

The logo for K&L GATES is displayed in white, bold, sans-serif capital letters on a dark blue rectangular background. The background of the entire slide features a complex financial data visualization with a world map, various line and bar charts, and scattered numerical values in shades of blue and white.

K&L GATES

2019 SEATTLE INVESTMENT MANAGEMENT CONFERENCE

Current Industry Terms and Observations

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AGENDA

- Where is the money going?
- Where is the money coming from?
- Observation of market terms
 - Ways to enhance returns
 - Changing terms and issues to consider
 - Practical realities of being an investor



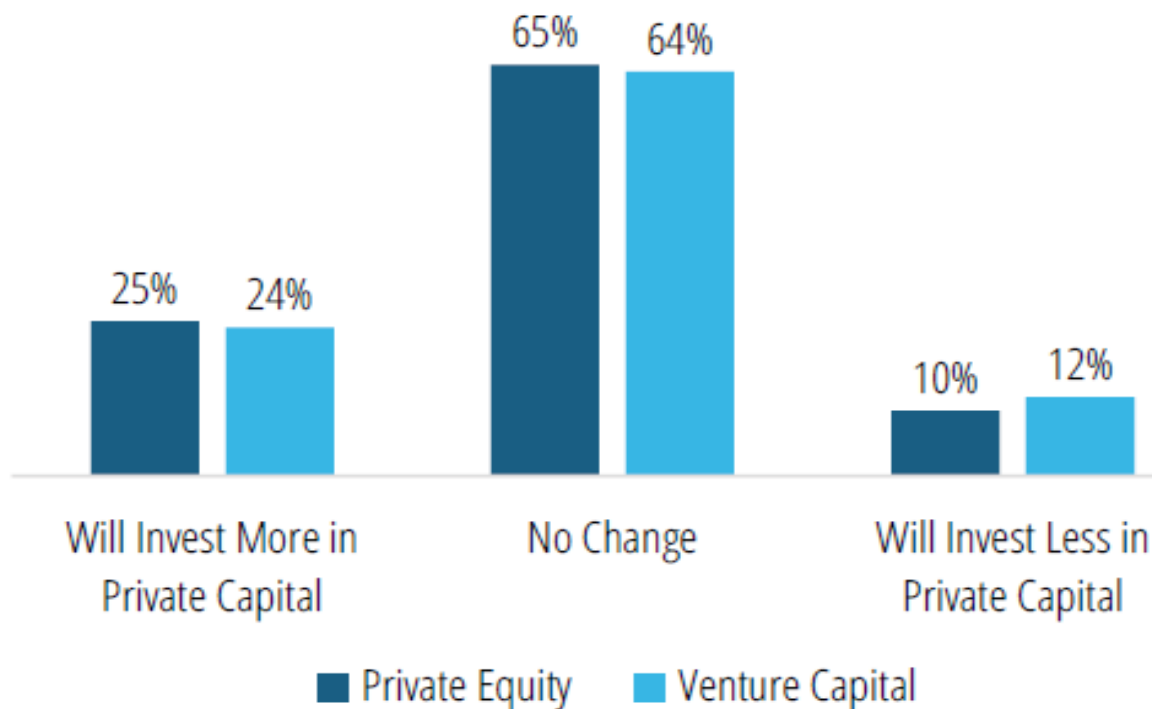


WHERE IS THE MONEY GOING?



PRIVATE EQUITY AND VENTURE CAPITAL

- Investors' plans to alter their level of private investment in response to the current cycle: private equity versus venture capital

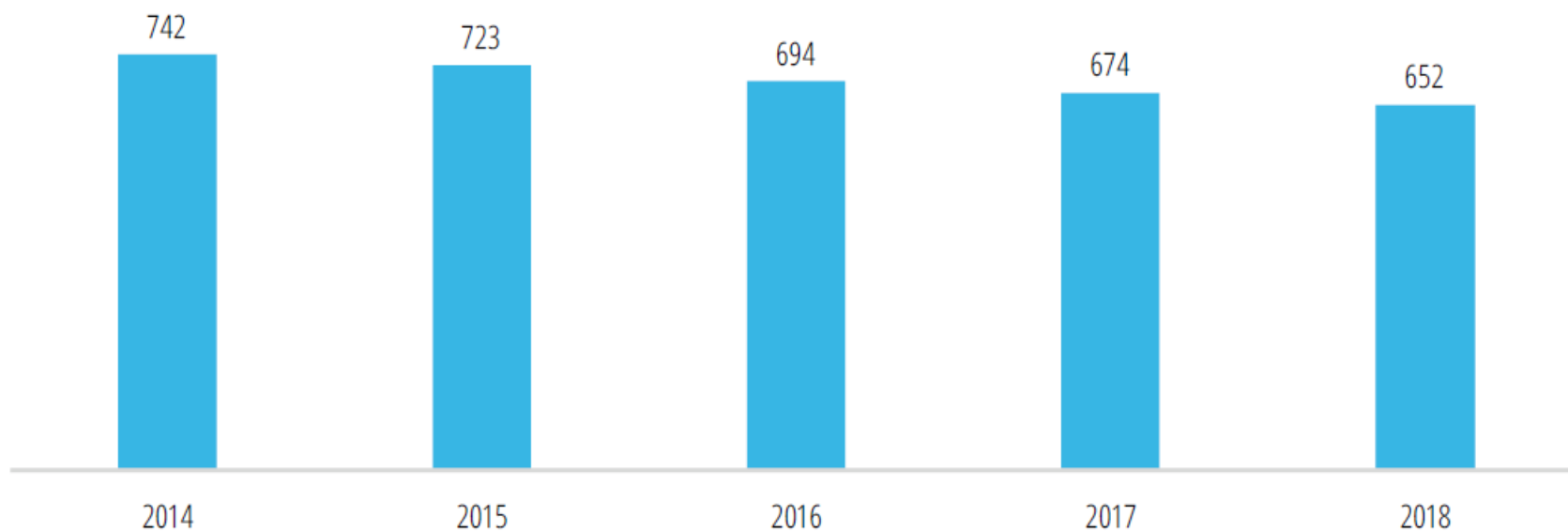


Source: 2019 Preqin Global Private Equity & Venture Capital Report



HEDGE FUNDS

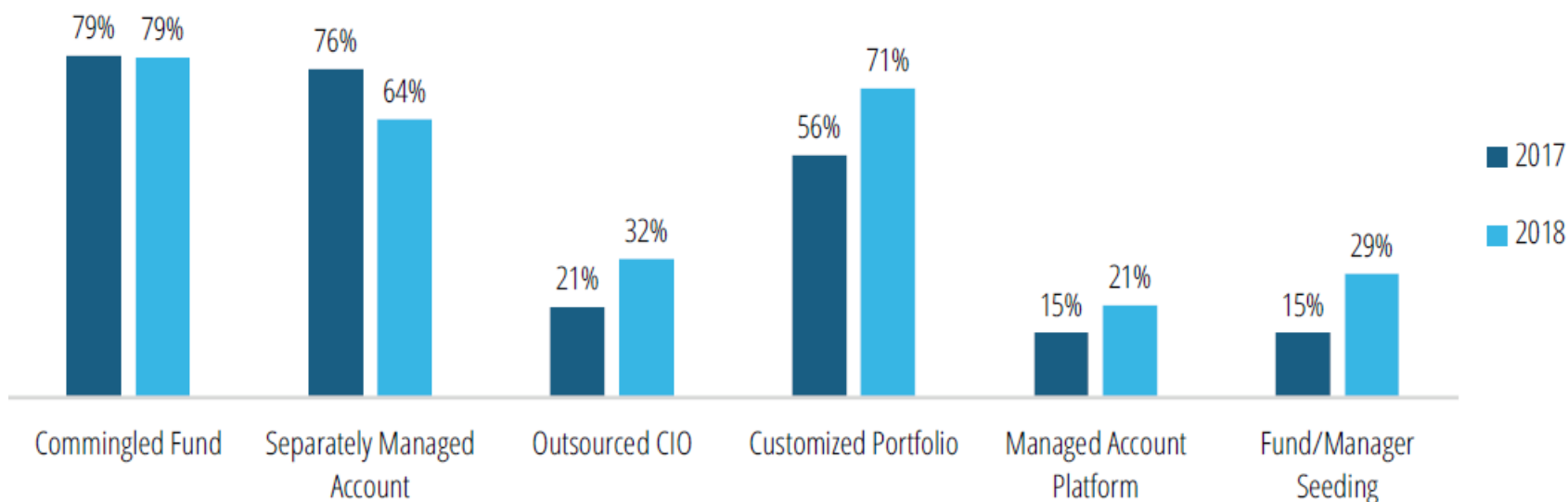
- Number of Active Fund of Hedge Funds Managers, 2014 - 2018



Source: 2019 Preqin Global Hedge Fund Report



HEDGE FUNDS – PORTFOLIO TYPE



Source: 2019 Preqin Global Hedge Fund Report



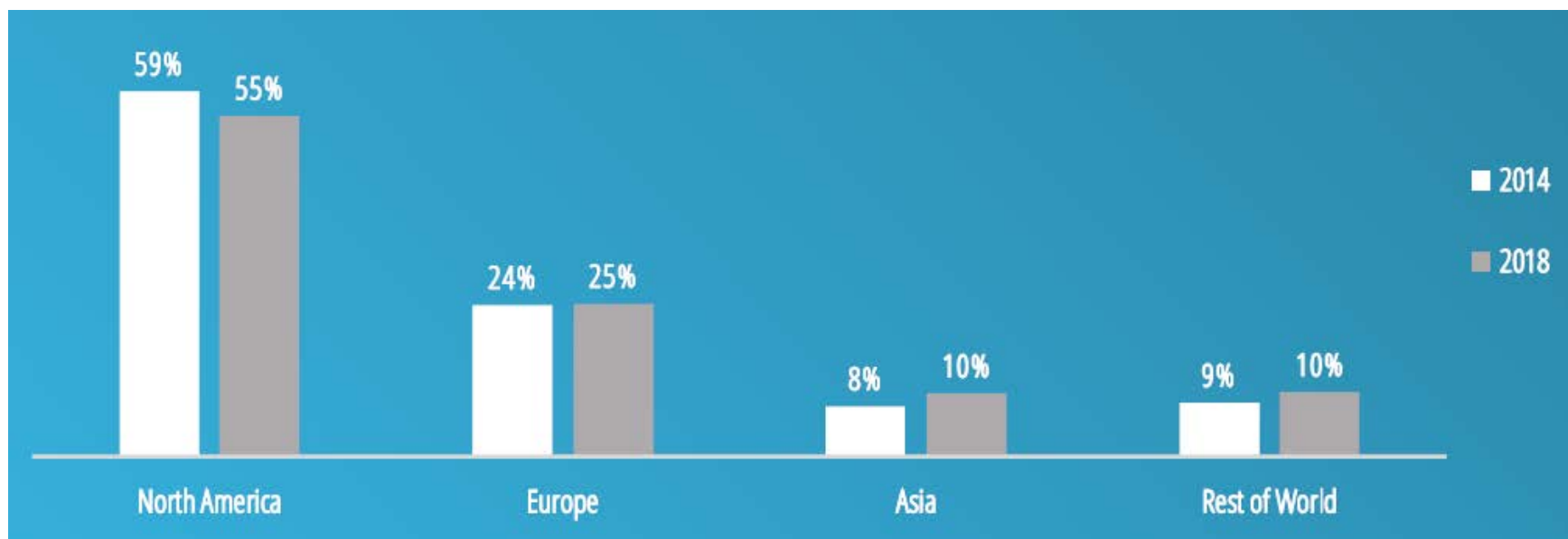


WHERE IS THE MONEY COMING FROM?



PRIVATE EQUITY AND VENTURE CAPITAL

- Proportion of Aggregate Capital Invested in Private Equity by Investor Location, 2014 vs. 2018

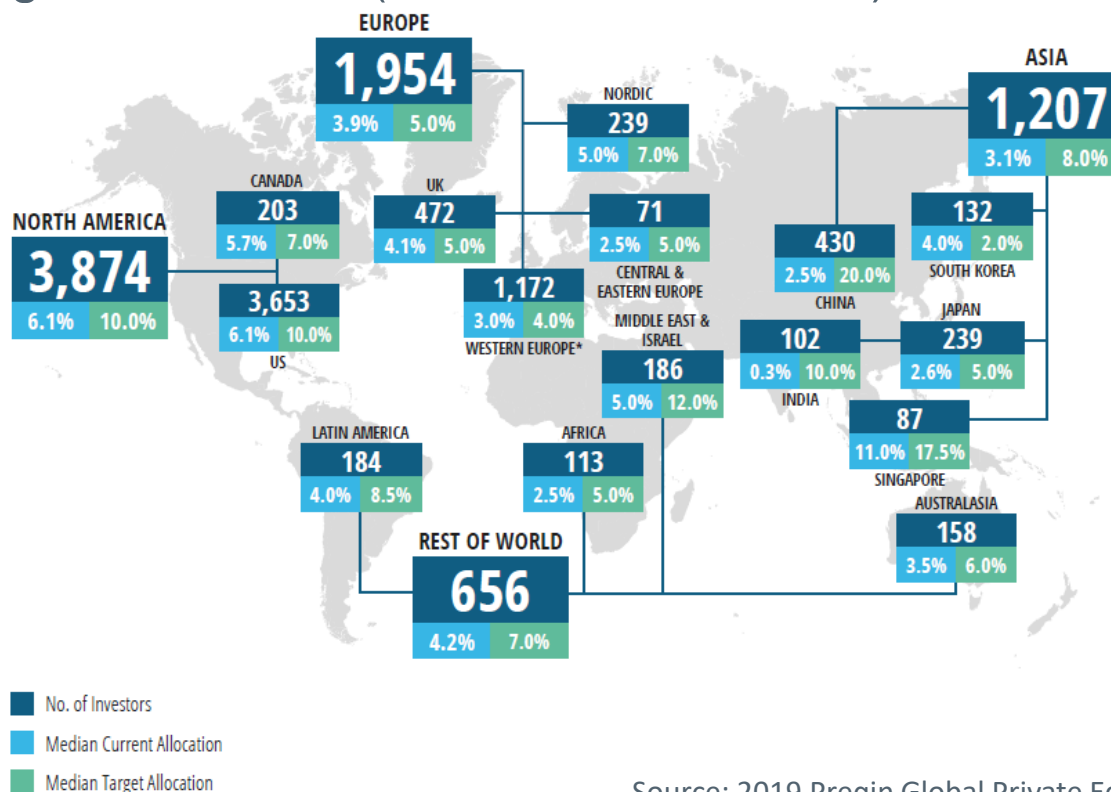


Source: 2019 Preqin Global Private Equity & Venture Capital Report



PRIVATE EQUITY & VENTURE CAPITAL

- Institutional Investors in Private Equity: Number and Median Current and Target Allocations (As a % of Total AUM) to Private Equity



Source: 2019 Preqin Global Private Equity & Venture Capital Report



MARKET OBSERVATIONS

- Increase in CFIUS concerns, particularly for venture capital
- Increase in family offices
- Increase in different types of structures





Observations of Emerging Issues and Market Terms



WAYS TO ENHANCE RETURNS

- Co-Investments
- Emerging Managers
- Evergreen Funds
 - Closed End
 - Open End



CHANGING TERMS AND EMERGING ISSUES

- Access to information
 - Delaware court case
 - Terms in the organizational documents
- Expenses
 - Disclosure of fund expenses
 - Management Fee and outsourcing fees
- Use of leverage
- Carry waivers
- Cybersecurity
- NDAs



PRACTICAL REALITIES

- “Me too” and reputational issues
- No-Fault versus Key Person triggers
- A Beast: the MFN process
- Alignment of interest



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