

# Value exceptional Value

For Alternative Investments managers

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From better returns to smarter planning to more efficient and cost-effective management, investors choosing alternative investments look for value.

They entrust their investing dollars to the firms that seek to meet—and exceed—their high expectations.

Four ways to unlock value for Alternative Investments managers

Innovation: More than just technology	Dedicated, specialized resources to support the alternative
	investments industry
Professionals, including those at the highest levels, who truly engage with you	Wide-ranging transaction and deal capabilities

Having a trusted advisor to support you helps unlock value for your organization and your investors. That's why so many alternative investments firms turn to KPMG professionals for audit, tax, and advisory services.

#### Innovation: More than just technology

Innovation means taking something that exists and making it better. KPMG professionals turn that definition into a key to help unlock value for alternative investment firms in a range of ways:

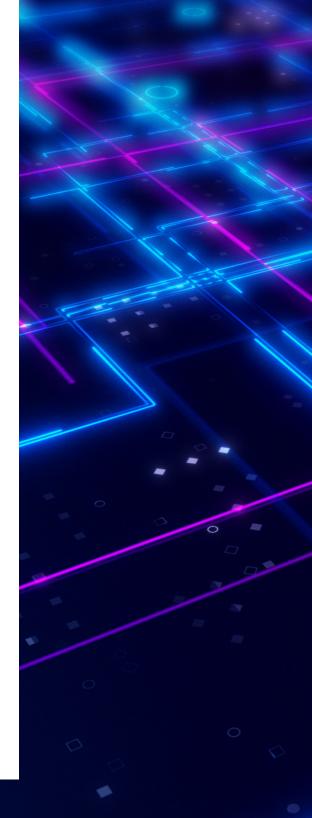
- Making processes more efficient by applying leading practices learned from experience
- Staying current with regulatory requirements through refined, aligned methods and services
- Automating manual steps and freeing your employees' time for more strategic tasks through advanced technology platforms such as KPMG Clara for audit and KPMG Asset Management Platform for tax
- Facilitating collaboration that leads to productivity and quality through tools such as KPMG Digital Gateway, as well as relationships with third-party administrators and alliance partners including Microsoft and IBM
- Uncovering insights that enhance decision-making through data analytics, visualizations, and artificial intelligence bots developed through KPMG Lighthouse
- Helping bring the finance and Tax functions of the future into the present with a cohesive vision of talent and technology

### Wide-ranging, market-leading transaction and deal support

From launch to liquidation, alternative investment vehicles require a range of support services. Their most important objective is to provide investors with a vehicle that helps them achieve their financial goals.

KPMG offers a full array of services including:

- Advice to identify markets as well as investments
- Due diligence on quality for credit, earnings, valuation drivers and risks/opportunities, and financial modeling
- Tax-focused support such as structuring guidance that considers risks and opportunities, as well as regulatory reporting and return filing/compliance fulfillment
- Valuation of assets/holdings





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### Professionals, including those at the highest levels, who truly engage with you

To help unlock value, you need to get the right perspective, at the right time, from the right person. It goes beyond the necessary and expected staff interactions between your team and ours. It means discussing the strategic and regulatory issues on your mind with some of the most well-respected leaders in the industry.

The involvement you'll experience with our professionals, especially our senior leaders, is important to achieving your business objectives. Collaboration and communication are at the heart of how KPMG professionals work with you. We take the time to understand your vision for the future, as well as where you are today. Together with you, we devise practical approaches that help deliver results to support your value-driving goals.

### Dedicated, specialized resources for alternative investment vehicles and firms

To address the specific challenges and opportunities alternative investment vehicles and firms face, you need people with industry and functional knowledge.

KPMG has dedicated practitioners focused on serving alternative investments, private equity, hedge funds, and real estate investments, in addition to those specializing in M&A and deal advisory, credit, and other functions.

Our professionals devote their time to helping alternative investment managers with the gamut of strategic, operational, and compliance functions. They're developing industry leading practices—and sharing them more broadly with clients facing similar situations.

When these professional custom-designed systems such as the KPMG Asset Management Platform and KPMG Clara for Audit, you receive advice and support that can help deliver value to your organization and investors.



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#### KPMG Alternative Investment Practice

More than



professionals in the United States, including **400** partners and MDs, with in-depth understanding of the asset management industry.

Part of a global network of independent member firms in over **150 jurisdictions**, covering the world's most prominent financial centers.







of Hedge Fund Advisors<sup>2</sup>

of Private Equity Fund Managers<sup>3</sup>

of Real Estate Managers⁴

- <sup>1</sup> Of the top 50 managers based on September 2020 Convergence ADV data for U.S.-based managers ranked by PFRAUM
- <sup>2</sup> Of the top 50 advisors based on September 2020 Convergence ADV data for U.S.-based advisors ranked by PFRAUM
- <sup>3</sup> Of the top 50 PE Firms based on Top 50 U.S. PE Firms listed on Private Equity International Magazine – 2020
- <sup>4</sup> Of the top 50 Real Estate Fund Managers listed on Pregin database October 2019

## Serving alternative investments market

#### **Private equity**

From fundraising to investments and deals, and through portfolio management to exit and realization, KPMG Private Equity practice can assist with the unique challenges that the private equity industry faces.

We combine a global perspective and in-depth industry knowledge to be a meaningful, value-added advisor to our private equity clients, their funds, and their portfolio companies with an array of service capabilities. We can help deliver on every critical aspect of the private equity cycle.

#### New fund launches

When launching a private equity fund, a long list of infrastructure tasks should be considered, including documenting procedures, identifying fund service providers, structuring the fund, developing legal documentation, registering the fund, creating your pitch deck to attract investors, and more. KPMG can help you manage these tasks, step-by-step, to get your fund up, running, and offering value to investors.

## 5

#### Hedge funds

Hedge fund managers and firms expect thoughtful solutions and practical, experienced and independent advice no matter where their organization operates or invests. At KPMG, our experienced professionals know what it takes for hedge funds to succeed in an increasingly complex world. They have the credentials, the curiosity, and the courage to explore alternative or new approaches that can add value.

Whether it's providing audit, tax, or advisory services, our professionals deliver clear, pragmatic, and thoughtful advice and support to help enhance value, mitigate costs, and enhance returns.

## \$

#### **Real estate investment**

Real estate investors need a firm that can support them through every stage of the investment property and investment lifecycle, with experience working with all levels of stakeholders throughout the real estate industry. Whether your focus is local, national, regional, or global, KPMG has the right mix of experience to support and enhance your needs and ambitions.

Our knowledgeable real estate professionals provide you with informed perspectives and clear analysis, drawing on experience from a variety of backgrounds including accounting, tax, advisory, banking, regulation, and corporate finance.



#### **Private credit**

From evaluating credit instruments to dealing with distressed debt, private credit investment vehicles come with a range of requirements. KPMG has professionals well-versed in advising on and assisting in executing these requirements.

We actively seek ways to add value for your business in any market environment. You may be looking to transform your middle and back office for the current investing and technology environment, make sense of illiquid or esoteric assets, or manage inbound and outbound tax consequences for your investors.

In each instance, we focus on helping improve productivity, enhance efficiencies, and realize value across the enterprise.

#### Institutional

Institutional investors are challenged to make strategic decisions that satisfy organizational objectives and stakeholders' expectations.

For example, while many institutional investors have rebalanced their portfolios with larger allocations of passive or less complex investments, others seek higher returns through direct investments. Many seek advice to adapt their internal capabilities and technology.

Some institutions wish to grow their global footprint with satellite offices to better source and execute transactions. To do so, they require advice to weigh the potential benefits and risks and implement their decisions.

KPMG professionals have the skills and knowledge to bring forward thoughtful approaches that address public and private sector institutional investors' needs. Our global team combines deep technical experience, a breadth of commercial and business understanding, and local market insight, to deliver services and insights that meet both financial objectives and wider business goals.



#### Family offices

Every family and private entity is different. Their wealth and success may have accumulated in different ways. However, every group shares common goals—to retain and grow their wealth for generations and manage their tax obligations strategically and efficiently.

The KPMG Family Office and Private Client practice is specifically designed to help achieve each client's and office's specific objectives. Our tax advisers can help clients pay the correct amount of tax at the right time and in the right locations. They also provide multijurisdictional advice—support that's more important than ever as people become more mobile, especially over generations, and move their capital and their businesses with them.



## Helping achieve alternative investment clients' objectives

Here are some objectives we can help you manage.

## **Taking advantage of strategic** opportunities

Investment managers want to use the dry powder they've stored up to get the most impact possible for investors. Uncovering opportunities is how you do it. Ways to do it include identifying government initiatives, getting in front of industry trends, or focusing on select investment sectors such as ESG (as defined below).

#### **Government initiatives**

To help improve returns, investment managers can use federal, state, and local government incentives. Identifying potential opportunities is easier with data visualizations that help identify where potential opportunities lie. Whatif scenarios can help investment managers play out the effects of different decisions, allowing managers to make more informed choices.

#### Industry-trend anticipation

Seeing trends before they hit gives investment managers first-mover advantage and the outsized returns that generally come with it. For example, the ways people work—and where they do it—are likely forever changed as more homes become offices. Having a sounding board able to provide additional perspective can prove especially useful to stay ahead of the curve.

## Environmental, social, and governance (ESG) investing

Many investors want new investment choices that are sensitive to ESG issues. Institutional investors are driving demand for these types of funds; a KPMG survey found 85 percent of surveyed investors were interested in ESGoriented hedge funds. More managers are incorporating ESG factors into investment decisions; our study found a near doubling in 2018 to 43 percent.

How can a fund attract investors' respect—and capital? In our experience winning funds have solid track records, clear sector strategies, and distinctive value-creation stories.

Our professionals have the big-picture perspective, powered by data analytics, to help you identify investment and tax opportunities. In particular, our Deal Advisory and Mergers and Acquisitions (M&A) practitioners have deep experience helping clients manage deals from start to finish. They provide insights at deal speed to help clients buy, sell, finance, perform, and grow.



#### Complying with swiftly shifting regulatory requirements

The pace of change in regulatory requirements, both in the U.S. and around the globe, is constant. Noncompliance can come at a steep cost, with fines and penalties, potential brand damage, and even the loss of ability to operate.

The Securities and Exchange Commission (SEC) has been more active in rolling out regulations. Many AI funds are regulated by the SEC, while many others invest in public companies, which are under SEC purview. Al funds and firms must be ready to comply with the regulations themselves, plus be able to support their clients' compliance efforts.

At the same time, jurisdictions throughout the world are carefully reviewing companies to assure they're getting their fair share of tax revenues. The global shifting to digital filing, which allows tax authorities to more easily identify inconsistencies and errors, makes accuracy and consistency critical.

#### Using technology to drive efficiency and ease the investment-management process

When it comes to AI management, technology has two sides: Investment and Operational.

On the investment side, creating value for investors comes from uncovering areas poised for growth, as well as recognizing where previously hot trends have begun to cool.

On the operations side, value comes when firms can use technologies to improve efficiency and accuracy, identify potential opportunities to mitigate risk, and free up staff and resources for more strategic activities.

Our knowledgeable advisory professionals are adept at sharing perspective on growth opportunities. And our innovative approach to technology in this space stands out. We have an Asset Management Platform (AMP) that helps clients reimagine cost-effective ways to fulfill tax compliance, as well as planning. In addition, the talented professionals in KPMG Ignition use technology creatively to help solve for operational issues.

Our Audit and Tax professional have the technical and industry knowledge to help you assess regulatory requirements. They can ease the burden your staff faces, advise you as you make decisions, and support you in mitigating the risks of noncompliance.

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KPMG professionals across our Audit, Tax, and Advisory practices work together, combining their knowledge and understanding of the issues to serve our clients. While each of our practices is strong individually, when they support your team and address your needs, they deliver results that support your goals.

#### Audit and accounting services



KPMG audit teams work to help uphold the integrity and transparency of the capital markets we serve. High-quality, independent financial statement audits are essential to maintaining investor confidence. Our audit

professionals are committed to the public interest, challenging assumptions and uncovering insights based on understanding an organization's business and industry.

Experienced professionals lead each audit, bringing technical acumen, deep industry knowledge, a proactive working style, and a strong dedication to audit quality.

They apply our approach to address the aggressive digitization and business-model changes every organization faces today. This approach emphasizes quality, exceptional client experience, productivity, and delivery of audit insights.

#### Tax services



KPMG's national network of tax professionals provide a range of services AI funds and managers need. Some of the more common specialties include Tax Reporting, Investor

Reporting, M&A/Deals, International, State and Local Tax (SALT), and Tax Controversy.

To help you stay current on the latest tax-related matters, you can connect with subject matter professionals in our Washington National Tax practice. Our professionals also work closely with these subject leaders to develop advice for you.

We help AI tax leaders embrace disruption, seize new opportunities, and create more value for their investors.

#### Advisory services



KPMG's advisory services help organizations improve performance, turn risk and compliance into opportunities, develop strategies, and enhance value. Our services include IT transformations such as information security and cloud computing; buy-and-sell-side transaction

assistance, including due-diligence services; business performance; dispute advisory; financial risk management, and IT utilization.



## Technology boosts quality and efficiency that drives value

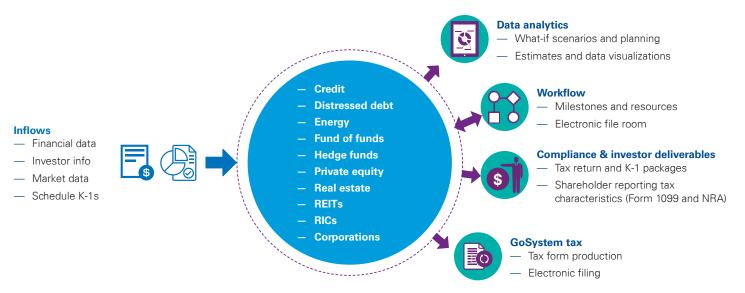
Our professionals use technology to help drive efficiency, identify potential risks and trends, and support smart decisions.

Dedicated, experienced practitioners have built a range of tools to address investment managers' needs. They applied lessons learned from hands-on experience working through client situations. The results are practical tools that can lighten the load for your staff while delivering outputs to help drive value for your investors.

Below are a few of these tools:

#### **KPMG Asset Management Platform (AMP)**

Our web-based fund-tax compliance and planning application, can help you reimagine cost-effective, wide-ranging ways to facilitate tax compliance and planning.

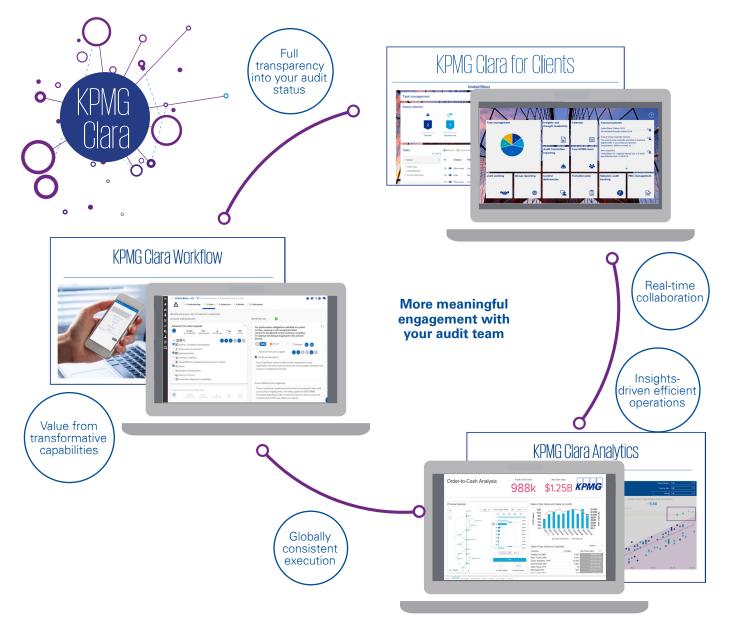


Key benefits include:

- Transparency into tax-deliverable status
- Mitigated risk of missing tax and investor-reporting deadlines
- Enhanced operational efficiencies possible across all aspects of tax compliance (collecting data, updating investor/tax info, creating reports, and calculating tax)
- Easier coordination thanks to shared access for your staff, KPMG, and authorized third parties
- Less rework, plus enhanced reporting because one platform supports all major asset classes for both federal and state
- Improved decision support enabled by scenario planning, modeling, estimates, and data analytics
- Mitigating constraints on business growth and profitability by replacing manual processes and legacy systems

#### **KPMG Clara**

Our secure, data-driven audit platform is a single source for your staff and our audit team to exchange important information, including audit status.



With KPMG Clara, you'll have:

- A summary dashboard so your team knows what they need to, when they need to
- A calendar that lets your team see what meetings, events, and milestones are scheduled, which your team can also edit
- Task lists that identify audit areas that may require additional attention and input
- Easy access to thought leadership to keep you informed about the latest issues



#### **KPMG Lighthouse**

In our firm-wide Data & Analytics Center of Excellence, our professionals put intelligent automation to work for you. Lighthouse uncovers analytical insights that can help clients solve critical business problems, capitalize on strategic opportunities, and help identify potential future trends and customer needs.

#### **Our capabilities include:**

- > Digital and mobile solutions
- > Architecture
- > Artificial intelligence
- > Strategic alliance
- > Insights centers
- Advanced analytics
- Blockchain
- > Experience design
- Cloud operations
- Internet of Things



## Turn to KPMG

## the key to unlocking value for your investors

KPMG's experienced professionals give you the clarity, confidence, and insights to provide your investors with compelling value.

Working with KPMG, you can:



Enhance operational efficiency and data management with easy-to-use, proprietary technology



Identify potential investment opportunities to fuel future growth



Manage your regulatory requirements



Mitigate business and compliance risks that can result in costly fines, penalties, and damage to brand equity

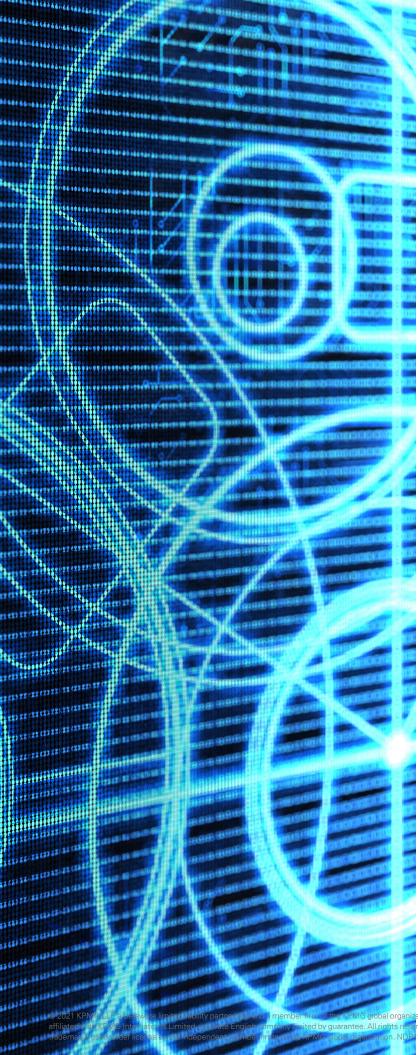


Improve the likelihood that investors will turn to you in their flight to quality





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## Al clients

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## Contact us



Jim Suglia National Alternative Investments Segment Leader Principal, Advisory T: 617-988-5607 E: jsuglia@kpmg.com



Phil Marra National RE Funds Leader Partner, Audit T: 212-954-7864 E: pmarra@kpmg.com





Steve Menna National Hedge Fund Leader Partner, Audit T: 214-840-2884 E: smenna@kpmg.com

#### **Kevin Valek**

National PE Funds Leader National Leader Asset Management – Tax T: 212-872-5520 E: kvalek@kpmg.com

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