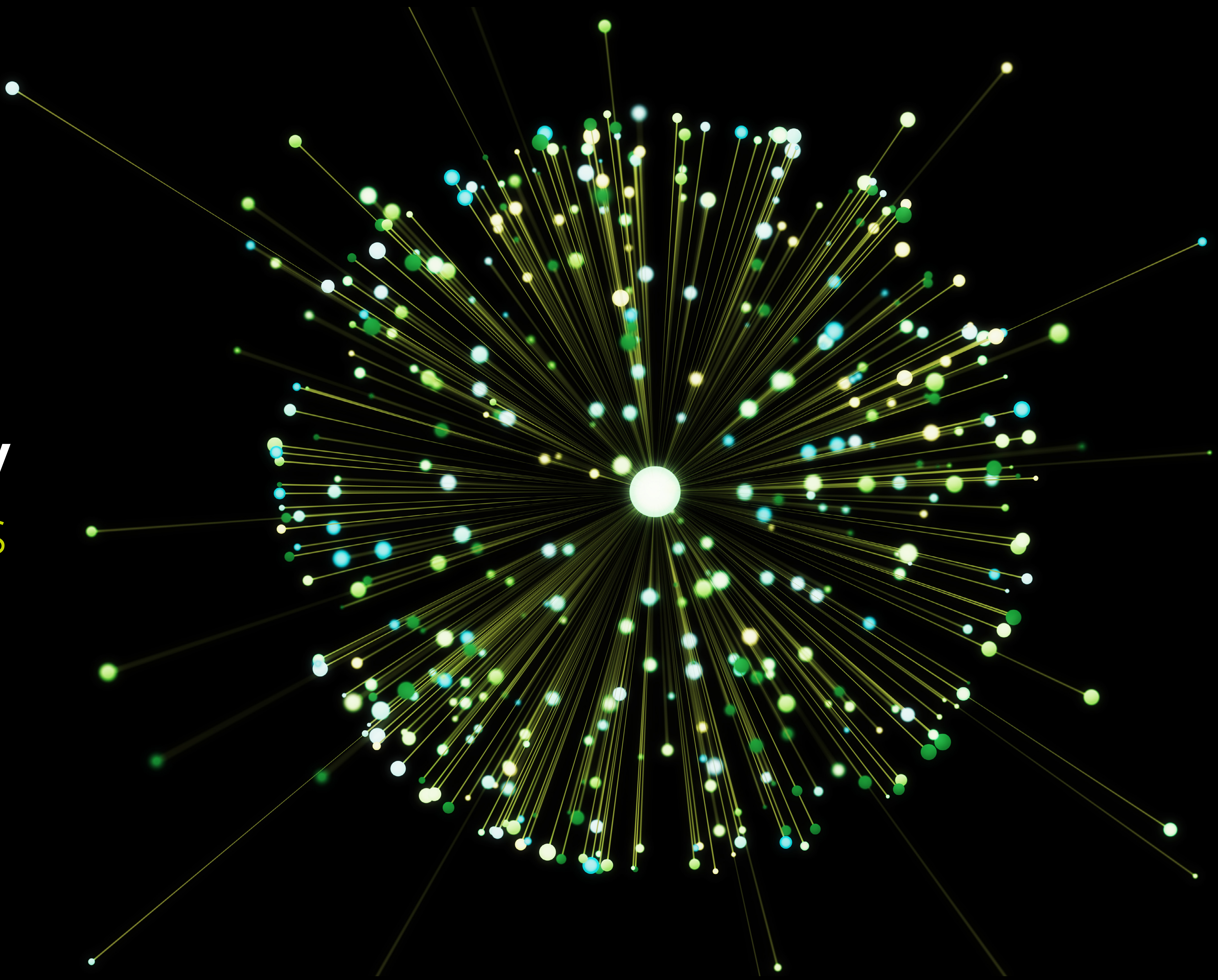
Deloitte.

Deloitte Private Equity

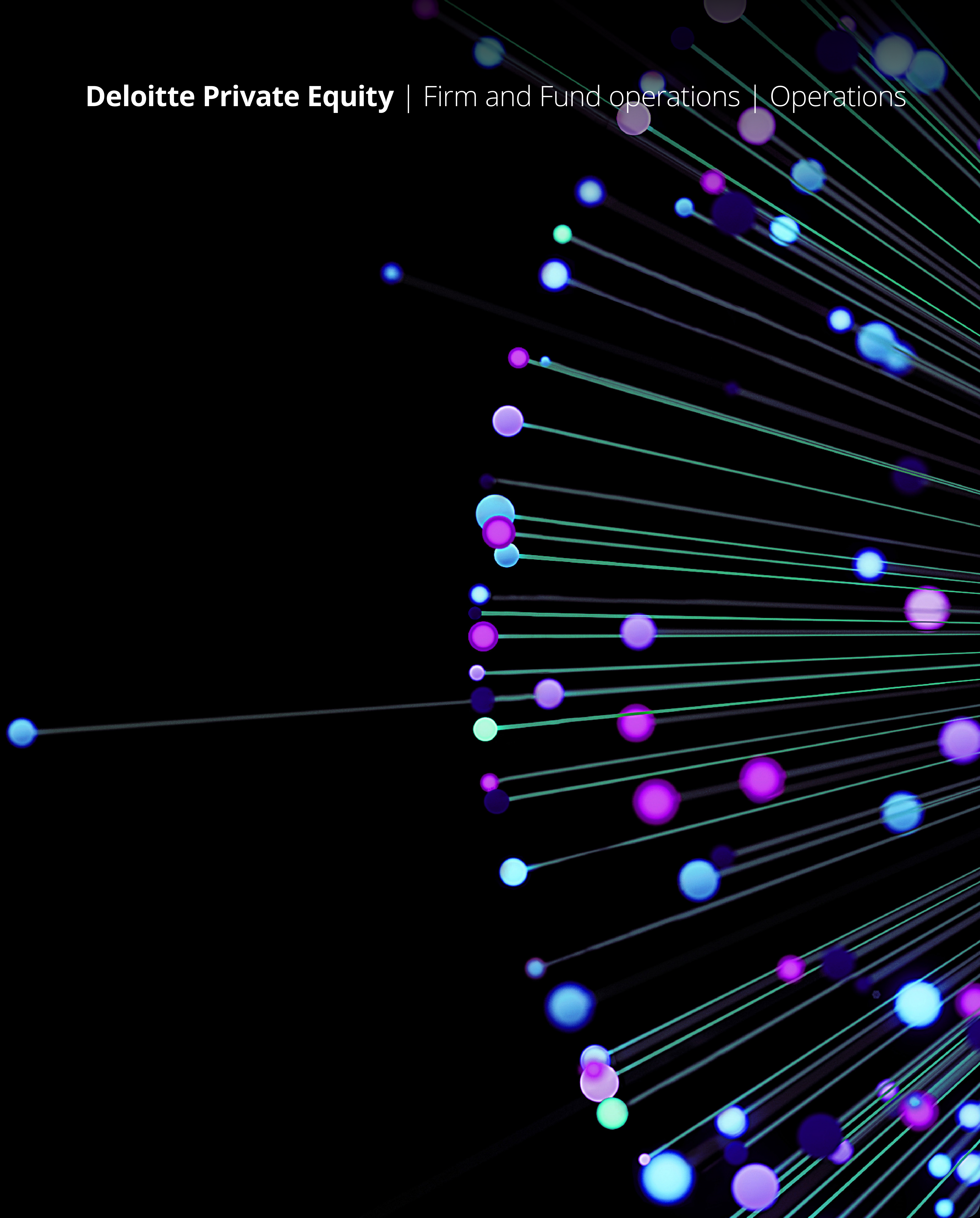
A greater return on ideas



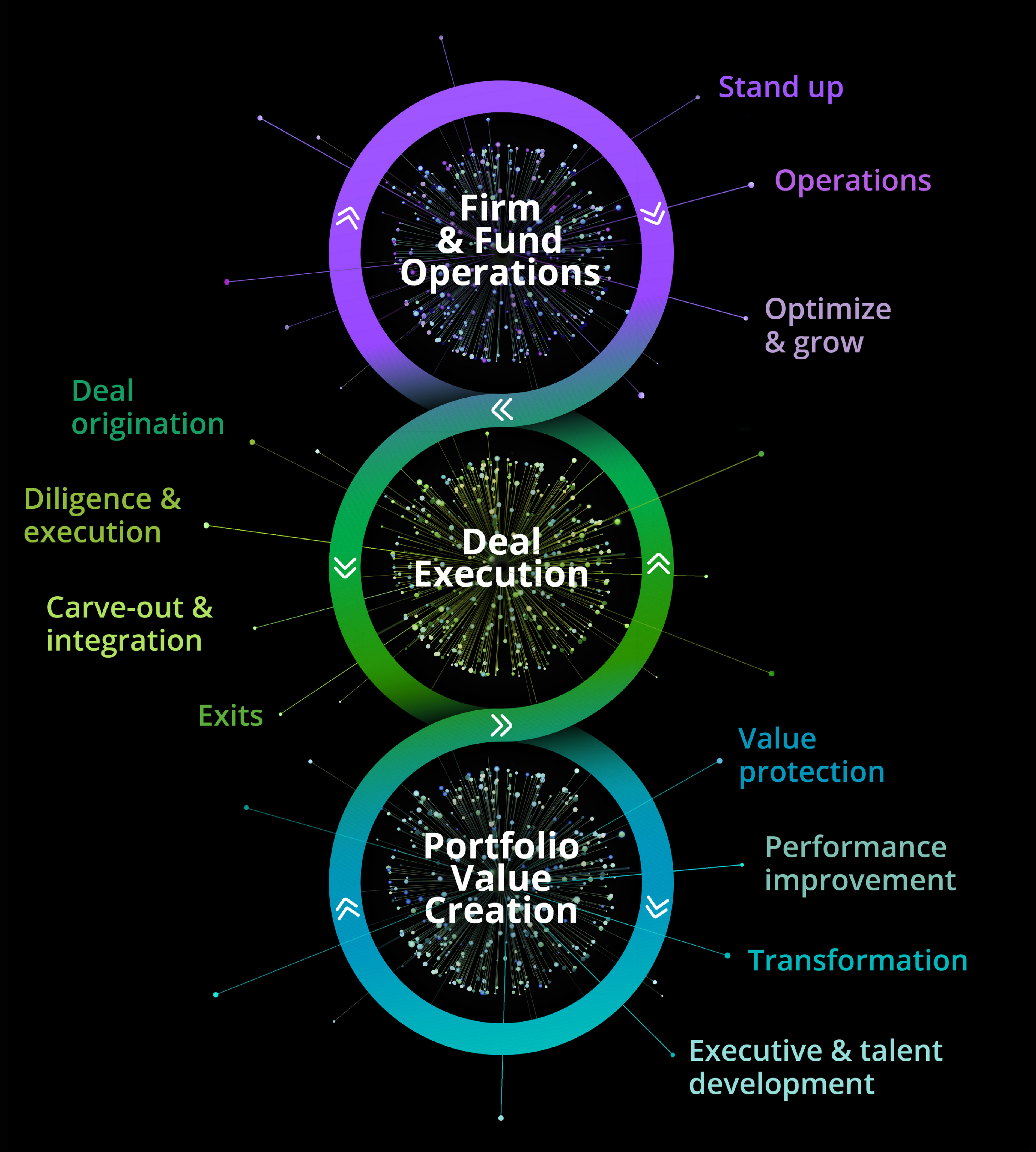
Firm and Fund Operations

Operations services

Contents



Introduction



Delivering value – how we support PE firms and their portfolio companies across every stage of the lifecycle.

Our global network of practitioners support private equity firms and their portfolio companies in delivering greater returns across every stage of the investment lifecycle. We apply a proven, global, and multidisciplinary model to deliver fully integrated solutions that bridge the gap between strategy and execution – combining technical expertise with business acumen and industry-specific knowledge.

By clicking on the icons on this page you will be able to access an overview of our services across all areas of private equity. We hope you find this information helpful, and we would be delighted to speak with you should you have any questions or require further information. Please feel free to get in touch with the key contacts for the services you require.

Our Private Equity Leaders

Global
Emma Cox
ejcox@deloitte.co.uk

United States
Bryant Huber
mehuber@deloitte.com

EMEA
Karsten Hollasch
khollasch@deloitte.de

United Kingdom
James Clare
jclare@deloitte.co.uk

Canada
Mark Jamrozinski
mjamrozinski@deloitte.ca

Asia Pacific
Dwight Hooper
dwhooper@deloitte.com.hk

Asia Pacific
Satoshi Sekine
satoshi1.sekine@tohmatsu.co.jp

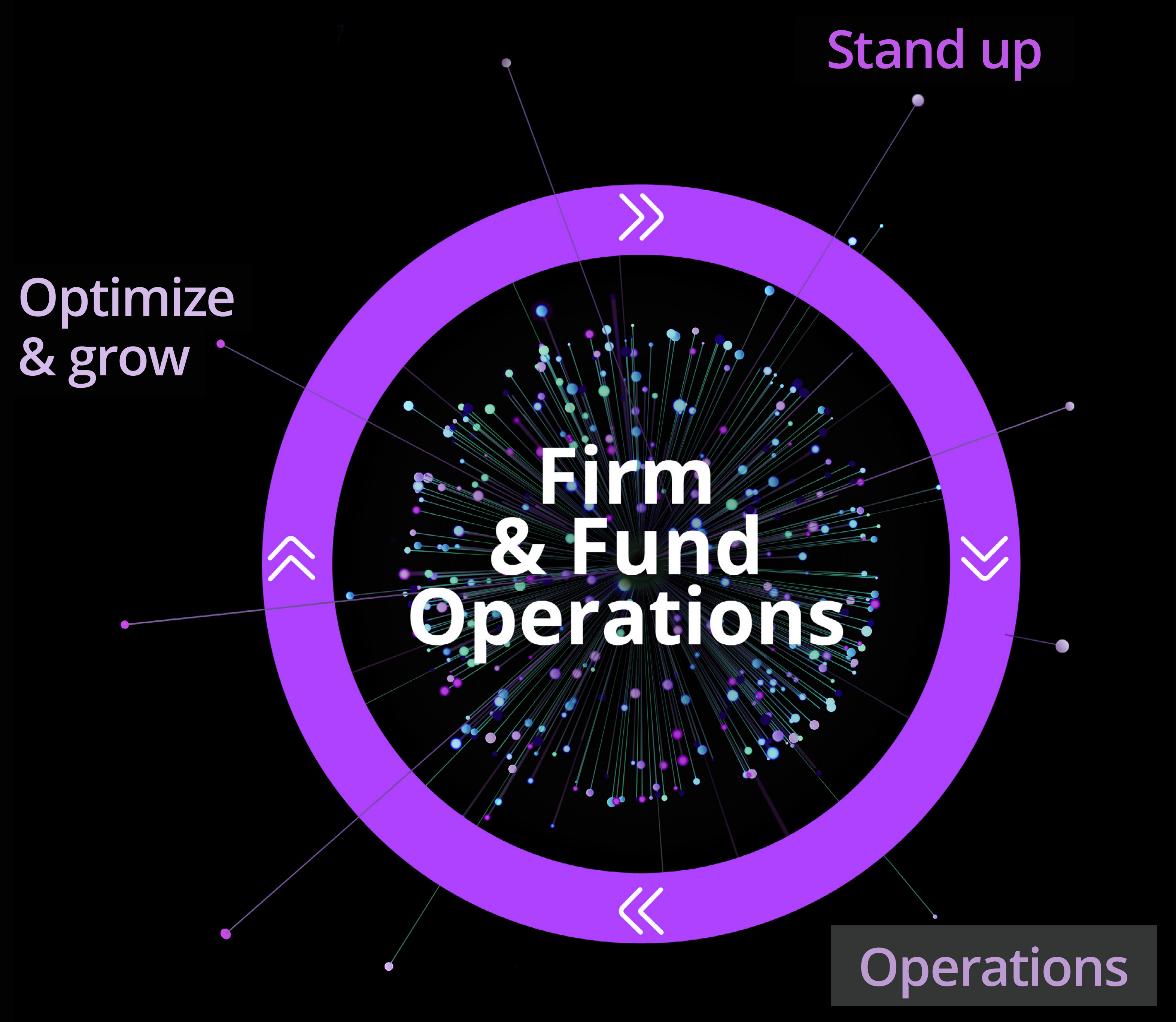
Deloitte Private Equity
A greater return on ideas

www.deloitte.com/privateequity

Firm and Fund Operations overview

Supporting private equity firms to realize and unlock value through structuring, strategies, and transformation throughout their lifecycle.

Within this document, you will find the details for our Operations services. To find out more on Deloitte's wider service offering in Firm and Fund operations, click on the service icons below.



- **Stand up services:** designing optimal structures aligning to the key strategic objectives for owners, investors, and teams – discover more here.
- **Operations services: driving efficient operations that successfully manage risk and leverage innovation and technology. For further information, read on.**
- **Optimize and grow services:** transforming operations, reporting, and data analytics to support growth – discover more here.

Operations services

Driving efficient operations that successfully manage risk and leverage innovation and technology.

Our dedicated private equity teams can support you with:

01 Firm and fund audit	**02** Internal audit	**03** Fund investor tax reporting	**04** Investor reporting	**05** Carry and co-invest reporting	**06** Global Information reporting – FACTA and CRS	**07** Personal and family office tax	**08** Fee and waterfall calculations
09 Carry and reward administration	**10** Fund and portfolio dashboards	**11** Portfolio valuation services	**12** Fund finance advisory	**13** Alternative legal services	**14** ESG advisory	**15** Management group advisory	**16** Cyber

01

Firm and fund audit

Financial audits play a crucial role in providing credibility to financial statements, regulatory compliance, and underpin the operational success and reporting for Private Equity Firms and Funds. A leader in the market, Deloitte is the external auditor for some of the largest private equity firms in the world, working with many since their inception and during their most strategic moments, including the journey to raise permanent capital. Drawing on the breadth and depth of this experience, we provide advice and audit services to private equity firms at any stage in their lifecycle and regardless of asset class diversification, including such funds as traditional private equity, real estate, impact, credit, and infrastructure.

How we can support

- Fund and management company financial statements audit
- Internal controls assurance reporting
- Valuation governance
- Carried interest verification and model assurance
- Accounting advisory including implementation of new standards
- ESG reporting gap analysis and third-party assurance

02

Internal audit

Internal audits act as a proactive tool to systematically evaluate and improve the effectiveness of risk management, control, and governance processes across all areas of a private equity firm or fund. Deloitte delivers a wide range of internal Audit and Assurance services across all areas of the business, including regulatory, conduct, operations, IT, and operational resilience. To meet the increased emphasis on early assurance in areas of regulatory change, our practitioners globally have strong experience with ESG reporting and greenwashing, operational resilience, private investment valuations, liquidity, and regulatory reporting as well as a focus on conduct, culture, and governance. Our member firm PE practices help in-house internal audit teams prepare for a continually changing environment, developing the auditors and internal audit functions of the future.

How we can support

- Financial crime compliance (e.g., processes and controls)
- Operational resilience
- Investment and valuation governance and internal controls
- Risk management framework assessments
- Processes for treating customers fairly
- Third-party oversight

03

Fund investor tax reporting

Private equity firms bring together investors from multiple jurisdictions—some with their own tax reporting needs or specific statutory reporting requirements. And it is increasingly common for investors to request tax information in order to facilitate the preparation of their own tax returns. We have extensive experience preparing fund level tax reporting information as well as tax information reports for investors across jurisdictions and the full range of private capital asset classes. Whether the fund is structured as a partnership, corporate, or other entity, or the investors are individuals or corporates investing in private equity, credit, infrastructure, or secondaries, we are able to prepare the tax information required. Our services are technology enabled and are delivered using an interactive portal to share information and deliverables and enable the easy tracking of work status.

How we can support

- Fund level tax reporting
- Tailored investor tax reports (e.g., unrelated business tax income for tax exempt investors)
- Assistance with required tax withholding for investors
- Coverage of multiple jurisdictions, including the United States, Germany, the United Kingdom
- Advice on investor reporting requirements and on side letter provisions addressing tax reporting requirements
- Coordinated approach covering all jurisdictions, across all reporting services
- Interactive portal for sharing information, status, and final deliverables
- Market leading tax technology to assist with investor allocations, automate the process in tiered partnership structures common in private equity, and summarize the tax impact of interests in multiple fund vehicles

04

Investor reporting

Through systematic investor reporting, private equity firms can cultivate positive relationships with investors, offering them the transparency and insight required in today's competitive market scenario. We provide end-to-end services covering the entire cross-border distribution value chain, working globally with our private equity clients to help empower their fund distribution capabilities, enhance their product development strategies, and provide their investor base with quality regulatory reports. Our operating model is designed to optimize user experience by creating synergies via a single data capture/enrichment process and by repurposing data to feed multiple services.

How we can support

- Solvency II
- Capital Requirements Regulation (CRR)

05

Carry and co-invest reporting

The rules governing the taxation of carried interest and co-investment can vary by jurisdiction and it is important to make sure that the proper rules are applied, the right tax treatment is adopted, and the relevant information is provided to carry participants. Deloitte's proprietary software is designed to generate tax information for carry and co-invest participants, easing the time needed to spend on their annual tax return filing process and reducing questions for in-house tax/finance teams. Deloitte's approach and processes are tailored to any arrangement, whether straightforward or the most complex of fund structures.

How we can support

- Classification of transactions for tax purposes
- Application of the carry tax rules to carry returns
- Determination of taxable allocations in line with LPA
- Advice on information to reduce questions from carry and co-invest participants
- Advice on double tax relief claims
- Reconciliations and review packs to facilitate internal checks
- Assistance with delineating capital and profits interests and analysis of holding period for applicable partnership interests

06

Global information reporting – Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS)

Private capital funds bring together multiple types of investors from multiple jurisdictions. Automatic Exchange of Information ("AEOI") regimes, such as US FATCA and the OECD Common Reporting Standard, require annual reporting to local authorities at all levels of the fund structure on the type of investor, their tax residency, and the size of their investment. At Deloitte, our practitioners have extensive experience with these rules around the globe and can provide comprehensive support to ensure efficient compliance. Our services are technology enabled and are delivered using an interactive portal to share information and deliverables and enable easy tracking of work status.

How we can support

- End-to-end compliance solutions from onboarding to reporting
- External reviews to identify gaps in compliance programs
- Advice on impact of rules and establishing processes
- A team with worldwide reach with the ability to support in all jurisdictions
- Technology-enhanced engagements with interactive dashboards and workflow
- Experience in responding efficiently to tax authority enquiries and audits

07

Personal and family office tax

There is an increasing focus by tax authorities on fund executives which, coupled with ever-evolving tax legislation and case law, it is vital to ensure that appropriate personal tax advice is taken and that any planning is correctly reflected on an individual's tax return. Deloitte practitioners are experienced in handling the personal tax affairs of senior executives, who often have complex and multi-jurisdictional arrangements. Deloitte practitioners understand the nuances associated with participating in fund structures and can draw upon the Deloitte network to offer both compliance and advisory support through a single point of contact.

How we can support

- Assistance with personal tax returns
- Preparation of robust tax return disclosures
- Working with other jurisdictions to optimize the global tax position and claim foreign tax credits (particularly in the United States and United Kingdom)
- General personal tax advice (e.g., income tax, capital gains tax, inheritance tax)
- Residence and domicile planning
- Investment structuring and transaction analysis
- Advising on trust structures and other vehicles
- Long-term wealth planning
- Tax aspects of unique asset classes (aircraft, ships, artwork, etc.)

08

Fee and waterfall calculations

Private equity firms are facing growing regulatory and margin pressure while investors are seeking greater transparency around fees and investments. We have worked with investment managers and fund administrators on large programs that include highly negotiated fee agreements, producing aggregate dashboards and detailed reports for internal stakeholders and statements for investors. We can provide and operate as a service Cascade Suite, a United States-licensed tech platform that's scalable, flexible, efficient, and auditable for data transfer, complex calculations/allocations, evaluating scenarios, approvals/workflows, and for producing statements and dashboards around performance and fees.

How we can support

- Private equity waterfalls, including hurdle rates and preferred return, catch-up, and promote calculations
- Management and incentive fees and partner allocations for open and closed ended funds, real estate JVs, and separately managed accounts
- Performance calculations, including multiples (MOIC) and gross and net internal rates of return (IRRs)
- Highly automated administrator oversight and reconciliation around distributions and quarterly close
- Fund reporting including NAV packs, partner capital accounts, capital calls, distributions notices
- High fidelity "what if?" analyses around investment and fund performance

09

Carry and reward administration

As investment managers grow, they face increasing challenges with engaging their talent and administering their carry, coinvest, and compensation programs. Deloitte's carry and rewards platform, built on Cascade Suite, includes an administration portal to facilitate efficient, automated, and controlled operation of carried interest, co-investment, incentive, and rewards plans as well as an employee portal to bring a comprehensive and intuitive view of wealth creation at employees' fingertips. Integrated with HR systems, the platform can significantly reduce administration effort per fund/plan and improve employee satisfaction.

How we can support

- One-stop-shop for employees and administrators around carry, coinvest, and reward calculation and reporting
- Highly configurable and white labeled cloud-based technology platform accessible 24/7 on phone, tablet, or computer
- SaaS solution with optional managed service to operate plan administration and communications on go-forward basis

10

Fund and portfolio dashboards

Management, regulatory, and limited partner demands for information are becoming more frequent and sophisticated. Requirements ranging from strategic planning, fundraising, and servicing LP requests to monitoring the health of the portfolio often require an army of resources across functions to obtain data from spreadsheets, databases, and often siloed systems. Deloitte's deep private equity experience across business capabilities (deal and portfolio management, value creation, finance, investor relations, technology, and data) coupled with the breadth and depth of the ecosystem of partners and alliances, positions us to help enable private equity firms to build capabilities for data solutions and reporting dashboards.

How we can support

- Operating model review
- Identification of financial and operational KPIs required to be tracked at fund and/or portfolio level
- Gap analysis for data required for dashboards, understanding needs from internal and external stakeholders
- Design and implementation of data ingestion capabilities and cloud infrastructure via ecosystem partners and alliances
- Design and implementation of integrated architecture across tech stack to enable dashboards
- Design and implementation of digital, self-service reporting dashboards

11

Portfolio valuation services

Complexity and scrutiny from regulators, auditors, and investors is accelerating for private equity investment managers. We bring informed valuation perspectives across all asset classes to equip clients in navigating the ever-evolving marketplace. By aligning specialists, innovative technologies, and deep valuation knowledge, we can offer sustainable valuation solutions that match the pace of shifting demands to provide real-time analysis and portfolio insight. As one of the world's largest valuation groups, we help clients meet increased demands and spend more time holistically viewing their portfolio of investments, addressing current market volatility, and preparing for future challenges and opportunities.

How we can support

- Increased portfolio manager capacity to focus on value-add activities
- Streamlining the valuation process to drive efficiency and effectiveness
- Scaling, flexing, and adapting resources to valuation needs, driven by our worldwide team of 3,000 practitioners with deep industry and product experience
- Reducing operational, regulatory, and audit risks
- Efficiently providing reliable, transparent, and replicable valuations and promote risk governance
- ValueD™, Deloitte's proprietary technology utilized to manage data, workflows, client reporting requests, and changes within a client-accessible interface

12

Fund finance advisory

Private equity firms and funds often enlist the support of fund finance advisory services to navigate the complex landscape of fund-level financing. With over 300 debt practitioners globally, we provide independent advice to borrowers across the full spectrum of debt markets. We focus on the fund finance market, drawing on more than 40 years of combined sectoral experience to advise CFOs and FDs on the fund-level financing options available to them in such areas as subscription finance, NAV finance, and GP financing solutions.

How we can support

- NAV finance
- Subscription finance/capital call lines
- Continuation vehicles
- Hedging

13

Alternative legal services

Legal complexities and regulatory compliance can be critical in private equity and legal support should be adaptable using technology-driven services, flexible legal staffing, and tailored legal project management. Our practitioners work together to provide coordinated legal business services around the world. We offer legal teams a network of global resources, including multidisciplinary capabilities, technological leadership, and deep experience in transformation and change management. These services are provided around critical areas of the legal function and are performed utilizing a range of technology-enabled solutions to introduce automation and maximize efficiency and efficacy.

How we can support

- Litigation support and investigations
- Contracting, including contract management (CLM), extraction, rationalization, and simplification
- Recurring legal managed services (i.e., co-sec, M&A transaction support, marketing, and external communication)
- Legal management consulting (i.e., legal process engineering, legal technology, regulatory change)
- Deloitte Legal (non-US legal counsel as a service)

14

ESG advisory

Regardless of industry or geography, private equity firms and their investors are facing dynamic and interconnected ESG challenges such as climate change and biodiversity loss. Deloitte's ESG advisory services delivers outcomes and creates value for private equity firms and their portfolio companies, focusing on: compliance and preparedness for existing and future ESG regulatory and reporting requirements as well as addressing greenwash risk; strategies to achieve internal objectives, regulatory compliance, improved operational performance, and informed decision-making; and performance optimization by collecting, tracking, and analyzing ESG metrics through appropriate reporting mechanisms and communications.

How we can support

- ESG strategy and target development
- ESG regulatory preparedness and reporting
- Climate risk management and climate scenario analysis
- Decarbonization and transition planning
- ESG integration into investment lifecycle
- ESG data solutions and management
- ESG training and capacity building

15

Management group advisory

Management groups within private equity firms need to navigate myriad operational and strategic challenges that are bespoke to the private equity industry. Deloitte groups work closely with private equity firms to help them manage tax and regulatory risk. We have significant experience with these challenges across management groups of all sizes, spanning from day-to-day advice on employee mobility, carry/co-invest, group transactions, and fee flows to strategic matters like geographical expansion and the impact of new tax legislation.

How we can support

- Global tax advice, including employment tax, permanent establishments, VAT, Pillar II, and transfer pricing
- Multi-jurisdictional carry and co-investment advice
- Tax advice in relation to internationally mobile executives, including income tax, social security, tax equalization, and personal tax compliance
- Tax, structuring, and regulatory advice for diversification, including the expansion into new strategies, geographies, and investor types
- Tax, structuring, and regulatory advice for group IPOs and M&A activity
- Tax, structuring, and debt advisory services for group financing
- Regulatory advice
- Accounting advice
- Immigration services
- Employment law services
- Legal entity incorporation and management services

NAVIGATION

Back to contents | **Contents**

16

Cyber

The rapid evolution of digital landscapes has led to mounting pressure on organizational cybersecurity. The imperative to manage cyber risks, maintain organizational security, meet increasing business demands, and adapt to emerging threats places cyber teams in a persistent, high-stress environment. Resilience is the most valuable asset for an organization in today's increasingly complex world. We advise, implement, and operate a comprehensive portfolio of cyber solutions and services to suit clients' current industry/sector requirements and enterprise-wide needs, anticipating and preparing for the cyber risks of the future.

How we can support

- Outcome-based engagements to support strategy, risk, and change
- Threat, risk, and capability baseline
- Strategy and architecture
- Operating model
- Roadmap planning
- Cyber simulation
- General data protection regulation
- Data security, including data loss prevention
- Cyber resilience, including data vault
- Identity and access management

NAVIGATION

Back to contents | Contacts

Related services

Please click links in the table below to explore the breadth of services we offer to Firm and Fund. Please get in touch should you require further information.

Covered in this document

Stand up	Operations		Optimize and grow
• Fund structuring • Management company set up • Reward, carry, co-invest and ownership	• Firm and fund audit • Internal audit • Fund investor tax reporting • Investor reporting • Carry and co-invest reporting • Global Information reporting – FACTA and CRS • Personal and family office tax • Fee and waterfall calculations	• Carry and reward administration • Fund and portfolio dashboards • Portfolio valuation services • Fund finance advisory • Alternative legal services • ESG advisory • Management group advisory • Cyber	• Digital transformation • Finance transformation • HR Transformation • Operational support • Financial due diligence • GP and fund operational due diligence • M&A diligence and post merger integration • Portfolio data collection, analysis, and reporting

Contacts

Olivia Biggs
Global and UK Firm & Fund Services Leader
Deloitte LLP
obiggs@deloitte.co.uk

Frank Fumai
US Firm & Fund Services Leader
Deloitte & Touche LLP
ffumai@deloitte.com

Nick Tabone
EMEA Firm & Fund Services Leader
Deloitte Luxembourg
ntabone@deloitte.lu