qashqade

CASE STUDY:

# LARGE PENSION FUND & LPA VALIDATION


## ABOUT OUR CLIENT

Our client is a large European pension fund, investing in close to 100 funds diversified across a variety of general partners. The exposure to fee payments in these funds is considerable.

## THE CHALLENGE

Prior to discovering qashqade, our client relied on and trusted its GPs to complete their own waterfall distribution calculations accurately, with appropriate controls from the relevant auditor involved. Being invested in close to 100 alternative closed-end funds, 100 potentially different contracts (LPAs) also needed to be reviewed, understood and translated into calculation models.

A significant amount of data in different formats needed to be normalized, fed through calculation models and then compared to the numbers provided by the GPs to achieve the level of assurance that the fee calculations are not only within the expected range, but as agreed with the individual contracts.

The challenge our client faced required not only specialized industry expertise but also sophisticated technology to replace manual, repetitive and error-prone tasks.

## THE SOLUTION

The challenge had three aspects to be considered:

- The availability and quality of data
- Calculation models to compare expectations with real-world data
- Reporting of results

### Data

qashqade's service team of experts, with many years of experience between them, helped the client to dissect the data, also asking the right questions to complete to the level required for the calculations and comparisons. The data was normalized to a specific format and made consistent across all the investments, which in turn made it easier to discuss and review.

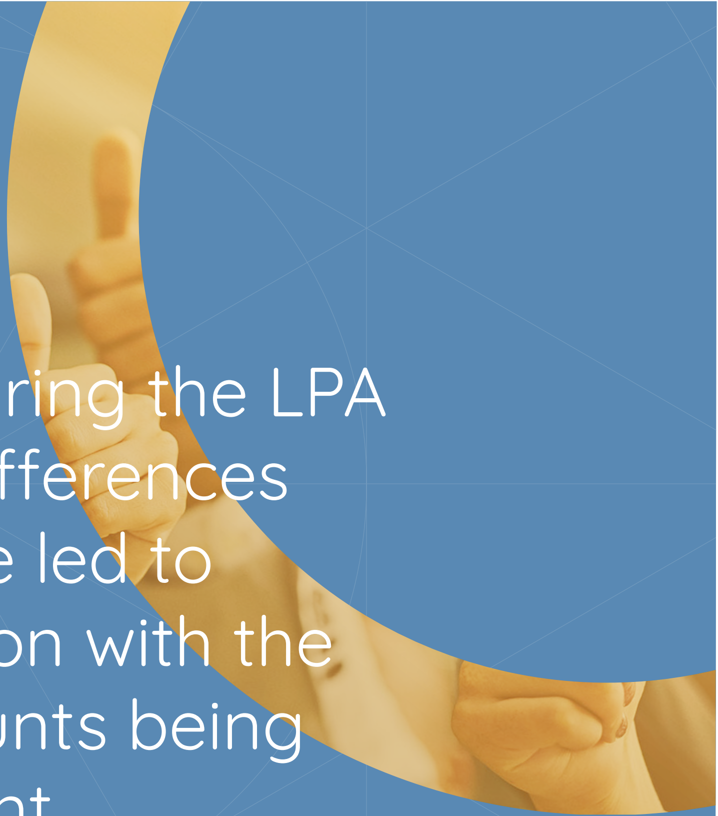
### Models

qashqade is a powerful application which is specifically designed to build scalable waterfall models, so was therefore perfectly suited to meet the challenges of our client. Our expert services team were able to efficiently create the appropriate models for the different investments or funds and run the data against them.

### Reporting

The qashqade application has specific modules to collect data from the waterfall models, compare it against the data points provided by the GP, and report the differences. The progress of the LPA validation across all investments can be tracked in one place, which gives our client a 'second set of eyes', and reports can be customized as required by the client to report results.

## THE RESULTS



> On several occasions during the LPA validation project, the differences discovered by **qash**qade led to changes of the calculation with the GP and resulted in amounts being credited back to the client.

## THE RESULTS

The LPA validation project with qashqade allowed the client to execute reviews down to LPA level, without the need to accumulate the knowledge in-house, or build expensive tools which would delay other projects and remove valuable resources from more their core business.

The qashqade reports produced during the project give the client a detailed overview of the status and exposure of all its investment in a standardized and comparable format. The reports also provided values calculated based on the LPA, and provided several benchmark metrics to compare them with industry standard KPIs to determine if the fees are within expectations of the LPA.

The reports detail if differences between the expected values and the values reported from the GP were found. This gives the client the possibility to check with the GP if any of their calculations are wrong or if there is a misunderstanding regarding the terms or the data.

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Founded in 2018, qashqade provides private market organizations an enterprise product suite for streamlining their calculation, allocation, tracking and reporting processes. Waterfall and carried interest calculations can be automated, replacing manual, error-prone spreadsheets and improving communications between GPs and LPs through enhanced reporting. Built by private markets experts, for private markets experts, the qashqade platform offers a flexible, modular based solution for fund managers, fund administrators and investors alike, and is asset-class agnostic. Headquartered in Zürich, qashqade also has offices in New York, London, and Budapest.