Site Image

**Private Credit Partnership Request for Information**

**I. Firm**

1. Please provide the year your firm was established and give a brief history of your firm.
2. Please provide the organization’s name, and the name, title, address, phone number, fax number, and email address of the individual who will be our primary contact.
3. Please provide the address and website of the firm’s headquarters and all branch offices.
4. Please comment on the financial solvency of your firm. Do you have any firm debt? What is the minimum asset level required for your firm to remain profitable?
5. Please provide a brief description of your firm’s plans for growth, such as asset growth, personnel growth, succession planning, over the next 3-5 years.
6. Please give succession plans for key employees if retirements are planned within 5 years.
7. Please describe your firm initiatives for diversity and inclusion in terms of your overall firm, senior leadership, and investment teams.
8. Please provide the following diversity & inclusion statistics:

|  |  |  |
| --- | --- | --- |
|  | **% Minority** | **% Female** |
| Overall Firm |  |  |
| Senior Leadership |  |  |
| Investment Team for this Strategy |  |  |

**II. Ownership**

1. What is the current ownership structure of the firm? Please include employees at all levels.
2. What is the ownership structure of the general partner entity? (Include percentage ownership.) Who are the principals of the general partner? How long has each of the principals been a participant of the general partner?
3. How are the fees and carried interests allocated among the principals and others? Please be specific. How is this split determined?
4. What provisions are in place to promote the retention of principals, and change allocations over time?
5. What, if any, are the carried interests and ownership interests in the general partner or management company held by individuals or business entities not employed by the firm?
6. What is the firm’s compensation structure? What are the vesting provisions? Are there vesting provisions for future general partner additions?
7. What is the general partner’s capital commitment to the fund? What is the amount committed by each participant in the general partner? What is the source for each contributor’s funds? (Cash, Deferred Fees, etc.)
8. Please provide a detailed three year budget for the general partner.
9. Please describe the firm’s professional turnover for the last five years, citing reasons for each departure and contacts for departed partners.
10. Are any new hires expected in the near term? Please explain at what level these new hires are expected, and their anticipated compensation (salary, bonus, participation in carried interest).
11. What is the decision-making process internally among the principals for (i) internal matters, (ii) new partners, and (iii) partnership operations and management decisions?
12. Does the firm have a succession plan in place? If so, please describe.
13. Please complete the following table which addresses the principals’ relationship with each other prior to becoming principals of the general partner.

|  |  |  |
| --- | --- | --- |
| Principals | Years Working Together Prior to Forming General Partner | Nature of Relationship |
|  |  |  |
|  |  |  |

1. Identify all prior funds each principal has been involved with in any capacity. What is the status of those funds, and how much of the principals’ time is committed to each fund?
2. Do any of the principals have any conflicts of interest with the current fund?
3. Is the firm or any of its principals involved in, or a partner in, any other businesses outside of the firm’s activities? Please describe.
4. Has the firm or any of its principals (including former principals) ever been involved in any litigation? Please describe. Are any cases still open or pending?
5. Do any of the principals have any health or personal issues that should be of concern? Please explain.
6. Please provide 3 references for each principal.

**III. Client Breakdown**

1. Please provide the firm’s and product’s breakdown by clients as of the current date (as measured by % of assets under management) using the following format. Please provide a brief explanation as to the contents of “other.” For product asset please include all prior funds using the same strategy as the current offering.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Corporate** | **Foundation/**  **Endowment** | **HNW/**  **Family** | **Insurance/**  **Financial** | **Mutual Fund** | **Public** |
| **Firm** |  |  |  |  |  |  |
| **Product** |  |  |  |  |  |  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Religious** | **Taft-Hartley** | **Sub-Advisory** | **Wrap** | **Other** |
| **Firm** |  |  |  |  |  |
| **Product** |  |  |  |  |  |

1. Please provide the firm’s and product’s breakdown by clients as of the current date (as measure by # of clients under management) using the following format. Please provide a brief explanation as to the contents of “other.”

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Corporate** | **Foundation/**  **Endowment** | **HNW/**  **Family** | **Insurance/**  **Financial** | **Mutual Fund** | **Public** |
| **Firm** |  |  |  |  |  |  |
| **Product** |  |  |  |  |  |  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Religious** | **Taft-Hartley** | **Sub-Advisory** | **Wrap** | **Other** |
| **Firm** |  |  |  |  |  |
| **Product** |  |  |  |  |  |

1. Please provide the following information on the firm’s and product’s client breakdown:

|  |  |
| --- | --- |
|  | **Assets (in Millions)** |
| **Average Aggregate Client Size:** |  |
| **Largest:** |  |
| **Smallest:** |  |

1. Have you entered into any side letter agreements or other arrangements with any limited partners? Do you anticipate doing so prior to or at the final closing? Are there any ‘most favored nations’ provisions? Are there ‘special’ limited partners or limited partners who also have investments in, or special rights from, the general partner or manager? If so, please explain.
2. Please complete the following table for all limited partners, for the current fund and previous fund.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Limited  Partner | ERISA  (Y/N) | Contact  Name/Phone | Name of funds committed to | Commitment amounts | Commitment to this fund or explanation  for opting out of  this or future funds |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
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**IV. Investment Professionals**

1. Please provide brief biographies and educational background of the investment professionals in the firm. List percent of ownership by the investment professional, and which products they worked on.
2. Please discuss the compensation plan of the investment professionals. How are fees and carried interest allocated among the principals of the firm and other employees? What vesting provisions are in place?
3. Are the investment professionals under employment contracts with the firm?
4. Discuss all turnover of investment professionals in the firm during the last three years.
5. Are you a registered minority (at least 51% minority/woman owned) investment manager? If so, please attach state or local registration.
6. Please provide brief biographies of the investment professionals on this product.
7. Please complete the attached table regarding board memberships.

|  |  |  |
| --- | --- | --- |
| Name of Principal | Current Board Memberships | Prior Board Memberships |
|  |  |  |
|  |  |  |

1. How many board seats will each principal be expected to hold for this fund? How does this compare to prior funds?

**V. Compliance**

1. Is your firm affiliated with a broker dealer?
2. If yes to #41, do you trade with your affiliated broker dealer? If applicable, what percentage of trades for this product execute through the affiliated broker dealer?
3. If yes to #41, please describe, in detail, the processes the firm has in place to prevent the transmission of material nonpublic information between the asset management arm and the broker dealer?
4. If yes to #41, please describe the separation of duties and systems between the broker dealer and asset management in regards to traders, back office, and settlement functions.
5. If yes to #41, does your broker dealer have a separate profit and loss statement than the rest of the firm’s business entities? If no, please explain.
6. Are you compliant with GIPS® Standards? If yes, please indicate the last audit year. If yes, please provide the most recent verification letter.
7. Are you a registered investment advisor? Please attach a copy of your ADV Part II.
8. Please provide a brief description of any past or pending regulatory action, litigation, or other legal proceedings involving the firm or any employees and/or principals as defendants in the last 5 years.
9. Are you currently or have you been in the last 5 years out of compliance with the SEC, DOL, or any regulatory agencies? If yes, please explain thoroughly.
10. Has your firm been audited by the SEC, DOL, or any regulatory agency in the past 5 years? Please explain any key findings. Please attach a copy of the SEC Review findings and firm responses.
11. Do you have a dedicated compliance officer? Does this person serve other roles within the firm? If so, please describe.
12. Who is the firm’s independent auditor? How long have they been serving in this capacity? Please provide copies of the last four quarterly reports and the last three years’ audited financials.
13. Who is the firm’s legal counsel or do you use an in-house legal team? Please provide brief biographies for them, indicating how long they have been serving in this capacity.
14. What is your firm’s Errors & Omissions (E&O) Insurance policy limit in millions? Please attach proof of E&O Insurance coverage.
15. Please provide contact names with addresses and phone numbers for all legal counsel and the accounting firms the sponsor has engaged over the past 5 years. Please provide a brief description of the nature of the engagement.
16. Please describe your firm’s disaster recovery and business continuity plans, specifically addressing the most recent date and the numbers of times you have practice and tested your procedures in the past 5 years, and the result of those exercises. Please provide a copy of your firm’s disaster recovery and business continuity procedures.
17. What are your procedures monitoring for personal trading? How many violations of your personal trading policy have occurred in the past 12 months? Please describe the nature of each violation.

**VI. Product Investment Process**

1. Please describe the investment objective and strategy of the proposed Fund. Provide supporting documentation regarding your assumptions of the target market and the overall viability of the proposed strategy.
2. Please provide a complete review of your firm's investment methodology for the product and the decision making process. Please comment specifically on:

• Top-down versus bottom-up analysis, if appropriate

• Initial loan universe/benchmark

• Liquidity criteria

• Credit Research

• Security selection criteria

• Buy/sell decision

• Sector weightings

• Number of portfolio holdings

• Duration positioning

• Yield Curve positioning

• Loan Structure decisions

1. Against what benchmark is the product evaluated?
2. Do you think this is the appropriate benchmark or would you prefer an alternate benchmark? If so, please discuss.
3. Does the product invest in out of benchmark securities? If yes, please discuss the types of securities, typical and maximum weightings, and investment rationale (e.g. relative value, economic outlook, etc.).
4. Please discuss the product’s philosophy towards managing default risk. If possible, please backup response with data.
5. Have there been any changes to the product’s investment process over the past five years? If yes, please describe in detail.
6. Please discuss your risk analysis and control methodology.
7. Are lien (first, second, etc.) weightings determined relative to a benchmark? If so, which benchmark and what is the range relative to the benchmark?
8. Please describe portfolio credit quality:

|  |  |  |  |
| --- | --- | --- | --- |
| **% Portfolio** | **Current** | **3 Year Min.** | **3 Year Max** |
| AAA/Aaa |  |  |  |
| AA/Aa |  |  |  |
| A |  |  |  |
| BBB/Baa |  |  |  |
| BB/Ba |  |  |  |
| B |  |  |  |
| CCC/Caa |  |  |  |
| CC/Ca |  |  |  |
| C |  |  |  |
| D |  |  |  |
| Not Rated |  |  |  |
| **Total** | **100%** | --- | --- |

1. Please provide the annual dollar weighted default rates and number of defaults for the product compared to the product’s benchmark. Please show data for the past 10 calendar years, or inception, whichever is longer.
2. What part(s) of your process add the most value? Please provide backup data on your answer.
3. Does this product utilize leverage? If so, how is the leverage applied?
4. Please discuss your assessment of the current market outlook and how your firm plans to provide superior performance for clients in the years ahead.
5. What distinguishes your firm from other investment managers with respect to this product?
6. What is unique about this strategy?
7. Please discuss the current market opportunity. Please describe the current opportunity set and how the compares to the opportunity set for prior funds.
8. Please describe a “typical” transaction. Where in the capital structure do you typically invest (debt, preferred equity, common equity, warrants, etc.)?
9. Please discuss how deals are sourced. Please provide a breakdown of how deals are sourced (proprietary deals, sponsors, investment banks, etc.). Please list all sponsors or investment banks the firm has worked with on multiple closed transactions over the last three funds.
10. How does the investment committee for the fund operate? How are decisions made?
11. Is consensus required from each partner, or is a simple majority sufficient?
12. How often do the principals meet as a group? Are meetings typically held in person or telephonically? What forum do the principals use for information and idea sharing?
13. What is the policy/assumption for portfolio allocations between equity, debt, and other forms of investment?
14. Are there geographical preferences for investments? Industry preferences?
15. What is the estimated number of portfolio investments? Target dollar range for each investment?
16. What is the estimated length of time before the Fund will be fully invested?
17. Describe potential risk factors related to the strategy.
18. Who are the firm’s competitors? How do you differentiate your fund from competitive funds?
19. What are the firm’s documentation procedures? Please attach a sample of each of the following documents: due diligence checklist, deal log, a typical investment term sheet that you would use, and a summary investment memorandum.
20. What is the firm’s valuation policy and methodology?
21. Is the partnership permitted to re-invest proceeds? What rules govern those re-investments?
22. What is the fund’s approach to UBTI related investments? Do you have on-shore and offshore vehicles?
23. For each principal of the general partner, please provide the following information for every investment considered a part of that individual’s investment record.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Name of  Investment | $’s Invested  and Date  of  Investment | Individual(s) Responsible for  Sourcing Deal | Individual(s) Responsible for  Monitoring | Individual(s) Responsible  for  Exit | Total Value Realized from Investment  and Date of Realization | IRR |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |

**VII. Current Offering**

1. What is the full name of the current Fund offering? What is the vintage year of the Fund? What is the target size of the Fund? What is, or when will, the first closing of the Fund be, and at what commitment level? What is the projected final close?
2. What is the fee structure of the Fund? Please list the Management Fee, Carried Interest, and Hurdle. Is a European Waterfall structure utilized? Please complete the following table for all commingled funds for this strategy.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Fund/Vehicle Name & Type (CIT, LP, etc.) | Onshore/  Offshore | 3c1/3c7 | ERISA Eligible? | ERISA Capacity | DB Eligible? | DC Eligible? | Non-ERISA Eligible? | Liquidity |
|  |  |  |  |  |  |  |  |  |
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1. Please provide details on any step provision (i.e. changes over time) in the management fee, and provide an estimate of average annual fee over the life of the Fund.
2. What is the anticipated commitment amount (in millions) from the firm and employees?
3. What is the Partnership term, including provisions for extensions, if any?
4. What are the policies regarding allocation of expenses to the Fund vs. the General Partner, e.g. overhead, legal fees, due diligence costs, etc. Provide a dollar estimate of the expenses that will be charged to the fund.
5. What are the policies regarding allocation of fees, such as transaction fees, investment banking fees, monitoring fees, directors’ fees, etc., between the General Partner and the Fund.
6. Have any commitments been made? If so, please list.
7. Has the fund called any capital? If so, please list.
8. Is this an SBIC fund? If so, please discuss firm’s prior experience with SBIC funds.

**VIII. Security and Miscellaneous**

1. Please complete the table below for each prior fund.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Fund Name | Vintage Year | Type | % Called | % Distributed | Remaining Value | Multiple (Net of Fees) | IRR (Net of Fees) | As of Date |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |

1. Describe each of the prior investments managed by the key investment professionals on the team responsible for the current offering.
2. State the frequency of investor reporting and provide a sample.
3. Please list the firm’s auditor, the fund auditor, legal counsel, and all third party service providers (include IT, due diligence, etc.)
4. Describe the firm’s security environment. Specifically cover the physical, digital security, and policy measure safeguards that you have put in place to control access to portfolio reporting systems and client account information.
5. Describe your firm’s approach to securing email and web communications.
6. How does your firm defend against cyber attacks?
7. How does your firm secure mobile devices such as phones, tablets, and laptops?
8. Have you had your security assessed by a third party? If so, when was this last completed and by which provider?
9. Has your firm ever had a data security breach? If so, please describe the incident as well as the corrective actions.

**IX. Attachments and Disclosure**

Please check off items included as attachments. If any **required** items are excluded, please indicate an alternate means for our review of requested items.

**Required Included?**

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ADV

SEC Review Findings Letter

Disaster Recovery and Business Continuity Plans

Code of Ethics

PPM

LPA

Prior Fund’s Audited Financials

Prior fund deal by deal attribution

Proof of E&O Insurance Coverage

Employee Diversity Table & ILPC Disclosures

**Include, if Applicable Included?**

|  |
| --- |
|  |
|  |

State or Local Registration for M/WBE

GIPS Verification Letter

**Chief Compliance Officer Signature**

I, chief compliance officer of , have reviewed all of the aforementioned statements and documents. To the best of our ability, we believe all statements and documents to be accurate, truthful and timely.

Signature

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Print Name