

Funds Focus

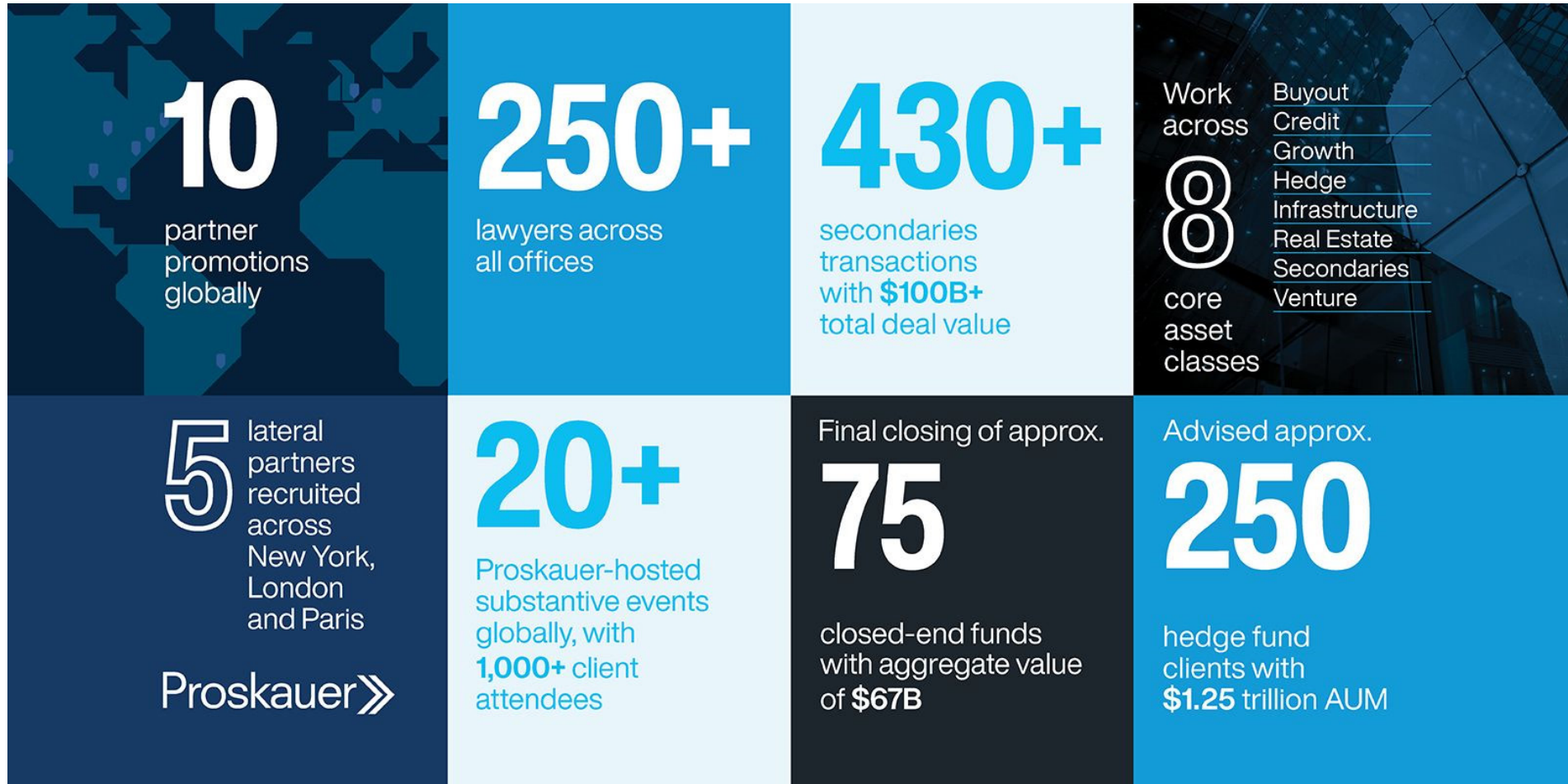
Strategic Insights for
Private Capital Leaders

Private Capital
Conference Series

30 April, 2025
London

Proskauder»

Delivering Results for Private Capital



Proskauer Private Funds Group Industry Awards and Accolades



Proskauer Rose LLP

BAND 1
Private Equity: Secondaries
TOP RANKED
Private Equity Fund Formation



TOP RANKED
Private Funds
Fund Finance
Tax
Regulatory



Proskauer Rose LLP



Proskauer Rose LLP



Private Debt
Investor
AWARDS 2024
Law Firm of the Year -
Transactions: Global



Proskauer Rose LLP



Opening Remarks



Nigel van Zyl
Partner
Proskauer

What is on the Desk of Private Capital GCs?



Samantha McGonigle
Partner, General Counsel
Hg



Tom Patrick
Partner, General Counsel
Charterhouse

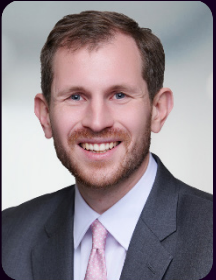


Emad Shahin
Partner, General Counsel
17Capital



Chris Elson
Partner
Proskauer
Moderator

European and U.S. Regulatory Update and Horizon Scanning



Nathan Schuur
Partner
Proskauer



John Verwey
Partner
Proskauer

Rule 506(c) - Changes to Guidance

Historic Position

- U.S. law has technically permitted ostensibly “private” offerings to make use of general solicitation;
- Using this flexibility was not practical due to requirement offerings only be made to accredited investors* with issuer verification of accredited investor status rather than relying on a representation;
- Lack of guidance as to how to verify has historically prevented most sponsors from using this flexibility;

**“Accredited Investor” includes certain specified types of legal entity (e.g., banks), individuals with US\$1mm in net worth (excluding home) or US\$200k income (US\$300k for married couples), and certain entities with \$5mm in investments.*

New Position

Conditions for Reliance on New Guidance:

- **Minimum investment** – Establish a minimum investment sufficiently high that investors who are not “accredited investors” are unlikely to be able to meet the minimum;
- **Representation but no verification** – must obtain a representation from the investor that they meet the definition of accredited investor;
- **No Contrary Facts** – Cannot be aware of contrary facts.

New Guidance viewed as limited to natural person investors or entities that qualify due to amount of assets (as opposed to entity type).

ESG – Trends and Developments

United States

- Promoting ESG **not** on the agenda at Federal level;
- Certain US investors (especially state pensions) remain committed to ESG goals;
- If US marketing is contemplated, non-US disclosure should be made with an eye to US issues.

European Union

- Pace of regulatory change is slowing;
- CSRD – reporting for a number of EU companies: delayed by 2 years;
- SFDR – undergoing a review but no changes expected for at least 2-3 years.

United Kingdom

- FCA's SDR only applies to UK AIFs with UK AIFMs;
- Remains an opt-in regime unless retail investors are targeted;
- Greenwashing rules apply more generally;
- No changes expected.

FCA Private Markets Valuation Review: Published

- FCA recently published the findings of its review of UK firms' processes and governance for the valuation private market assets;
- Review covered: Private equity, Venture capital, Private debt, Infrastructure;
- FCA emphasised that they expected firms to have good and robust valuation practices, evidenced by:
 - Independence;
 - Expertise;
 - Transparency; and
 - Consistency.

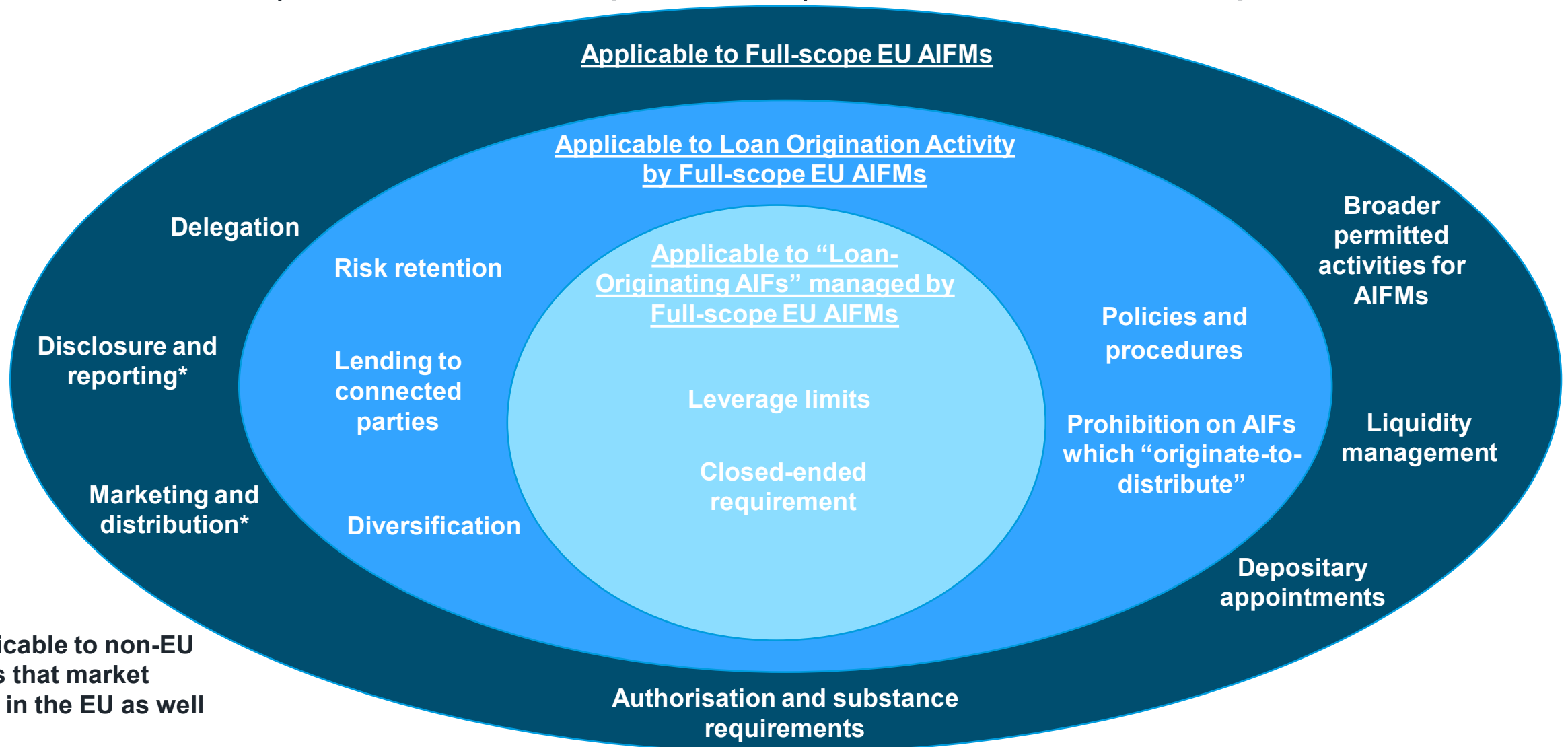
FCA Private Markets Valuation Review: 8 Findings and Recommendations

1. **Governance arrangements.** Ensure clear accountability for valuations including detailed record-keeping.
2. **Conflicts.** Consider whether fees are impacted by valuations and take steps to manage resultant conflict.
3. **Functional independence & expertise.** Assess whether valuation committee has ability to meaningfully review valuations.
4. **Policies, procedures & documentation.** Ensure policies are clear and consider whether technology solutions can reduce human error.
5. **Transparency.** Provide detail on fund-level and asset-level performance to increase transparency.
6. **Methodologies.** Apply methodologies and assumptions consistently, and in accordance with industry guidelines (when applicable).
7. **Frequency & ad hoc valuations.** Incorporate a defined process for ad hoc valuations which would mitigate the risk of “stale” valuations.
8. **Third-party advisers.** If using a third-party adviser, provide appropriate oversight and consider whether commercial conflicts need to be identified and managed.

UK AIFMD Changes – Consultations

- **Aims:** Streamline the regulatory requirements for UK AIFMs and reduce burdens;
- **Timeline:** Draft legislation and rules published late 2025, with final legislation and rules published in 2026 with an implementation period;
- Key Changes for UK AIFMs:
 - Three-tier categorisation of UK AIFMs:
 - Small (<GBP 100m NAV);
 - Mid-tier (GBP 100m-5bn NAV); and
 - Large (>GBP 5bn) – each category subject to a proportionate set of rules.
 - Quicker UK AIF marketing approval – no longer subject to 20 working day assessment;
 - Major holdings and control notifications – could be abolished; and
 - Valuation requirements – revisions to the liability on external valuers.
- No changes for non-UK AIFMs – UK NPPR to continue.

AIFMD 2.0 (in force from April 2026) – Overview of Requirements



*Applicable to non-EU AIFMs that market funds in the EU as well

European Tax Review



Catherine Sear
Partner
Proskauer

European Tax Review

- UK carried interest tax changes – current state of play;
- UK salaried member rules changes – relevant to asset managers with UK LLP operating entity;
- Fundraising trends and themes – the GP view of points of focus for LPs on tax.

Fund Finance Review



Paul Tannenbaum
Partner
Proskauer

Fund Finance Review

- Subscription credit facilities, lender appetite, cost of capital;
- Securitization meets fund finance;
- NAV;
- Alternative lenders and innovation.

Market Trends Update



Nigel van Zyl
Partner
Proskauer

Coffee Break

11:00 – 11:20

AI in Private Capital Operations – The Opportunity



Oliver Howley
Partner
Proskauer



Ben Ellenweig
Senior Partner
McKinsey & Company

AI in Private Capital Operations – The Opportunity

1. **Impactful use cases:** “We're seeing a surge of interest in AI across all industries, including private capital. What do you see as the most impactful AI applications currently transforming the sector, and why are these so significant?”
2. **Challenges and risks in implementation:** “What are some of the most common mistakes firms make when implementing AI, and what key risks should they be mindful of?”
3. **Choosing the right tool:** “How should firms go about selecting the right AI tools? What factors should they consider when evaluating different options?”
4. **Portfolio operations:** “What’s the best approach for standardising AI implementation across a portfolio of companies?”
5. **Looking ahead:** “What do you see as the future of AI in private capital?” OR “If you were to launch an AI startup today, what problem would it solve?”

Cybersecurity Trends and Incident Response Essentials



Oliver Howley
Partner
Proskauer



Kelly McMullon
Special International Labor,
Employment & Data
Protection Counsel
Proskauer

Cybersecurity Trends



#1 Ransomware & Extortion Attacks



#2 Supply Chain & Third Party Risk



#3 Identity Threats & Social Engineering

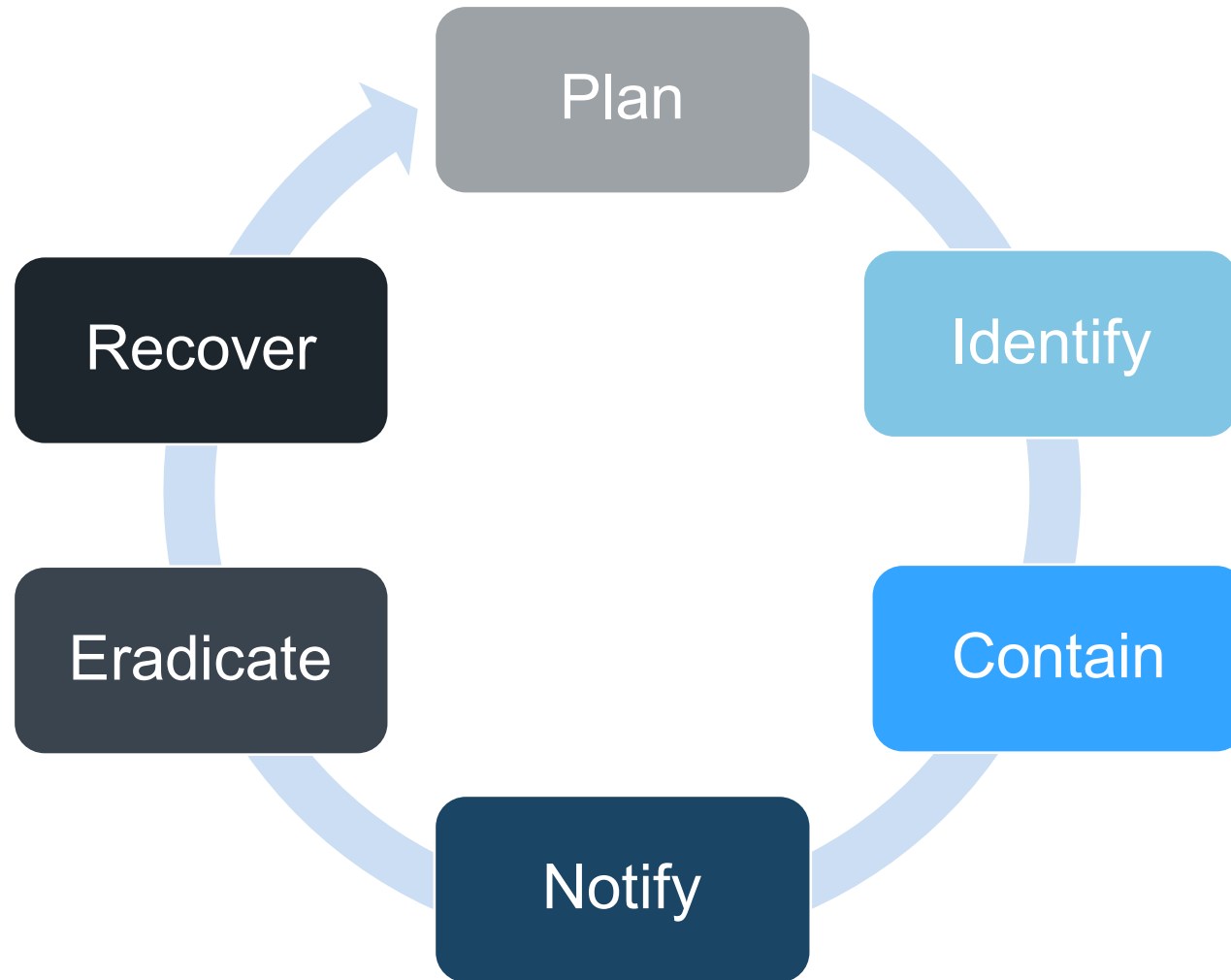


#4 AI-Driven threats & Emerging Trends



#5 Expanding Global Regulatory Landscape

Incident Response Essentials



Weathering the Storm: *How To Manage Reputation Risk*



Andrew Honnor
Managing Partner
Greenbrook

An Industry Being Challenged

FINANCIAL TIMES

Private equity industry shrinks for the first time in decades

Assets under management fell 2% last year as investors pulled back from sector



THE WALL STREET JOURNAL.

Buyout Shops Go From Boom to Bust to...Meh

There is some easing of the drought for private-equity firms, but don't call it a bounceback yet


Value of leveraged buyouts



THE TIMES

Private equity's party is over as the strong battle the weak

PE is suffering a hangover after its post-Covid binge. Investors are wary and the strong are being separated from the weak.



Private Equity International

DOWNLOAD: 2024 was weakest year for fundraising since covid-19 pandemic

Fundraising dropped 18% from 2023, driven by a quiet second half and muted activity in Asia-Pacific.

Bloomberg

Why Private Equity Is in Such a Funk

An industry that runs on debt is hoping better days — and more dealmaking — are ahead. Can lower interest rates set the stage for a comeback?



REUTERS

Investors switch from private equity to hedge funds, says BNP Paribas report


WSJ PRO PRIVATE EQUITY

Fundraising Uncertainty Hangs Over Private Equity's Hopes for 2025

Despite optimism about the coming year, investors remain short of cash to commit to new funds

By Chris Cumming

Dec 20, 2024 6:00 am ET | WSJ PRO



FINANCIAL TIMES

Opinion Lex + Add to myFT

A thinning of the big private equity herd is coming

In the crowded middle market, funds will struggle to consistently earn good returns over several decades

The Harsh Reality

38% of PE coverage in the **WSJ** over the past year conveyed a **negative** sentiment toward the sector.

33% of the **FT's** PE coverage expressed a **negative** sentiment toward the sector in the past year.

5.5% of **Bloomberg's** coverage on PE conveyed a **positive** sentiment toward the sector in the past year.

3.3% of the **FT's** PE coverage over the past year conveyed a **positive** sentiment toward the sector.

Total articles: 412 (26 March 2024 – 26 March 2025). Source: Signal

Industry performance scrutinised

Leading outlets have an appetite for covering PE's struggles, often emphasising the sector's decline.

FINANCIAL TIMES

Private equity is doing badly — however you measure it

Private equity's impact on the wider economy in focus

Appetite for coverage on PE's impact on the wider economy is increasing, with journalists closely scrutinising the sector's ability to navigate a higher interest rate environment.

Bloomberg

Is private equity a threat? We need a better answer

Limited exit opportunities in focus

Recent headlines highlight the drop in dealmaking and sluggish IPO markets.

REUTERS®

Buyout barons risk chocking on their stuck assets

Portfolio companies scrutinised

Media interest in portfolio companies and their PE owners are on the rise, with outlets like The Guardian and the FT warning about PE's impact across sectors.

FINANCIAL TIMES

Leveraged to the hilt': PE-backed firms hit by wave of bankruptcies

How To Mitigate Risk

In Difficult Times – Standing Out From The Crowd



**Your brand
narrative
should...**



**Demonstrate your
USP and track record**

Build confidence through demonstrating strong performance and your specialised approach in a crowded marketplace



**Be consistent across
all communications**

Build trust by demonstrating professionalism across your website, LinkedIn page, investor materials and media presence (as applicable)



**Address the current
environment**

Emphasise risk management capabilities and how you are navigating emerging industry trends

Digital – For Effective Engagement With LPs

Digital channels are now a critical source for investors as part of due diligence

90%

of institutional investors have taken action at least monthly, based on viewing asset manager content

87%

of institutional investors agree that brand reputation is important when making key commercial decisions

66%

of institutional investors have increased their social media usage over the last 12 months

79%

of institutional investors are using LinkedIn at least weekly, with 43% using it daily

50%

of institutional investors say LinkedIn is best for keeping track of individuals

Source: LinkedIn – Investing in the Digital Age Report, 2024

Managing a Crisis – Be Prepared

In difficult times, managing issues effectively is more important than ever

01



Preparation is essential

An established executive response group is key

02



Speed of response

You may have hours, at most, to react

03



Build goodwill

Open, timely communications will win friends

04



Do not overreact

Be proportionate in your stakeholder responses

Q&A

Telephone:

+44 207 952 2000 (24 hr)

Email:

enquiries@greenbrookadvisory.com

Address:

Greenbrook
1 Vere Street
London, UK
W1G 0DF

CFO Fireside Discussion



Kevin Early
Partner and CFO
Ares Management



Paul Vrancken
Senior Partner and CFO
Rivean Capital



Carol Sawdye
COO
Proskauer
Moderator

Closing Remarks



Duncan Woollard
Partner
Proskauer

Funds Focus

Strategic Insights for
Private Capital Leaders

Private Capital
Conference Series

30 April, 2025
London

The information provided in this slide presentation is not intended to be, and shall not be construed to be, either the provision of legal advice or an offer to provide legal services, nor does it necessarily reflect the opinions of the firm, our lawyers or our clients. No client-lawyer relationship between you and the firm is or may be created by your access to or use of this presentation or any information contained on them. Rather, the content is intended as a general overview of the subject matter covered. Proskauer Rose LLP (Proskauer) is not obligated to provide updates on the information presented herein. Those viewing this presentation are encouraged to seek direct counsel on legal questions. © Proskauer Rose LLP. All Rights Reserved.