



Chief Operating Officer Center ("COO Center") Supported by Investment Business Advisors, LLC

Providing "Best Practice" Advice to Alternative Firm CEOs, CIOs, COOs, CFOs and Functional Heads

Lessons Learned 2008-09 Financial Crisis:

Private Fund Terms (PPM)

"Side Letters"

Transparency

Liquidity/Illiquidity

Portfolio Diversification

Low/No Correlation

Explicit "Downside Protection" Allocations

Leverage: Use and Misuse

Valuation Issues

"Side Pockets"

Risk Management Capabilities

Credit Facility Issues

Firm & Fund Leadership Challenges

Management & Governance Standards and Skills

"Alignment Of Interests"

- Investor Interests
- Investment Manager Interests

Need for Expanded and Enhanced "Due Diligence" Capabilities:

- Traditional Investment Due Diligence
- Firm/Manager Due Diligence
- Fund/Account Due Diligence
- Traditional "Operational Due Diligence" ("OPS DD")
- Investment Business Process Due Diligence

Need for True "Culture of Compliance"

High Quality Ongoing Investor Communications

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