

# Performance Template Definitions

Granular Methodology

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## Granular Methodology

### Fund-Level Transaction Types

#### Capital Call: Investments

Call for investments into new or existing portfolio investments. Includes any deemed contributions that are partially or completely netted with distributions.

#### Capital Call: Management Fees/Partnership Expenses

Call for periodic Management Fees, Partnership Expenses or Placement Agent fees as defined in the private fund's organizational and offering documents that set forth the applicable calculation methodology, net of any waivers, offsets, rebates and discounts; Includes calls for fees both inside and outside commitment. Calls for fees inside of commitment reduce unfunded commitment, whereas calls for fees outside of commitment do not reduce unfunded commitment. Also includes any deemed contributions that are partially or completely netted with distributions.

##### Capital Call: Management Fees

Call for periodic Management Fees as defined in the private fund's organizational and offering documents that set forth the applicable calculation methodology.

##### Capital Call: Partnership Expenses

Call for Partnership/Fund Expenses, as defined in the private fund's organizational and offering documents that set forth the applicable calculation methodology.

##### Capital Call: Placement Agent Fees

Fees/costs paid to the GP/Manager/Related Person, or to outside parties, for fundraising services.

#### Capital Call: Working Capital

Call for capital from investors when final use of funds has not been determined. Most often used by Fund of Funds or Private Credit funds that call larger amounts of capital, which often results in a balance of extra cash held by the private fund. Includes any deemed contributions that are partially or completely netted with distributions. Included in both the gross and net IRR calculation.

**Fund-Level Subscription Facility**

Any subscription facility, subscription line financing, capital call facility, capital commitment facility, bridge lines or other indebtedness incurred by the private fund that is secured by the unfunded capital commitments of the private fund's investors.

**Fund-Level Subscription Facility Drawdown: Investments**

Call from a fund-level subscription facility that is secured by the unfunded capital commitments of the private fund's investors and used to finance investments. Included in unlevered (without the impact of fund-level subscription facility) IRR/MOIC calculations.

**Fund-Level Subscription Facility Drawdown: Management Fees/Partnership Expenses**

Call from a fund-level subscription facility that is secured by the unfunded capital commitments of the private fund's investors and used to pay for management fees or partnership expenses. Included in unlevered (without the impact of fund-level subscription facility) IRR/MOIC calculations.

**Fund-Level Subscription Facility Drawdown: Working Capital**

Call from a fund-level subscription facility that is secured by the unfunded capital commitments of the private fund's investors that doesn't have an immediately identifiable use at the time of the drawdown. Most often used by Fund of Funds or Private Credit funds that call larger amounts of capital, which often results in a balance of extra cash held by the Fund. Included in both the gross unlevered and net unlevered IRR calculation.

**Capital Call: Fund-Level Subscription Facility Fees/Interest**

Call for fees/interest incurred by the private fund resulting from the use of a fund-level subscription facility. Should only be used in levered (with impact of fund-level subscription facility) IRR/MOIC calculations as these fees/interest would not have been incurred had a fund-level subscription facility not been used.

**Synthetic Distribution: Fund-Level Subscription Facility Repayment: Investments**

A repayment of the principal amount of a fund-level subscription facility by the private fund to the lender, specifically a fund-level subscription facility drawdown that was used to finance investments. This transaction type is included in the IRR/MOIC calculations as it serves to "wash out" the fund-level subscription facility drawdown, preventing double-counting the value of the fund-level subscription facility drawdown and the subsequent capital call from investors for repayment.

**Synthetic Distribution: Fund-Level Subscription Facility Repayment: Management Fees/Partnership Expenses**

A repayment of the principal amount of a fund-level subscription facility by the private fund to the lender, specifically a fund-level subscription facility drawdown that was used to pay for management fees or partnership expenses. This transaction type is included in the IRR/MOIC calculations as it serves to "wash out" the fund-level subscription facility drawdown, preventing double-counting the value of the fund-level subscription facility drawdown and the subsequent capital call from investors for repayment.

### Deemed GP Contribution from LPs - (Optional)

Call from LPs, on behalf of GP's share of a capital call (typically serves as an offset to future management fees).

### Carry / Clawback

*Carry*: GP's share of distribution proceeds, as defined by the waterfall calculation in the private fund's organizational and offering documents (add-back to distribution).

*Clawback*: Return of excess carry distributed to GP, as defined by the waterfall calculation in the private fund's organizational and offering documents (offset to Carry).

### Distribution: Permanent

Return of capital to fee-paying investors that cannot be called back. Includes distributions resulting from the full or partial sale of a portfolio investment, the cost basis of a stock distribution, a return of management fees, a return of partnership expenses or any other permanent distribution defined below. Also includes any deemed or in-kind transactions, (including stock distributions, withheld taxes etc.) and gross capital distributions where they are partially or completed netted with contributions.

#### **Distribution: Permanent - Income**

Interest or dividend income earned from portfolio investments.

#### **Distribution: Permanent - Gain / Loss**

Realized gain or loss from the full or partial sale of a portfolio investment. Includes realized gains or losses from a stock distribution.

#### **Distribution: Permanent - Return of Capital**

Return of invested capital from the full or partial sale of a portfolio investment. Includes the cost basis of any stock distribution.

#### **Distribution: Permanent - Return of Management Fees**

Return of management fees.

#### **Distribution: Permanent - Return of Partnership Expenses**

Return of partnership expenses.

### Distribution: Recallable

Return of capital to fee-paying investors that was previously called for portfolio investments, management fees, partnership expenses or any other recallable distribution defined below that can be called again in the future.

#### **Distribution: Recallable - Return of Capital**

Return of capital previously called for portfolio investments, can be called again.

**Distribution: Recallable - Return of Management Fees**

Return of management fees that can be called again in the future.

**Distribution: Recallable - Return of Partnership Expenses**

Return of partnership expenses that can be called again in the future.

**Distribution: Return of Excess Capital Called: Investments**

Return of unused capital called for portfolio investments (typically increases unfunded commitment).

**Distribution: Return of Excess Capital Called: Management Fees/Partnership Expenses**

Return of unused capital called for management fees or partnership expenses (typically increases unfunded commitment).

**Quarter-end Adjustment for Carry Allocation**

Adjustment resulting from accrual-based accounting methodologies that will impact the fund NAV. This transaction type is specific to adjustments needed to add-back carried interest that has been accrued, but not yet paid, to the quarter-end book NAV. Required to accurately calculate the gross "with" and "without" performance metrics.

**Quarter-end Adjustment for Accrued Management Fees/Partnership Expenses**

Adjustment resulting from accrual-based accounting methodologies that will impact the fund NAV. This transaction type is specific to adjustments needed to add-back management fees or partnership expenses that have been accrued, but not yet recognized, to the quarter-end book NAV. Required to accurately calculate the gross "with" and "without" performance metrics.

**Quarter-end Adjustment for Accrued Fees/Interest from Fund-Level Subscription Facility**

Adjustment resulting from accrual-based accounting methodologies that will impact the fund NAV. This transaction type is specific to adjustments needed to add-back fees or interest incurred from the use of a fund-level subscription facility and that have been accrued, but not yet recognized, to the quarter-end book NAV. Required to accurately calculate the gross "with" performance metrics. Added back to the "without" calculations as these fees/interest would not have accrued had a fund-level subscription facility not been used. Therefore, the gross and net "without" NAVs must therefore be adjusted accordingly.

**Gross Up Outstanding Balance from Fund-Level Subscription Facility**

The amount of the fund-level subscription facility that has been drawdown and has yet to be repaid.

**NAV**

The net asset value of the private fund as of the end of the reporting period covered by the quarterly statement.

## Portfolio-Level Transaction Types

### Invested Capital

The total amount of drawdown capital which has actually been invested into portfolio investments by the private fund. Includes both the initial investment into portfolio investments as well as any follow-on amounts. Excludes any increases in a portfolio investment's cost-basis that may be due to non-cash distributions from the portfolio investment (i.e., an increase in cost due to earned, but still unrealized dividends from the portfolio investment).

### Realized Capital - Income

Cash returned to the private fund from the full or partial exit of a portfolio investment.

### Realized Capital - Cash Dividend

Cash that is paid to the private fund by a portfolio investment but is not resulting from the sale or exit of the portfolio investment (i.e., there is no adjustment made to the cost basis of the portfolio investment).

### Unrealized Capital - Non-Cash Dividend

The monetary value of any dividend which is not a cash dividend that can impact the future cash flows from the portfolio investment to the private fund (e.g., a stock dividend). Will increase the cost basis and fair market value of the portfolio investment but should not be treated as a follow-on investment.

### Unrealized Capital - PIK

Interest paid by the portfolio investment to the private fund in a form other than cash. Will increase the cost basis and fair market value of the portfolio investment but should not be treated as a follow-on investment.

### Unrealized Capital - Stock

The monetary value of shares of stock of a portfolio investment that have been received by the private fund, but not yet distributed to investors. Most commonly used when a private fund receives shares of stock at the time of an IPO, but cannot distribute or sell shares due to the lockup period. As the shares are still subject to further gains/losses, the capital is still considered to be "at risk" so this is not yet considered to be a realization. This value should remain included in the Fair Market Value of the investment.

### Realized Capital - Stock (Shares Distributed to Investors)

The monetary value of stock shares distributed to a private fund's investors (non-cash).

### Realized Capital - Stock

Cash proceeds resulting from the sale of stock shares.

**Fair Market Value**

The estimated value of the investment if it were to be sold on the open market.

**Performance Metrics****Without Impact of Fund-Level Subscription Facility**

IRR/MOIC calculations that have been computed without the impact of any fund-level subscription facilities (i.e., the performance of the illiquid fund with the impact of the fund-level subscription facility removed).

**With Impact of Fund-Level Subscription Facility**

IRR/MOIC calculations that are computed with the impact of leverage (i.e., the "actual" IRR/MOIC calculations that do not need to be adjusted to remove the impacts of fund-level subscription facility).

**IRR**

The discount rate that causes the net present value of all cash flows to be equal to zero.

**Committed Capital**

Any commitment pursuant to which a person is obligated to acquire an interest in, or make capital contributions to, the private fund.

**Unfunded Capital Commitments**

Committed capital that has not yet been contributed to the private fund by investors.

## Performance Measurement Definitions - Fund-Level Performance Metrics

Fund-level performance metrics should be calculated on the cash flows that occur between the Fund and its investors. For calculations that demonstrate the impact of fund-level subscription facilities, the relevant cash flow stream should be expanded to include cash flows that occur between the Fund and the bank/lender (i.e., subscription facility drawdowns and repayments).

### Net IRR (Fund Performance Table)

A measurement of the return earned by the fee-paying investors that is calculated net of all fees, expenses and performance-based compensation borne by the private fund.

The Fund-Level Net IRR should be calculated on the aggregated cash flow streams and NAVs for all fee-paying investors (i.e., the actual cash flows occurring between the Fund and the LPs) and should be calculated both with and without the impact of fund-level subscription facilities.

The Fund-level Net IRR calculation should take into account:

- i. All cash inflows and outflows occurring between the Fund and its fee-paying investors. When calculating the "without" fund-level net IRR, by removing the impact of a fund-level subscription facility, cash inflows and outflows occurring between the Fund and the bank/lender should also be included (i.e., subscription facility drawdowns and repayments).
- ii. The value of the fee-paying investors' share of the quarter-end NAV. When calculating the "without" fund-level net IRR, any outstanding balance on the subscription facility as well as any accrued fees or interest resulting from the use of a subscription facility should be added to the quarter-end NAV should be added to the quarter-end NAV.

### Net TVPI (Fund Performance Table)

The Fund-Level Net TVPI means, as of the end of the applicable fiscal quarter:

1) The sum of

- i. The value of the fee-paying investors' share of the quarter-end NAV of the illiquid fund; and
- ii. The value of all distributions made by the illiquid fund to its fee-paying investors;

2) Divided by the total capital contributed to the illiquid fund by its fee-paying investors for any purpose. Includes contributions occurring both inside and outside of commitment.

The Fund-Level Net TVPI should be calculated both with and without the impact of fund-level subscription facilities.

### **Gross IRR (Fund Performance Table) - Granular Methodology**

A measurement of the return earned by the fee-paying investors that is calculated gross of all fees, expenses and performance-based compensation borne by the private fund.

The Fund-Level Gross IRR should be calculated on the aggregated cash flow streams and NAVs for all fee-paying investors (i.e., the actual cash flows occurring between the Fund and the LPs) and should be calculated both with and without the impact of fund-level subscription facilities.

The Granular Gross IRR calculation should take into account:

- i. Capital called from fee-paying investors for the purposes of investments (i.e., capital calls for management fees, partnership expenses, etc. should be excluded from the calculations.)
- ii. Distributions made by the illiquid fund to its fee-paying investors stemming from proceeds, dividends and other investment income.
- iii. The value of the fee-paying investors' share of the quarter-end NAV, adjusted to remove the effect of accrued fees, expenses and carried interest.

### **Gross Fund-Level MOIC (Fund Performance Table) - Granular Methodology**

The fund-level gross multiple calculated using the Granular Methodology is referred to as the 'Fund-Level Gross MOIC' as this is a more accurate reflection of the values captured in the denominator of the multiple (i.e., only cash paid-in for the purposes of investment is captured in the denominator).

The Granular Fund-Level Gross MOIC means, as of the end of the applicable fiscal quarter:

1) The sum of

- i. The fee-paying investors' share of the quarter-end NAV, adjusted to remove the effect of fees, expenses and carry accrued or paid by the illiquid fund attributable to its fee-paying investors; and
- ii. The value of all distributions made by the illiquid fund to its fee-paying investors;

2) Divided by the capital contributed to the illiquid fund by its fee-paying investors for the purposes of investments.

The Fund-level Gross MOIC should be calculated both with and without the impact of Fund-level subscription facilities.

## Performance Measurement Definitions - Portfolio-Level Performance Metrics

Portfolio-level performance metrics should be calculated on the cash flows that occur between the Fund and its investments. These performance metrics can be calculated for both the realized and unrealized portions of the portfolio, as well as for the total portfolio. Portfolio-level performance metrics are not required to be presented both with and without the impact of fund-level subscription facilities.

### Gross IRR (Portfolio Performance Table)

A measurement of the return earned by the illiquid fund from its investments that is calculated on the aggregated cash flow streams and fair market values of the underlying portfolio holdings (i.e., the cash flows occurring between the Fund and its investments). Cash and other assets/liabilities held by the Fund are excluded from the calculation.

The Portfolio-Level Gross IRR calculation should take into account:

- i. All cash inflows and outflows occurring between the illiquid fund and its portfolio investments (i.e., initial investment amounts, follow-on investment amounts, dividend income, proceeds from the sale of an investment, etc.)
- ii. The unrealized value of the portfolio investments at quarter-end.

**Note:** The largest difference between the Fund-Level Gross IRR and the Portfolio-Level Gross IRR should stem from:

- 1) Timing differences. The Fund-Level Gross IRR should be calculated based on the dates that transactions occurred between the fund and its fee-paying investors, whereas the portfolio-level gross IRR should be calculated based on the dates that the transactions occurred between the Fund and its portfolio companies.
- 2) Use of fund-level subscription facilities. The starting date of a fund-level gross IRR calculation with the impact of a subscription facility may be delayed due to the use of a subscription line of credit. However, the starting date of a portfolio-level gross IRR calculation should be the date that the GP acquires the investment, regardless of the use of a subscription facility. This may result in the portfolio-level gross IRR's starting date preceding the fund-level gross IRR with the impact of a subscription facility's starting date.

### Gross MOIC (Portfolio Performance Table)

The Portfolio-level Gross Multiple of Invested Capital (MOIC) means, as of the end of the applicable fiscal quarter:

- 1) The sum of:
  - i. The unrealized value of the portfolio investments; and
  - ii. The value of all distributions received by the illiquid fund from its portfolio investments;
- 2) Divided by the total amount of capital invested by the Fund.

## Net IRR (Portfolio Performance Table)

A measurement of the return earned by the fund from its investments that can be calculated by applying the ratio or spread of the Fund-level Net IRR:Fund-level Gross IRR to the Portfolio-level Gross IRR. The ratio or spread between the fund-level metrics are used as multipliers on the Total Portfolio-level Gross IRR to synthesize Portfolio-level Net Returns. This ratio or spread does not need to be applied to the extracted portfolio-level performance (i.e., the Realized and Unrealized portions of the portfolio).

A simple example illustrating the Ratio method is as follows:

Ratio Method					
Fund			Portfolio-Level Return		
Gross	Net	Ratio	Gross	Net	Gross - Net
10.00%	8.00%	80%	12.00%	9.60%	2.40%
9.00%	7.00%	78%	12.00%	9.33%	2.67%
8.00%	6.00%	75%	12.00%	9.00%	3.00%
7.00%	5.00%	71%	12.00%	8.57%	3.43%
6.00%	4.00%	67%	12.00%	8.00%	4.00%
5.00%	3.00%	60%	12.00%	7.20%	4.80%
4.00%	2.00%	50%	12.00%	6.00%	6.00%
3.00%	1.00%	33%	12.00%	4.00%	8.00%
2.00%	0.00%	0%	12.00%	0.00%	12.00%
1.00%	-1.00%	-100%	12.00%	-12.00%	24.00%
0.00%	-2.00%	#DIV/0!	12.00%	#DIV/0!	#DIV/0!
-1.00%	-3.00%	300%	12.00%	36.00%	-24.00%
-2.00%	-4.00%	200%	12.00%	24.00%	-12.00%
-3.00%	-5.00%	167%	12.00%	20.00%	-8.00%
-4.00%	-6.00%	150%	12.00%	18.00%	-6.00%

A simple example illustrating the Spread method is as follows:

Spread Method					
Fund			Portfolio-Level Return		
Gross	Net	Spread	Gross	Net	Gross - Net
10.00%	8.00%	2%	12.00%	10.00%	2.00%
9.00%	7.00%	2%	12.00%	10.00%	2.00%
8.00%	6.00%	2%	12.00%	10.00%	2.00%
7.00%	5.00%	2%	12.00%	10.00%	2.00%
6.00%	4.00%	2%	12.00%	10.00%	2.00%
5.00%	3.00%	2%	12.00%	10.00%	2.00%
4.00%	2.00%	2%	12.00%	10.00%	2.00%
3.00%	1.00%	2%	12.00%	10.00%	2.00%
2.00%	0.00%	2%	12.00%	10.00%	2.00%
1.00%	-1.00%	2%	12.00%	10.00%	2.00%
0.00%	-2.00%	2%	12.00%	10.00%	2.00%
-1.00%	-3.00%	2%	12.00%	10.00%	2.00%
-2.00%	-4.00%	2%	12.00%	10.00%	2.00%
-3.00%	-5.00%	2%	12.00%	10.00%	2.00%
-4.00%	-6.00%	2%	12.00%	10.00%	2.00%

## Net MOIC (Portfolio Performance Table)

Similar to the Portfolio-Level Net IRR, the Portfolio-level Net MOIC is a synthetic calculation that can be calculated by applying the ratio or spread of the Fund-level Net TVPI:Fund-level Gross TVPI to the Total Portfolio-level Gross MOIC. This ratio or spread does not need to be applied to the extracted portfolio-level performance (i.e., the Realized and Unrealized portions of the portfolio).