



Pension Investment
Association of Canada

Association canadienne des
gestionnaires de caisses de retraite

December 11, 2015

Institutional Limited Partners Association
Attention: Matthew DeMatteis

Via email: ilpapprinciples@ilpa.org

Dear Sirs,

Re: ILPA Fee Reporting Template – Industry Comment Packet

The Pension Investment Association of Canada (PIAC) is pleased to respond to the ILPA's Fee Transparency Initiative and the Fee Reporting Template.

PIAC has been the national voice for Canadian private and public pension funds since 1977 in matters related to pension investment and governance. Senior investment professionals employed by PIAC's member funds are responsible for the oversight and management of over \$1.5 trillion in assets on behalf of millions of Canadians. PIAC's mission is to promote sound investment practices and good governance for the benefit of pension plan sponsors and beneficiaries. A large number of PIAC members invest in private equity and several are also members of the ILPA making this initiative all the more relevant.

PIAC applauds the ILPA for taking the initiative to improve disclosures via its Fee Transparency Initiative. We believe this is another positive development in your efforts to bring greater standardization to private equity reporting practices. As such, we thought we would share our overall views.

- 1) We believe that the ILPA should encourage all general partners to adopt the Fee Reporting Template and to provide it to all of its limited partners. However, you should be mindful that a "one-size fits all" approach may not work in all cases and as such, some flexibility should be allowed to a general partner to tailor the template to a certain extent. If a general partner chooses a departure from the standard reporting, they should provide a clear rationale. We want to ensure that the goal of this initiative (promoting transparency, alignment and disclosure to LPs)

doesn't get lost in an overwhelming template, which some in the industry may not find user friendly.

- 2) ILPA may want to consider providing greater clarity and detail on certain critical line items, including 'Partnership expenses' and 'Fees & Expenses Charged to Portfolio Investments, Subject to Offsets' as these may not be standardized terms.
- 3) The General Partner should separate out amounts relating to the GP and its related parties throughout the template, and include a definition for "related parties" in order to achieve consistency in reporting and greater transparency.

General partners should be cognizant of the fact that limited partners have choices when selecting a fund manager. By adopting the fee template, a general partner should improve its standing with potential limited partners, other things being equal. A general partner that decides not to follow industry best practice would be doing so at its own risk.

General partners should also be reminded that the template can bring several benefits to limited partners including greater efficiency to back office operations and greater insights into the financial results of a fund.

Thank you for this opportunity to respond to the consultation document. We would be happy to clarify any of our responses as required.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Dan Goguen', with a long horizontal flourish extending to the right.

Dan Goguen
Chair