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C H A N C E

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

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## **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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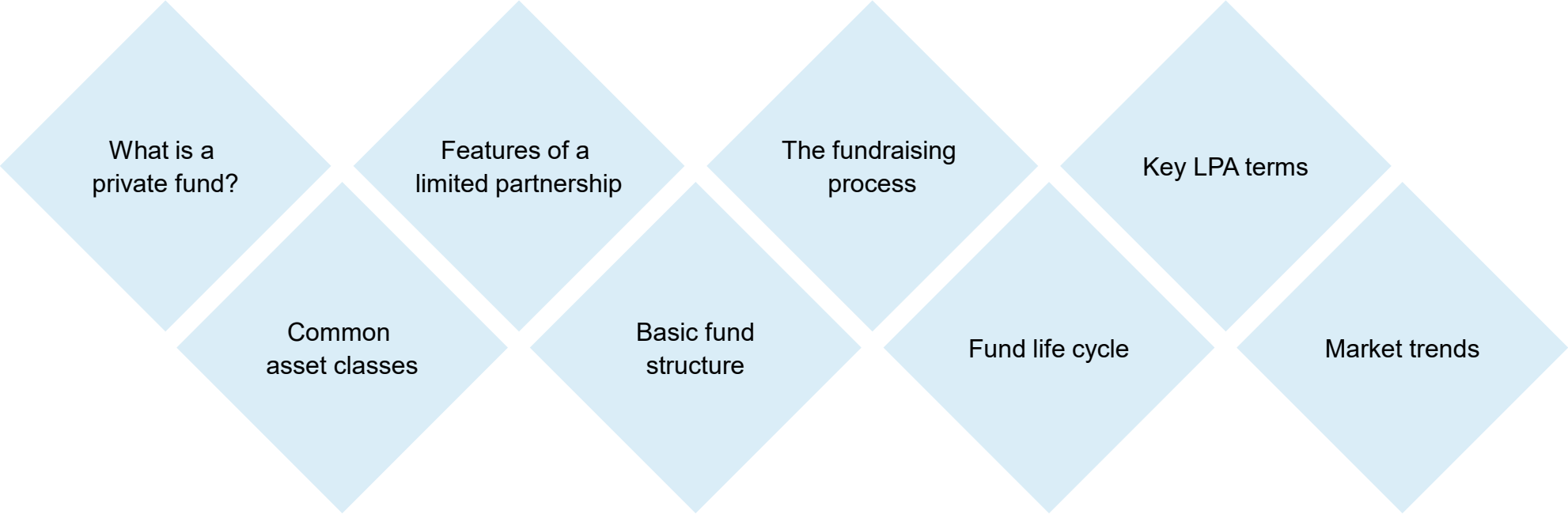
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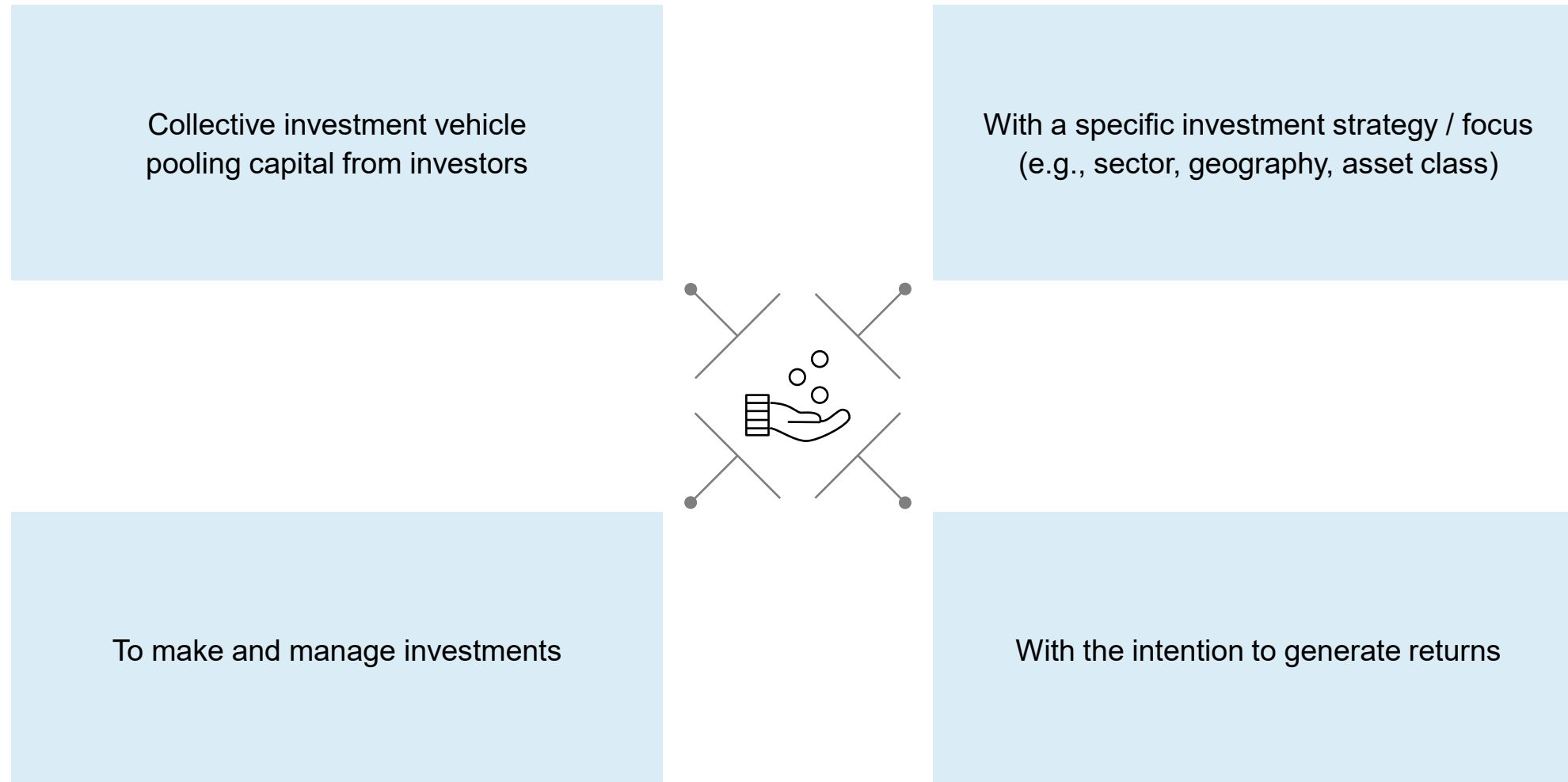
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# PRIVATE INVESTMENT FUNDS

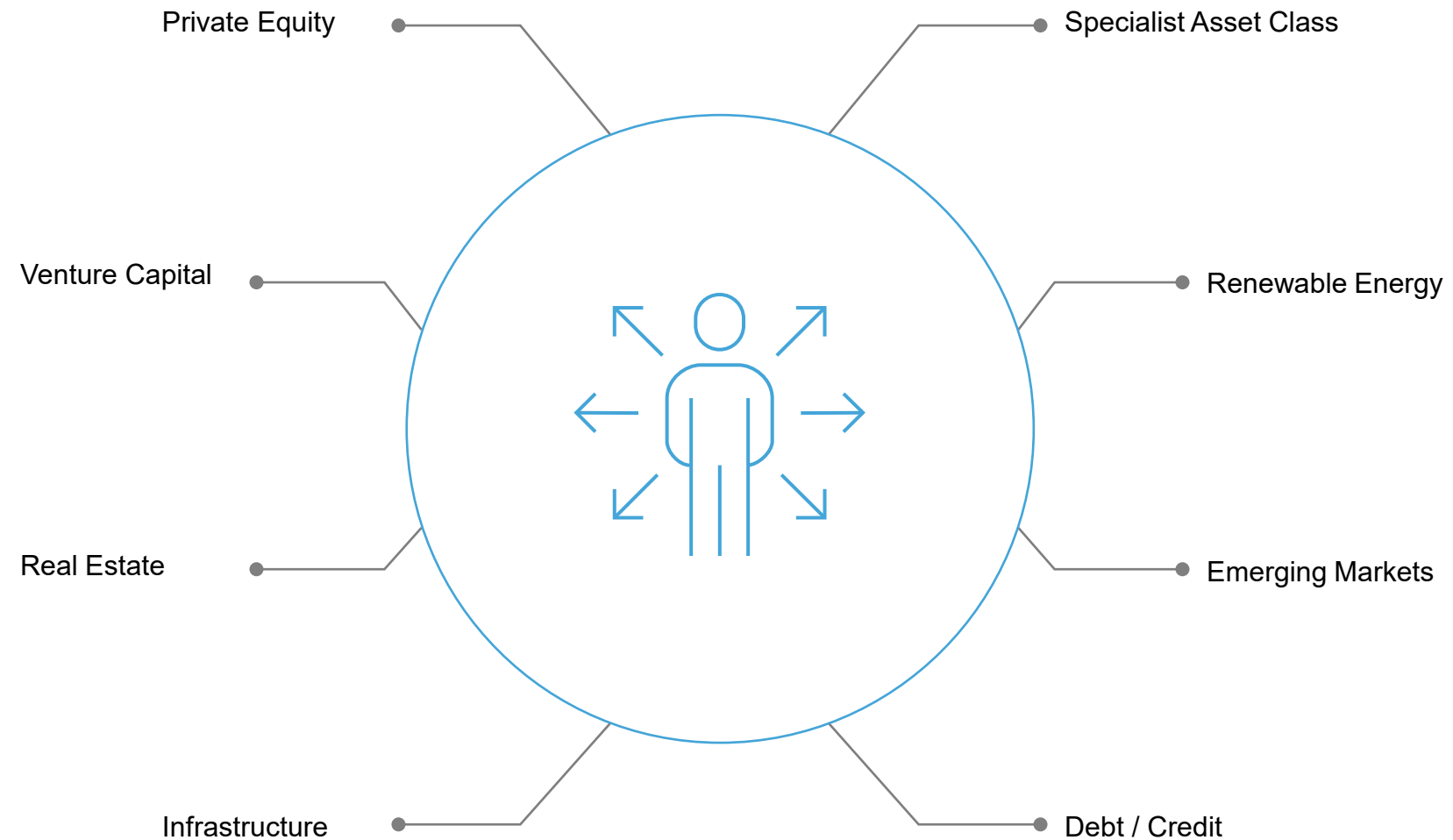


# WHAT IS A PRIVATE FUND?

A PRIVATE FUND IS A:



# 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)

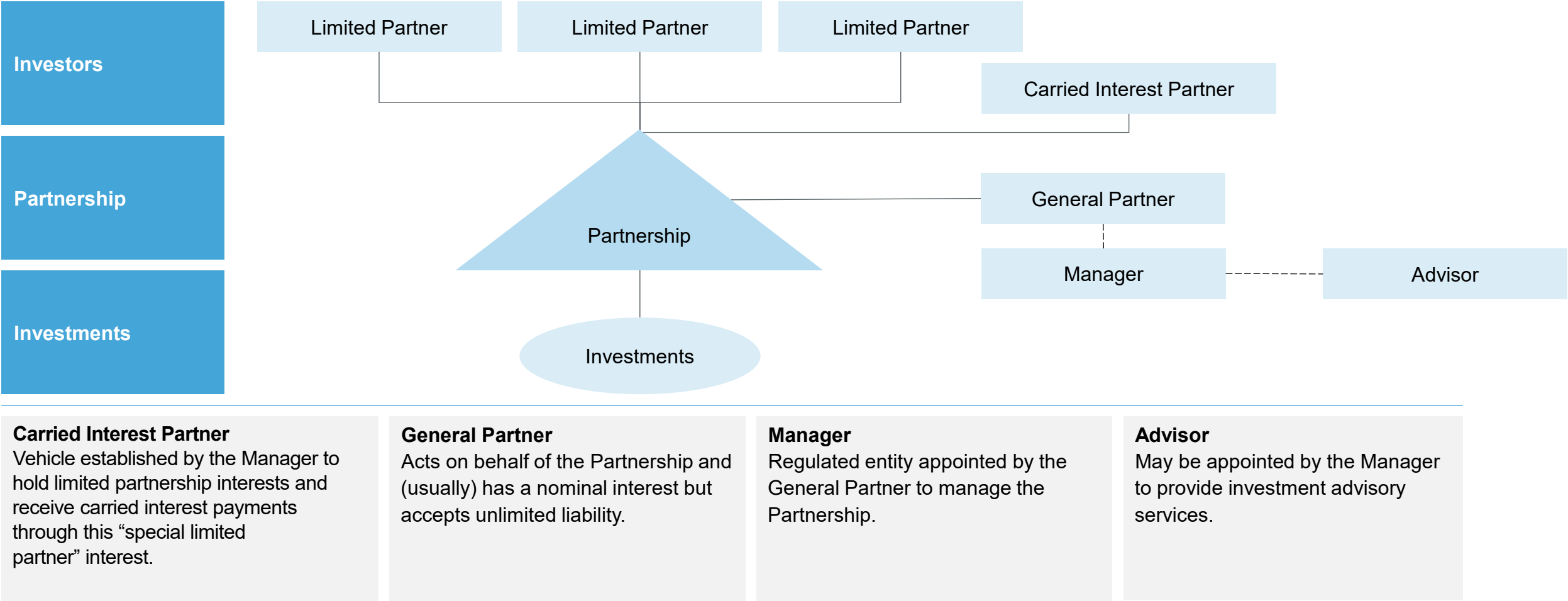
3. Tax transparency

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

5. Limited public disclosure requirements

6. Investor familiarity

# BASIC FUND STRUCTURE

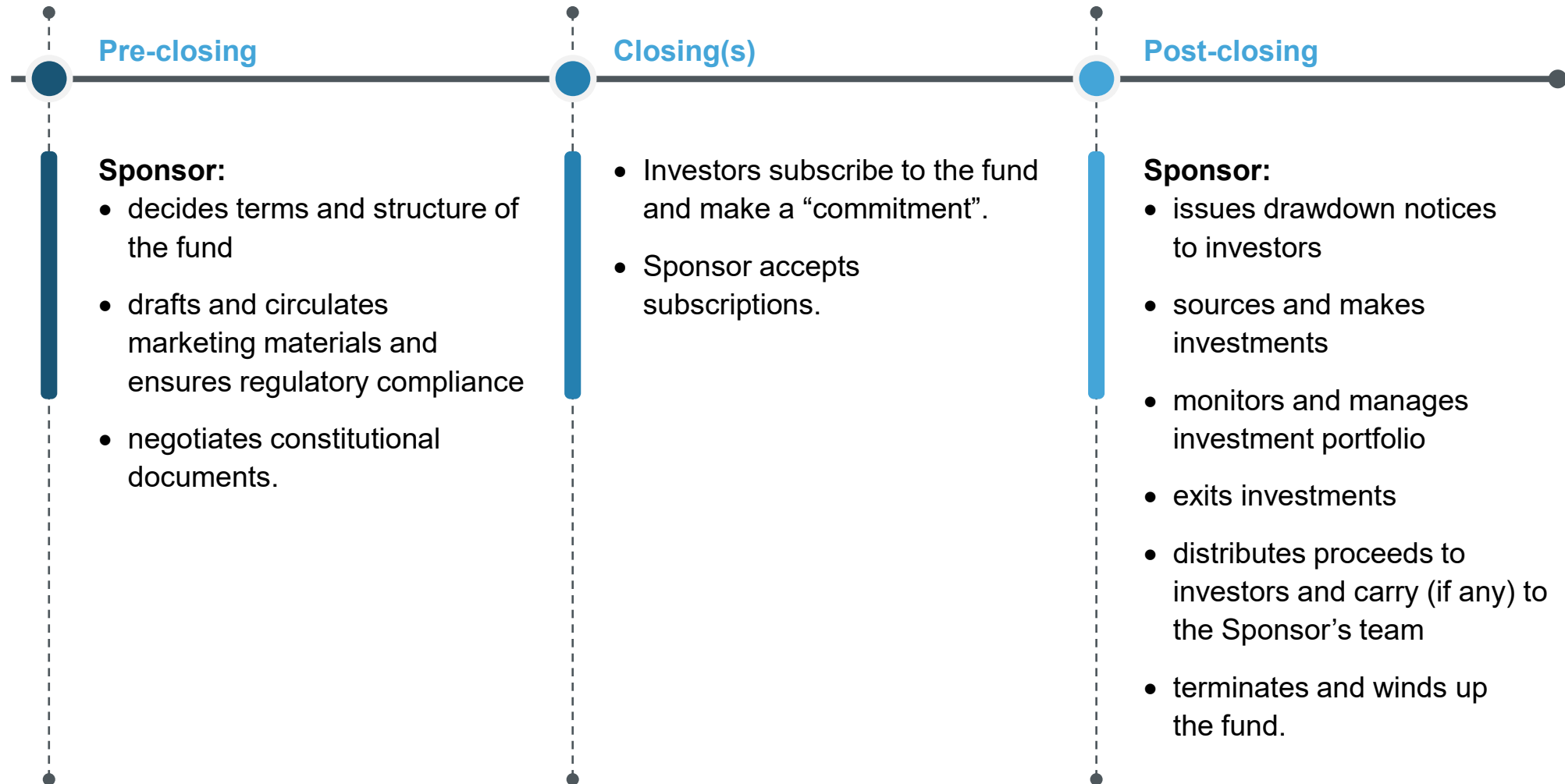





# THE FUNDRAISING PROCESS



# FUND LIFE CYCLE



# KEY LPA TERMS

<div>Key terms</div>			
<b>Alignment of interest</b> <ul style="list-style-type: none"><li>• Carry/waterfall</li><li>• Management fee</li><li>• Term of fund</li><li>• Fee income offsets</li><li>• Sponsor/team commitment</li><li>• Multiple product firms</li></ul>	<b>Governance</b> <ul style="list-style-type: none"><li>• Advisory Committee</li><li>• Key man provisions</li><li>• Investment team</li><li>• Investment strategy</li><li>• Fiduciary duty of general partner</li><li>• Changes to fund</li><li>• Termination and removal rights</li></ul>	<b>Transparency</b> <ul style="list-style-type: none"><li>• Fees and expenses</li><li>• Drawdown and distribution notices</li><li>• Disclosure related to general partner</li><li>• Financial information</li></ul>	<b>Other terms</b> <ul style="list-style-type: none"><li>• Equalisation</li><li>• Investor giveback</li><li>• Default</li><li>• Excuse</li></ul>

# MARKET TRENDS

- 1 Liquidity
- 2 Allocation
- 3 Challenging fundraising environment
- 4 ESG reporting
- 5 Longer investment periods
- 6 Longer fundraising periods
- 7 Regulatory tensions

## UPCOMING: CLIFFORD CHANCE ASIA FUNDS CONFERENCE



### CELEBRATING THE 10<sup>TH</sup> 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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