



INSTITUTIONAL
LIMITED PARTNERS
ASSOCIATION

2025

ILPA Retail Capital Analysis

Questions for LPs to Ask GPs





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ILPA encourages LPs to consider asking their GPs the following questions. In cases where their GPs do not currently manage retail vehicles, it remains critical to ascertain a GP's intentions to either introduce a retail vehicle or to raise funds from unaffiliated, third-party retail vehicles in the future.

Note: The questions below were constructed with an emphasis on GPs that manage funds investing primarily in PE strategies.

OVERALL

- What are your plans regarding introducing a retail vehicle?
- What are your plans regarding retail vehicles managed or co-managed by unaffiliated, third-parties?
- What is the current size of the retail vehicle(s) you manage? What is the anticipated size in the next 1, 3, 5, 10 years?
- What are the benefits to institutional investors of your increased exposure to retail capital?
- What steps have you introduced to mitigate conflicts of interest between the institutional fund and retail vehicles?
- Who at the firm is responsible for marketing to retail investors and for fundraising to the retail channel? Will the firm hire new team members for marketing, fundraising and investor relations, or reallocate existing team members to these efforts?
- Have LPA terms been modified or added to support the development of retail vehicles? If so, what terms?
- How are you thinking about increased headline risk and potential for legal, regulatory, and compliance risks related to managing retail capital? What are you doing to mitigate the risks?

INVESTMENTS AND ALLOCATION

- What is the stated return expectation for the retail vehicle? How does that return expectation impact which investment opportunities the retail vehicle invests in alongside the institutional fund?
- What is the allocation policy for the retail vehicle? What is the allocation policy for the institutional fund? How are conflicts managed?
- Has your allocation policy changed to reflect the needs of your retail investors? Do you anticipate future changes to reflect the needs of your retail investors further?
- How has the LPA changed regarding allocation policy to reflect the needs of your retail investors?

- What is the stated investment strategy of the retail vehicle? What types of investments does the retail vehicle make (across secondaries, co-investments, unaffiliated traditional drawdown funds, direct investments) and what is the investment policy of the retail vehicle related to asset classes, geography, sector and size? (How) does it differ from the strategy of the institutional fund?
- Will retail capital impact the institutional fund co-investment allocation policy?
- Does the availability of retail capital have any bearing on institutional co-investor follow-on rights? Will institutional co-investors be offered a pro rata proportion of the follow-on opportunity?
- Will retail capital impact policies related to dilution of the fund's investment?
- Would you consider having either the retail vehicle or the institutional fund exit portfolio companies at different times and/or in different transactions?
- Will you disclose when retail capital is investing in portfolio investments alongside the fund? Will you disclose what percentage of capital is from a retail vehicle vs. the institutional fund?
- Will you disclose when retail capital is invested in an existing portfolio investment of an institutional fund?
- Where the retail vehicle is co-invested alongside the institutional fund, will you disclose when it crosses the hurdle rate and is in carry?
- Do you have different hold period expectations for portfolio investments where retail capital is invested?
- How will you manage follow-on investments between the institutional fund and retail vehicles?
- What details will you disclose to institutional LPs regarding the rationale for allocation of investment opportunities to the retail vehicle? How does this impact the approach with deal warehousing?
- What are the caps on capital deployment each quarter/year? Are there caps on the amount of retail capital that can be co-invested alongside the institutional fund? Are there caps on the amount of retail capital that can be co-invested alongside a particular portfolio investment?
- What safeguards or provisions are in place to prevent post-investment changes, such as relocating assets between the institutional fund and retail vehicle?
- How has the time and attention of the investment team changed with the addition of the retail vehicle?
- Does the retail vehicle have a different investment team? Who are the individuals on the retail investment team? How are time and costs apportioned between the institutional fund and retail vehicle?
- How has the LPA changed regarding time and attention to reflect the shifting focus of key persons on the retail capital channel and/or products?



LIQUIDITY

- What liquidity provisions exist for retail investors?
- How will the cash sleeve of the retail vehicle be managed?
- Would potential liquidity challenges with the retail vehicle impact sell decisions?
- How do you plan to balance the liquidity demands of retail investors against institutional investor expectations and the cash management needs of running the fund?

VALUATIONS

- Does the valuation approach differ between the institutional fund and the retail vehicle? If so, why?
- What is the process and timing for determining the NAV of the retail vehicle and its underlying portfolio investments? How are third-parties engaged in the valuation process? How is the Board involved in the valuation process? Will the institutional fund receive valuations at the same frequency as the retail vehicle?

GOVERNANCE / BOARD OF DIRECTORS

- How do you expect the retail vehicle and institutional fund to communicate over governance/conflict of interest decisions?
- Does the retail vehicle have an independent Board of Directors? If so, who is on the Board and what is the selection process?
- Do you allow for LPAC/fund governance approval over decisions to bring on third-party follow-on investors, including potential retail vehicles? Do you disclose the identity of new third-party follow-on investors?
- Is there information shared with the retail vehicle's Board, or with retail investors, which is not shared with LPs in the institutional fund? If so, will you commit to providing the (at minimum) LPAC with the same information provided to the Board related to deal allocation, investment decisions, fees, and economics?
- Who at the firm is responsible for compliance associated with retail vehicles? Are the same individuals at the firm who are responsible for compliance associated with retail vehicles also responsible for compliance matters related to the institutional fund?

FEES / EXPENSES

- What is the fee structure for the retail vehicle?
- What are the fee rates paid by retail investors? How does this compare to the fee rates paid by institutional investors? Can retail investors potentially pay lower fees than institutional investors for access to the same underlying portfolio investments?
- How frequently is carried interest paid out on the retail vehicle? Is it based on realized and unrealized? Will carried interest be deferred until assets are realized in the institutional fund?



- Where do the management fees and annual incentive fees flow?
- If there is a high watermark on the retail vehicle, how does it work? How will you handle clawbacks for retail investors?
- Has your policy on allocating broken deal fees or warehousing fees been updated to reflect the interests of retail investors? Do you have a policy that ties the anticipated deal allocation to the allocation of broken deal fees?
- Did the firm hire any new personnel or allocate additional resources to serve retail investors? How did the firm fund any new resources? Can you confirm that the institutional fund will not bear any costs for upgrades or specialized systems used to manage retail vehicles or comply with retail regulatory and reporting requirements? Can you confirm that the institutional fund will not bear any costs for fines and other expenses associated with legal, regulatory or compliance action against the retail vehicle?

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