

# Performance Template Definitions

Gross Up Methodology

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## Gross Up Methodology

### Fund-Level Transaction Types

#### Capital Call: Total Amount

Call from fee-paying investors for any purpose (i.e., capital calls for investments, management fees, partnership expenses, etc., should all be included). Includes any deemed contributions that are partially or completely netted with distributions.

#### Capital Call: Investments

Call for investments into new or existing portfolio investments.

#### 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: 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.

#### 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: Total Amount**

Call from a fund-level subscription facility that is secured by the unfunded capital commitments of the private fund's investors and used for any purpose (i.e., drawdowns used to finance investments, pay management fees/partnership expenses, etc., should all be included).

**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.

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

A repayment of the principal amount of a fund-level subscription facility by the private fund to the lender. 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: 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.

## 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: Recalable

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

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

Return of capital previously called for portfolio investments that can be called again in the future.

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

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

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

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

**Distribution: Return of Excess Capital Called**

Return of unused capital called by the private fund from fee-paying investors (typically increases unfunded commitment).

**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).

**Gross Up Management Fees**

This transaction type should be used to account for management fees that have been paid by the private fund as well as management fees that have accrued, but have not yet been recognized.

*Gross Up Paid Management Fees:* Actual amount(s) of management fees paid by the private fund to the fund's management company. The effective date(s) should reflect the date(s) on which each payment was made. Required to accurately calculate the gross "with" and "without" performance metrics.

*Gross Up Accrued Management Fees:* Quarter-end adjustment needed to add-back management fees that have accrued, but have not yet been recognized, to the quarter-end NAV. Required to accurately calculate the gross "with" and "without" performance metrics.

**Gross Up Partnership Expenses**

This transaction type should be used to account for partnership expenses that have been paid by the private fund as well as partnership expenses that have accrued but have not yet been recognized.

*Gross Up Paid Partnership Expenses:* Actual amount(s) of partnership expenses paid by the private fund. The effective date(s) should reflect the date(s) on which each payment was made. Required to accurately calculate the gross "with" and "without" performance metrics.

*Gross Up Accrued Partnership Expenses:* Quarter-end adjustment needed to add-back partnership expenses that have been accrued, but not yet recognized, to the quarter-end NAV. Required to accurately calculate the gross "with" and "without" performance metrics.

### **Gross Up Fund-Level Subscription Facility Fees/Interest**

This transaction type should be used to account for fund-level subscription facility fees and interests that have been paid by the private fund as well as fund-level subscription facility fees and interest that have accrued but have not yet been recognized.

*Gross Up Paid Fund-level Subscription Facility Fees/Interest:* Actual amount(s) of fees/interest incurred from the use of fund-level subscription facilities paid by the private fund. The effective date(s) should reflect the date(s) on which each payment was made. Required to accurately calculate the gross "with" performance metrics as well as the gross and net "without" performance metrics. For the "without" calculation, fees/interest would not have been incurred had a fund-level subscription facility not been used. Therefore, adding back the amount paid to the "without" calculation effectively cancels out the portion of the capital call (paid-in amount) used for that purpose.

*Gross Up Accrued Fund-level Subscription Facility Fees/Interest:* Quarter-end adjustment needed to add-back any fees/interest incurred from the use of a fund-level subscription facility that have been accrued, but not yet recognized, to the quarter-end NAV. Required to accurately calculate the gross "with" performance metrics as well as the gross and net "without" performance metrics. For the "without" calculation, fees/interest would not have accrued had a fund-level subscription facility not been used. Therefore, adding back the amount accrued to the "without" calculation effectively cancels out the portion of the capital call (paid-in amount) used for that purpose.

### **Gross Up Unrealized Carried Interest**

Quarter-end adjustment needed to add-back carried interest that has been accrued, but not yet paid, to the quarter-end NAV. Required to accurately calculate the gross "with" and "without" performance metrics.

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

The amount of the fund-level subscription facility that has been drawn down 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 drawn down capital which has 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 (i.e., 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 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) - Gross Up 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.

Differing from the Granular Methodology, the Gross Up Methodology should take into account:

- i. All capital calls from fee-paying investors regardless of the use case (capital calls for investments, management fees, partnership expenses, etc., should all be included in the calculation.)
- ii. All distributions made by the Fund to its fee-paying investors.
- iii. Fees, expenses and performance-based compensation that are added back to the cash flow stream as outflows (positive values); the effective date for these transactions may be either the accrual date or the paid date, left to the discretion of the GP.

**Note:** When calculating the fund-level gross IRR, any fees or expenses paid before the date of the first capital call should be moved to the date of the first capital call.

- iv. The value of the fee-paying investors' share of the quarter-end NAV. Any accrued, but not yet paid fees, expenses and carry should be added to the quarter-end NAV.

## Gross TVPI (Fund Performance Table) - Gross Up Methodology

The fund-level gross multiple calculated using the Gross Up Methodology is referred to as the 'Gross TVPI' as this is a more accurate reflection of the values captured in the denominator of the multiple (i.e., all paid-in capital is captured in the denominator).

The Grossed-Up Gross 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; and
- ii. The value of all distributions made by the illiquid fund to its fee-paying investors; and
- iii. The value of all fees, expenses and carry accrued or paid by the illiquid fund attributable 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 Gross TVPI 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 Total 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).