**ChatGPT said:**

Here’s the enhanced **Section 8 – Fund Terms & Alignment** prompt incorporating additional depth from the Townsend IC memo, while retaining all the existing sub-criteria you provided:

**Section 8 – Fund Terms & Alignment (Fully Enhanced TURF + Townsend Depth)**  
**Evaluation Grade:** ☐ Very Positive ☐ Positive ☐ Neutral ☐ Negative ☐ Very Negative

**Instructions:**  
For each sub-criterion below, present:

* **Narrative paragraph** (Townsend IC memo tone: fact-driven, no marketing language).
* **Tables/charts** comparing proposed terms to peer fund averages for the same vintage, strategy, and size.
* **Scenario analysis** where applicable (e.g., effect of fee structures on net returns).
* Highlight any **LP-unfriendly terms** or deviations from industry standards, including rationale provided by GP.

**Sub-Criteria:**

1. **Management & Carry Fees**
   * Percentages, basis point structure, and competitiveness vs. peers.
   * Include whether management fees step down post-investment period.
   * Compare carry % and hurdle rate to industry norms.
2. **Waterfall Mechanics**
   * Detail European vs. American waterfall; highlight fairness and LP risk implications.
   * Identify presence of true-up provisions, catch-up mechanics, and clawbacks.
3. **GP Commitment & Co-Invest**
   * GP’s capital commitment % of total fund.
   * Co-investment rights for GP and team.
   * Compare GP commitment level to peers for alignment.
4. **Fee Offsets & Transparency**
   * Identify any management fee offsets from transaction, monitoring, or other fees.
   * Specify caps, and whether offsets are 100% or partial.
   * Note transparency in fee reporting and audit process.
5. **LP Protections & Side Letters**
   * Key person provisions, no-fault divorce, removal rights.
   * Most-favored-nation clauses and enforceability.
6. **Co-Invest Optionality**
   * Frequency of co-investment opportunities in prior funds.
   * Allocation methodology and whether offered pro-rata to LPs.
   * Historical co-invest performance vs. fund performance.
7. **LP Liquidity Rights**
   * Secondaries provisions, redemption rights, and transfer restrictions.
   * Gates or suspensions allowed under LPA.
8. **NAV Calculation**
   * Frequency, independence of valuation provider, methodology transparency.
9. **Pre-ID Asset Disclosure**
   * Transparency and level of detail in disclosing seed or early-stage deals.
   * Whether underwritten metrics are provided pre-close.
10. **Co-Invest Economics**
    * Impact of co-investment on promote dilution for main fund LPs.
    * Analysis of whether economics are LP-friendly or GP-favoring.
11. **Expense Policy Clarity**
    * Specificity in which costs are borne by the fund vs. the GP.
    * Treatment of organizational expenses, broken deal costs, and travel/overhead allocations.
12. **Tax Efficiency & Structuring**
    * GP’s approach to optimizing after-tax returns for a diverse LP base (domestic vs. offshore).
    * Use of blockers, feeders, and whether tax leakage is modeled.
13. **Term Length & Extensions**
    * Base term and extension mechanics; compare to industry standards.
    * LP approval rights over extensions.
14. **Fundraising Concentration Risk**
    * Degree of dependence on anchor investors or a concentrated LP base.
    * Implications for governance and negotiating leverage.

**Wrap-Up:**  
3–4 bullet summary of material LP-friendly and LP-unfriendly terms.  
Preliminary Section Rating: [Rating] — [Justification].