the template

Template Section	Update
<u>Cash/Non-Cash Flows</u>	<u>Expand</u> section to include offering/syndication costs, placement fees, partner transfers
<u>Management Fees</u>	<u>Add</u> gross to net reconciliation of management fees. Step-by-step netting of rebates, waivers, discounts, and offsets.
<u>Partnership Expenses</u>	<u>Differentiate</u> between external expenses and internal chargebacks and <u>expand</u> on each.
<u>Partnership Expenses</u>	<u>Break out</u> 'Subscription Facility - Fees' and 'Subscription Facility - Interest'. Consideration to add line-items for NAV Facility Fees & Interest.
<u>Offset Categories/ Portfolio Company Fees</u>	<u>Expand</u> section
<b><u>Realized/Unrealized Gain/Loss</u></b>	<b><u>Add line-items to net any capitalized transaction fees/expenses from portfolio gains.</u></b>
<u>Incentive Allocation</u>	<u>Add</u> 'Ending NAV - Gross of Accrued Incentive Allocation' and step-by-step accounting of incentive allocation earned, paid, returned, and held in escrow.

### Post-PFA Comment Period - Change in Net Unrealized Gain / (Loss)

Unrealized Gain / (Loss) - Periodic Change  
 (Less Capitalized Transaction Fees & Expenses) - Periodic Change  
 Capitalized Transaction Fees & Expenses - Period End Balance

### Change in Net Unrealized Gain / (Loss)

# ILPA QRSI - Fee & Expense Reporting Template



## Key changes to the template

Template Section	Update
<u>Cash/Non-Cash Flows</u>	<u>Expand</u> section to include offering/syndication costs, placement fees, partner transfers
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<u>Offset Categories/ Portfolio Company Fees</u>	<u>Expand</u> section
<u>Realized/Unrealized Gain/Loss</u>	<u>Add</u> line-items to net any capitalized transaction fees/expenses from portfolio gains.
<b><u>Incentive Allocation</u></b>	<b><u>Add 'Ending NAV - Gross of Accrued Incentive Allocation' and step-by-step accounting of incentive allocation earned, paid, returned, and held in escrow.</u></b>

<p><b>Post-PFA Comment Period - Ending NAV - Gross of Accrued Incentive Allocation</b></p> <ul style="list-style-type: none"> <li>Accrued Incentive Allocation - Starting Period Balance</li> <li>Incentive Allocation Earned (Unrealized Profits)</li> <li>Incentive Allocation Earned (Realized Profits, Inclusive of Amount Held in Escrow)</li> <li>Incentive Allocation - Paid During the Period (input positive values)</li> <li>Returned Clawback</li> <li>Incentive Allocation: Amount Held in Escrow - Ending Period Balance</li> </ul> <p><b>Ending NAV - Net of Accrued Incentive Allocation</b></p>
---

# ILPA QRSI - Fee & Expense Reporting Template



## Frequently Asked Questions

- |    |  |
|----|--|
| 1. | What are the key changes to the latest version of the Reporting Template?                        |
| 2. | <b>What is meant by 'Affiliated Positions'? What balances should be captured in this column?</b> |

# ILPA QRSI - Fee & Expense Reporting Template



## Affiliated positions

The goal of these columns is to provide investors with transparency into income received by the GP that fall outside the fund - they are not allocable to the Total Fund, e.g., fees charged to co-investors. This is required to get to the total amount received by the GP with respect to the Fund's portfolio companies/investments, regardless of whether or not cash flows through the fund.

### **B. Schedule of Fees, Incentive Allocation & Reimbursements Received by the Investment Adviser & Related Persons, with Respect to the Private Fund's Portfolio Companies/Investments**

<b>B.1 With Respect to the Private Fund's Portfolio Companies/Investments</b>	<b>Affiliated Positions***</b>		
Advisory Fees****	156,250	625,000	2,832,031
Broken Deal Fees****	100,000	500,000	2,500,000
Transaction & Deal Fees****	121,875	437,500	1,865,234
Directors Fees****	6,600	192,500	1,512,500
Monitoring Fees****	375,000	1,725,000	8,500,000
Capital Markets Fees****	187,500	862,500	4,125,000
Arrangement Fees****	0	0	0
Origination Fees****	0	0	0
Other Fees****	0	0	0
Other Fees: Prior ILPA Reporting Template Value YTD/ITD Only****		0	0
Total Reimbursements for Travel & Administrative Expenses****	8,000	19,500	88,500
<b>Total Received by the Investment Adviser &amp; Related Persons</b>	<b>\$955,225</b>	<b>\$4,362,000</b>	<b>\$21,423,265</b>

# Agenda

## Template Walkthrough

ILPA Performance Template FAQs

ILPA Reporting Template FAQs

➤ Structural FAQs

Template Adoption

Open Q&A Session

Next Steps



# ILPA QRSI - Structural Questions



## Frequently Asked Questions

1.	<b>Will any allowances be made for Emerging Managers (i.e., different delivery timelines or level of detail required)?</b>
2.	How long after a fund launches should reporting commence?
3.	Is ILPA offering any guidance regarding the timing of delivery post quarter-end?
4.	How flexible will the new templates be? Can they accommodate a variety of asset classes?

# ILPA QRSI - Structural Questions



## Considerations for emerging managers

Description	Former SEC Requirement (During PFA)
Any allowances for differing reporting for Emerging Managers and/or Mid-Markets	Consistent requirements across all registered (non-exempt) investment advisers

Should the same implementation timelines (Q4 2025 or Q1 2026) be required across all GP types, or should this timeline be lengthened for emerging and/or mid-market managers?

All managers should adhere to the same implementation timelines

Emerging managers should be granted a longer timeline for implementation

Both emerging managers and mid-market managers should be granted a longer timeline for implementation

# ILPA QRSI - Structural Questions



## Frequently Asked Questions

1.	Will any allowances be made for Emerging Managers (i.e., different delivery timelines or level of detail required)?
2.	<b>How long after a fund launches should reporting commence?</b>
3.	Is ILPA offering any guidance regarding the timing of delivery post quarter-end?
4.	How flexible will the new templates be? Can they accommodate a variety of asset classes?

# ILPA QRSI - Structural Questions



When should performance reporting begin?

Description	Former SEC Requirement (During PFA)
Requirements on how long after a new fund launches to begin reporting	Fund that has two full fiscal quarters of operating results

1

When New Funds (Post-Launch) Should Start Reporting: Should reporting commence after a set number of quarters of operating results (for example: after 4 quarters of operating results) or after a certain milestone has been passed (for example: the fund's final close)?

After a set number of quarters of operating results
  After a certain milestone has been passed

How long after launching a fund should reporting be provided? As additional context, the SEC was seeking to require that reporting begin to be provided after 2 full fiscal quarters of operating results.

After 2 full fiscal quarters of operating results
  After 3 full fiscal quarters of operating results
  After 4 full fiscal quarters of operating results
  Other (please specify below)

2

When New Funds (Post-Launch) Should Start Reporting: Should reporting commence after a set number of quarters of operating results (for example: after 4 quarters of operating results) or after a certain milestone has been passed (for example: the fund's final close)?

After a set number of quarters of operating results
  After a certain milestone has been passed

After which milestone should reporting be provided?

After sending the first Capital Call
  1 year after sending the first Capital Call
  Final Close
  Other (please specify below)

# ILPA QRSI - Structural Questions



## Frequently Asked Questions

1.	Will any allowances be made for Emerging Managers (i.e., different delivery timelines or level of detail required)?
2.	How long after a fund launches should reporting commence?
3.	<b>Is ILPA offering any guidance regarding the timing of delivery post quarter-end?</b>
4.	How flexible will the new templates be? Can they accommodate a variety of asset classes?

# ILPA QRSI - Structural Questions



## Timing of reporting post quarter-end

Description
Requirements for timing of delivery post quarter-end
Former SEC Requirement (During PFA)
<u>Direct Funds</u> (i.e., not Fund of Funds): <ul style="list-style-type: none"><li>• QE: 45 days</li><li>• FYE: 90 days</li></ul> <u>Fund of Funds</u> : <ul style="list-style-type: none"><li>• QE: 75 days</li><li>• FYE: 120 days</li></ul>

Timing of Reporting: The SEC was planning to impose strict timelines on private fund reporting post-quarter end. ILPA supports the push for earlier reporting, but recognizes that reporting timing is outlined in the fund's governing documents and is already regulated by the SEC for FYE reporting. Should we include the suggested timeline below in our revised template guidance?

- Direct Funds: 60 days following QE; 120 days following FYE
- Fund of Funds: 120 days following QE; 180 days following FYE
- Fund of Fund of Funds: 180 days following QE; 260 days following FYE

Yes, include the timeline as a suggestion only

Yes, include the timeline as a suggestion only, along with language related to governing docs and applicable regulatory requirements

Include a suggested timeline, but make the following changes (please specify in text box below)

No, exclude any suggested timeline from guidance (and only point to governing docs and applicable regulatory requirements)

# ILPA QRSI - Structural Questions



## Frequently Asked Questions

1.	Will any allowances be made for Emerging Managers (i.e., different delivery timelines or level of detail required)?
2.	How long after a fund launches should reporting commence?
3.	Is ILPA offering any guidance regarding the timing of delivery post quarter-end?
4.	<b>How flexible will the new templates be? Can they accommodate a variety of asset classes?</b>

# ILPA QRSI - Structural Questions



## Template flexibility

Template Element	Description	Update
<u>Tiered Content</u>	ILPA's 2016 Fee & Expense Template incorporated a tiered reporting structure. Level 1 data represented high-level summary content, and Level 2 data introduced additional granularity	<u>Remove</u> tiered content. Managers should be able to provide granular detail to match their ledgers.
<u>"Other" Line</u>	ILPA's 2016 Fee & Expense Template included an "Other" line to capture fees, expenses, or offsets not categorized elsewhere.	<u>Continue to Include "Other" line</u> in Partnership Expenses (both Third-Party & Internal Staff/Related Persons), Offsets, & Portfolio Investment Compensation - but add an upper limit to the amount of total fund expenses that can be captured here (5%).
<u>Asset class-specific features</u>	Real assets and/or private credit -specific fee/expense categories?	<u>Add</u> 'arrangement fees' to portfolio company fees/offsets; however, no further asset class-specific line items have been added to the template.
<u>GP Modifications to the Templates</u>	ILPA's 2016 Fee & Expense Template offered guidance into acceptable modifications to the Template.	<u>Remove</u> GP Modifications to create more standardization and help promote greater automation of report creation and ingestion.



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# ILPA QRSI - Template Adoption



## Frequently Asked Questions

<b>1.</b>	<b>What are the drivers behind the changes to the ILPA Template?</b>
<b>2.</b>	How has the initiative been affected by the overturning of the Private Fund Advisers Rule?
<b>3.</b>	Have GPs been willing to engage with this project? What feedback has ILPA received from GPs?
<b>4.</b>	Has ILPA engaged with other industry organizations over the course of this project? Is there alignment between the various groups? Is there alignment among the various templates and standards?
<b>5.</b>	What are the biggest obstacles and/or challenges moving this project forward?

# ILPA QRSI - Template Adoption



The ILPA Quarterly Reporting Standards Initiative is a broad-based and collaborative industry effort to:

- 1 Deliver the **next evolution** of ILPA quarterly reporting standards
- 2 Standardize key quarterly data to create greater efficiency along with enhanced transparency - showcase that the industry can work together to find meaningful solutions

## Critical Results

The project has delivered against an ambitious scope within record time and record engagement to date:

- **Fees + Expenses** - significantly improving the ILPA Reporting Template. First update since 2016, used today by ~50% of funds in the industry
- **Performance + Cash Flows** - standardizing performance methodology down to cash flow/transaction types. First time something like this will exist in full for PE

## Key Things to Know

- While it was connected to SEC's Private Fund Advisers Rule (PFA), the effort continues even though the rule was vacated - with a shift to a full adoption-oriented approach
- Purposefully designed for global adoption - catalyzed by, but not conditioned on PFA *alone*
- Keep in focus existing standards and connection to other regulatory requirements (i.e. SEC Marketing Rule)

# ILPA QRSI - Template Adoption



## Frequently Asked Questions

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# ILPA QRSI - Template Adoption



Steps we took post PFA being vacated

<b>New Objective</b>	<p>On June 5, the U.S. Fifth Circuit Court of Appeals issued a decision <b>vacating the U.S. SEC's Private Fund Advisers (PFA) rules</b>, including the Quarterly Statements rule.</p> <p>We will <b>drive forward</b> with the QRS initiative as a <b>bottom-up, adoption-oriented</b> project, with an emphasis on <b>standardization</b> and <b>industry best practices</b>.</p>
<b>CPT Efforts Post-Ruling</b>	<ul style="list-style-type: none"><li>• Reviewed <b>Comment Letters</b> and <b>past meeting notes</b> for all items included solely based on the (former) SEC requirements</li><li>• ID'ed all the <b>structural questions</b> as well as specific <b>line-item data points</b> to review</li><li>• Created <b>mocked-up templates</b> with recommend updates/open questions to test with WG</li></ul>
<b>QRSI Efforts Going Forward</b>	<ol style="list-style-type: none"><li>1. Reoriented efforts <b>away from SEC requirements</b> to focus on the most important elements for the industry:<ul style="list-style-type: none"><li>• For example: removing the Portfolio Company by Portfolio Company look-through of portfolio investment compensation</li></ul></li><li>2. Addressing "<b>structural</b>" questions related to:<ul style="list-style-type: none"><li>• "Grandfathering" of Funds</li><li>• Implementation Timing</li><li>• Delivery Post Quarter End</li></ul></li><li>3. Leveraging the work done to launch our comment period in June as the <b>foundation</b> for the new comment period in August ahead of a new targeted implementation date of <b>Q1 2026</b>.</li></ol>

# ILPA QRSI - Template Adoption



## Frequently Asked Questions

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# ILPA QRSI - Template Adoption



Input from a broad spectrum of organizations, some across multiple groups

**Steering Committee**  
Governance body, advises on critical path decisions

**Fees + Expenses Working Group**

**Performance + Cash Flows Working Group**

**Cross-Industry Satellite Groups**  
Organized by type of organization, allows broader involvement and deeper engagement with hundreds of representatives from **across the industry and around the globe**, without compromising effectiveness of WG structure

**LPs**

AP6	PSERS+
CalPERS+	SWIB+
CDPO+	Temasek
M&G	Texas TRS+
MassPrim	WSIB

**GPs**

GP 1*	GCM Grosvenor
GP 2*	Oaktree
GP 3+*	Reverence Capital
Asia Alts+	Searchlight+
Certares	Vista+

**Admins, Consultants**

ACA	CSC+
Albourne	Gen II
Cambridge	SEI
Citco	SS+C
Colmore	State Street+

+ Steering Committee representative  
\* Organization we are not able to name publicly

# ILPA QRSI - Template Adoption



## Frequently Asked Questions

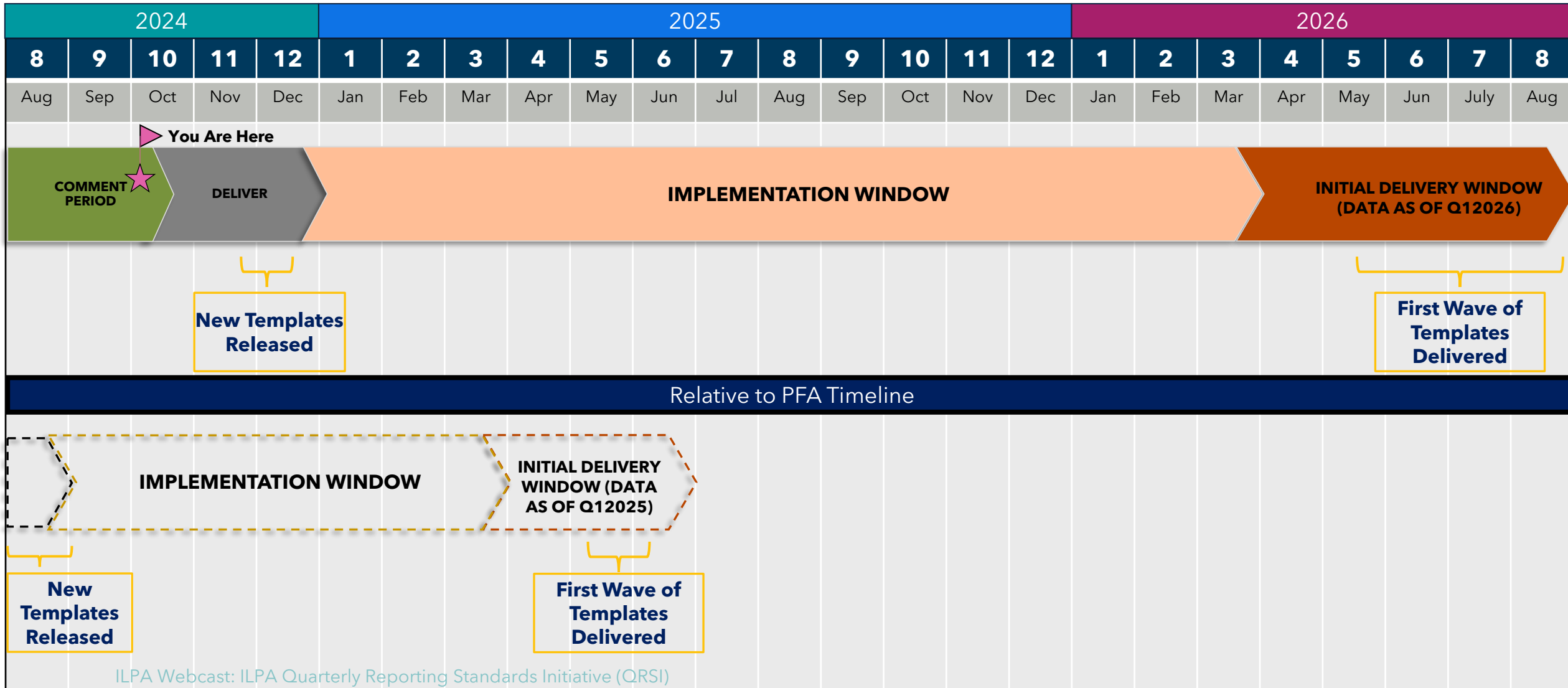
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# ILPA QRSI - Template Adoption



Encouraging adoption while maintaining momentum



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➤ Next Steps

## Next Steps

1

### **Complete the (Post-PFA) Comment Period Surveys (if you haven't already done so):**

- Complete the surveys before the **10/11** close:
  - [ILPA Reporting Template Survey](#)
  - [ILPA Performance Template Survey](#)
- The ILPA QRSI team is happy to connect directly submitters who would like to discuss the templates or surveys further - [email ILPA Quarterly Reporting Standards](#)

2

### **Additional Opportunities to Engage**

- Join the ILPA QRSI Satellite Group - [SG sign-up form](#)

3

### **Call to Action: Leverage Language for Outreach for the Comment Period and Satellite Groups**

- We have prepared language to encourage participation in:
  - Comment Period - [email language](#) + [gleanin](#) (for LinkedIn)
  - Satellite Group participation - [email language](#)



# Thank You!

Visit Us On Social



October 3, 2024