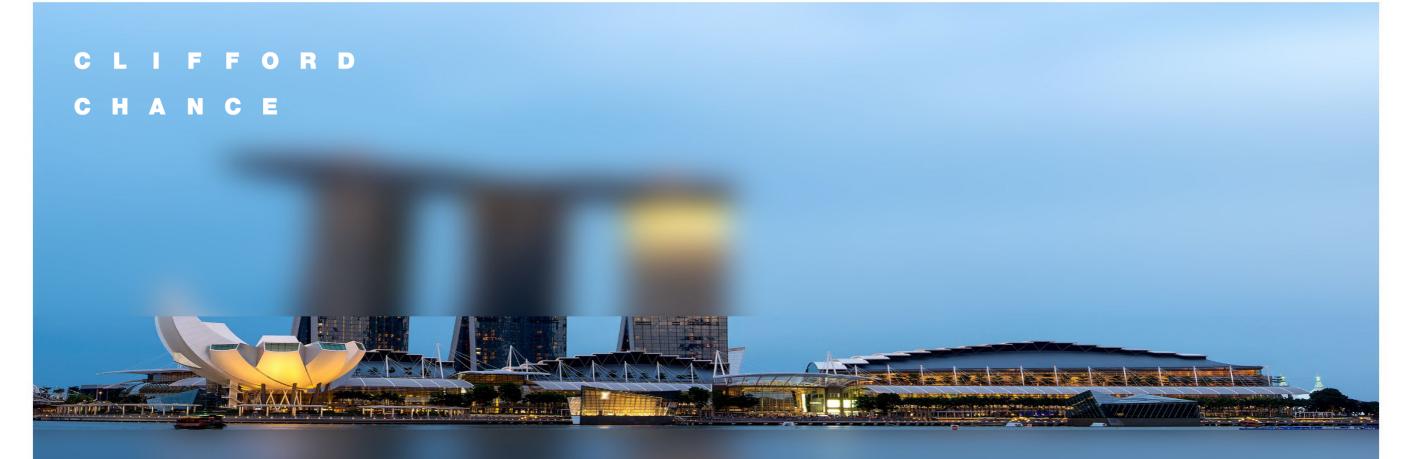
C L I F F O R D C H A N C E



FUNDAMENTALS OF PRIVATE CAPITAL AND M&A TRANSACTIONS SINGAPORE | WEDNESDAY, 4 SEPTEMBER 2024



PRIVATE CAPITAL: INTRODUCTION TO PRIVATE INVESTMENT FUNDS REBECCA LIU, ZONG HAN LOW AND NATASHA KIM SINGAPORE | WEDNESDAY, 4 SEPTEMBER 2024

PRIVATE CAPITAL: INTRODUCTION TO PRIVATE INVESTMENT FUNDS



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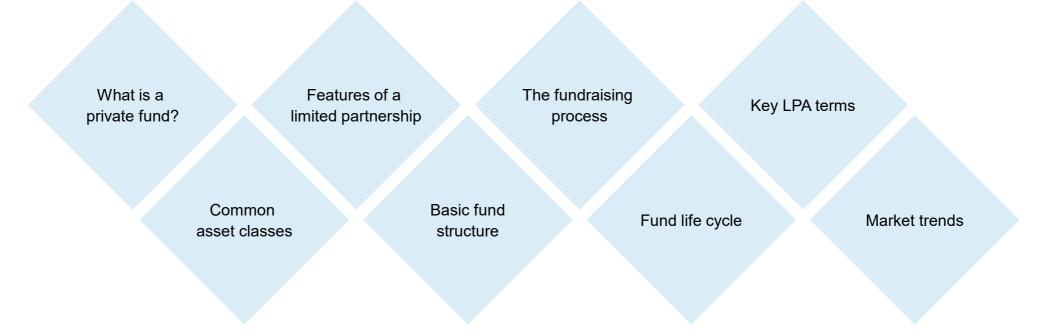
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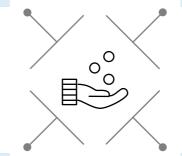
PRIVATE INVESTMENT FUNDS



WHAT IS A PRIVATE FUND? A PRIVATE FUND IS A:

Collective investment vehicle pooling capital from investors

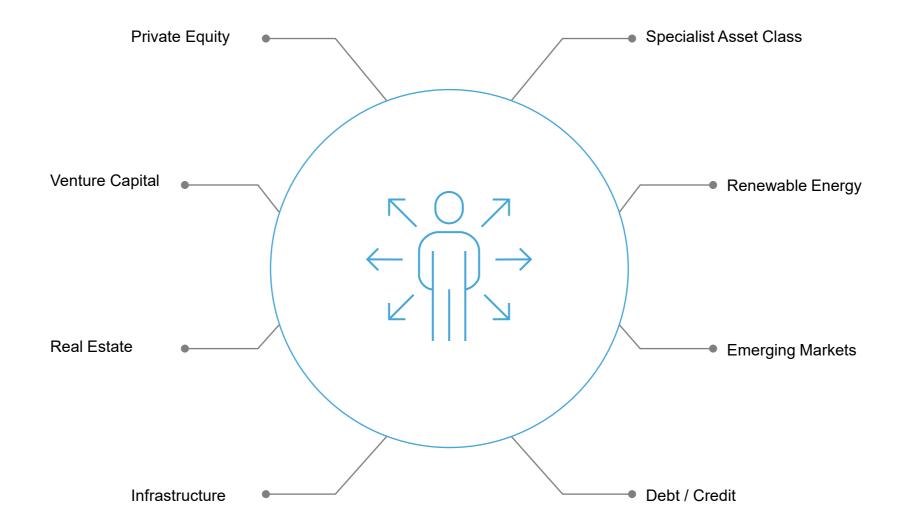
With a specific investment strategy / focus (e.g., sector, geography, asset class)



To make and manage investments

With the intention to generate returns

COMMON ASSET CLASSES



FEATURES OF A LIMITED PARTNERSHIP

1. Limited liability for investors (as not involved in day-to-day management)

2. Flexibility and ease of distributing profits (as compared to many corporate vehicles)

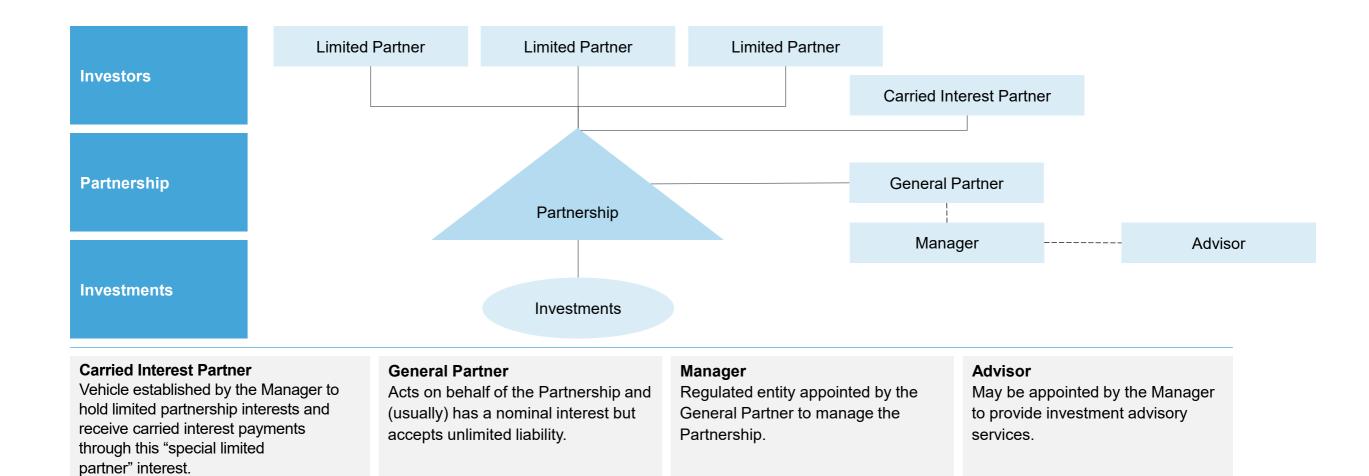
3. Tax transparency

4. Lighter-touch regulation (as compared to retail funds)

5. Limited public disclosure requirements

6. Investor familiarity

BASIC FUND STRUCTURE



THE FUNDRAISING PROCESS

Determine structure – tax, legal, regulatory and commercial advice

(Appoint placement agent)

Draft key terms of the fund

Draft marketing documents and complete verification process

Check and comply with marketing rules

Issue marketing documents

Draft constitutional documents

Carried interest/executive co-invest arrangements

Negotiations

First closing

More negotiations (with possible additional closings)

Final closing

Sometimes also involved in structuring

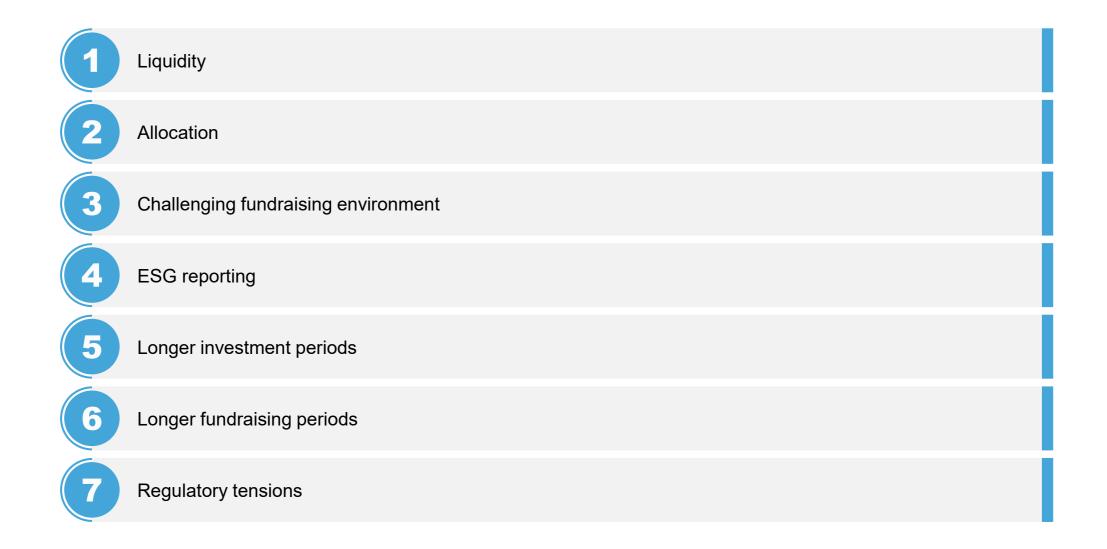
FUND LIFE CYCLE

Pre-closing Closing(s) **Post-closing** Sponsor: Investors subscribe to the fund Sponsor: • issues drawdown notices decides terms and structure of and make a "commitment". the fund to investors Sponsor accepts drafts and circulates subscriptions. sources and makes marketing materials and investments ensures regulatory compliance • monitors and manages negotiates constitutional investment portfolio documents. • exits investments • distributes proceeds to investors and carry (if any) to the Sponsor's team • terminates and winds up the fund.

KEY LPA TERMS

Key terms			
Alignment of interestCarry/waterfall	Governance Advisory Committee 	TransparencyFees and expenses	Other terms Equalisation
 Management fee Term of fund Fee income offsets Sponsor/team commitment 	 Key man provisions Investment team Investment strategy Fiduciary duty of general partner 	 Drawdown and distribution notices Disclosure related to general partner Financial information 	Investor givebackDefaultExcuse
Multiple product firms	 Changes to fund Termination and removal rights 		• • • • • • •

MARKET TRENDS



UPCOMING: CLIFFORD CHANCE ASIA FUNDS CONFERENCE



CELEBRATING THE 10TH ANNIVERSARY OF ASIA FUNDS CONFERENCE

Hong Kong, 10 September | Singapore, 12 September Clifford Chance Office

Keynote speakers:

- HK: Weijian Shan (Executive Director and Co-Founder, PAG and distinguished economist and author) and;
 Vivian Siu (Director, Hedge Fund Origination Sales, UBS and Formula 4 racing driver)
- SG: **Professor Kishore Mahbubani** (Distinguished Fellow, Asia Research Institute, NUS)

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