SUNGARD INVESTRAN

# A CHANGING WORLD - THE IMPACT OF UPDATED ILPA REPORTING STANDARDS

## Using Technology to Enhance GP-LP Communications

AN INVESTRAN WHITEPAPER

# A Changing World - The Impact of Updated ILPA Reporting Standards

## Using Technology to Enhance GP-LP Communications

### INVESTRAN QUICK FACTS

- 9 out of the top 10 PEI 300 use Investran
- 45% of Committed Capital on the PEI 300 is supported on Investran
- 1 Trillion USD are managed on Investran directly by GP's
- All 13 members of the Private Equity Council use Investran

### KEY COMPONENTS

- Front-office portfolio and investor relationship management
- Centralized portfolio and partnership accounting and reporting system
- Web-based investor relations and portfolio monitoring tool

Responding to the changed market conditions following the onset of the global credit crisis, in 2009 the Toronto-based Institutional Limited Partners Association (ILPA), a non-profit group serving limited partner investors in the global private equity industry, released a set of guidelines aimed at streamlining communications between limited partners (LP) and their general partners (GP).

These "Private Equity Principles" called for GPs to boost transparency in areas such as fee and carried-interest calculations and portfolio company financials, while providing greater transparency into company policies and procedures, as well as other pertinent data.

In an effort to further improve LP-GP relations, earlier this year the ILPA issued Version 2.0, which included comprehensive updates to the three main tenets of the Private Equity Principles ("Alignment of Interest", "Governance" and "Transparency"). The ILPA also offered mechanisms designed to help funds process these updates in the most efficient manner possible, including: an appendix on Carry Clawback best-practice guidelines; a more comprehensive overview of the three guiding Principles; as well as expanded context describing the need for the key guidelines.

Additionally, the ILPA issued the first two installments in a series of five Standardized Reporting Templates, covering capital calls and distribution notices (CC&DN). These generic templates – which will subsequently focus on annual and quarterly reporting methodologies as well as portfolio metrics – are part of the ILPA's overall effort to enhance efficiency while reducing the cost of private equity investment administration and monitoring.

What might be the impact on GP-LP relations as a result of these changes? Furthermore, what kind of detail should be expected of GPs in order to meet the objectives of the revised ILPA principles?