

Exams of Private Fund Advisers:

2024 Exam Priorities: <https://www.sec.gov/files/2024-exam-priorities.pdf>

The SEC's Division of Examinations (EXAMS) will continue to focus on the following topics:

- The portfolio management risks present when there is exposure to recent market volatility and higher interest rates. This may include private funds experiencing poor performance, significant withdrawals and valuation issues and private funds with more leverage and illiquid assets.
- Adherence to contractual requirements regarding limited partnership advisory committees or similar structures (e.g., advisory boards), including adhering to any contractual notification and consent processes.
- Accurate calculation and allocation of private fund fees and expenses (both fund-level and investment-level), including valuation of illiquid assets, calculation of post commitment period management fees, adequacy of disclosures, and potential offsetting of such fees and expenses.
- Due diligence practices for consistency with policies, procedures, and disclosures, particularly with respect to private equity and venture capital fund assessments of prospective portfolio companies.
- Conflicts, controls, and disclosures regarding private funds managed side-by-side with registered investment companies and use of affiliated service providers.
- Compliance with Advisers Act requirements regarding custody, including accurate Form ADV reporting, timely completion of private fund audits by a qualified auditor and the distribution of private fund audited financial statements.
- Policies and procedures for reporting on Form PF, including upon the occurrence of certain reporting events.

Topics Included in Selected 2023 Exam Letters on Private Funds:

- **Fund Information:**
 - Name as shown in organizational documents (as amended)
 - Domicile (country)
 - Date the Fund began accepting investors
 - Whether the Fund is currently closed to new investors and when it closed
 - Number of investors
 - Total net assets
 - Short description of investment strategy
 - Amount, if any, of Registrant's equity interest in the Fund
 - Amount, if any, of Registrant's affiliated persons' interest in the Fund
 - Each custodian used by the Fund
 - Primary Fund counsel
 - Auditor of the Fund
 - Whether the Fund is currently above its high-water mark
 - Lock-up periods for both initial and subsequent investments

- If the Fund is part of a master/feeder fund structure, whether it is a master or feeder fund, and if it is a feeder fund, the full name of its master fund
 - The management fee charged for the most recent billing period
 - The date the most recent management fee was charged
 - The performance fee (if applicable) charged for the most recent billing period
 - The date the most recent performance fee was charged.
- **Fund Documents, Performance, and Investors.** For each Fund that is offered to U.S. investors, provide the following information or documents:
 - A copy of the Fund's organizational documents, including the management agreement, limited partnership agreement or operating agreement, whichever is applicable, and its private placement memorandum
 - A copy of the Fund's most recent audited financial statements;
 - The monthly and annual performance returns for the past four years, or since inception, whichever is shorter
 - A list of investors, including:
 - Name of investor
 - Account balances
 - Whether the investor is a related person or a proprietary account;
 - Country of Domicile
 - The name of the third party consultant used (if any)
 - Whether Registrant directly manages the account or acts as a sub-adviser
 - Date of initial investment
 - Whether the investor pays a performance fee
- **Investment Positions**
 - **Investments not held by a Qualified Custodian.**