Increasing data exchange fluidity for investors in private capital

The journey towards greater data transparency between Limited Partners and General Partners

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Contents

Although several, well thought-through approaches exist, there can still be a perceived lack of sufficient transparency in relation to information received back by the limited partner in relation to its capital flows, fees and charges.

Executive summary

Private capital provides the opportunity to create value for both investors and the managers that run those assets, but often the details surrounding carry calculations, fees, expenses, and leakage from capital can be difficult to determine without deploying significant manual effort to glean insight that lies in PDFs and spreadsheets.

The Institutional Limited Partners Association (ILPA) has moved the needle with the development of its capital call and distribution template as well the fee reporting template, but the process to capture and analyse detailed information remains labour-intensive. Spreadsheet templates are often customised by well-intentioned market participants with the interim steps in completing such templates often resulting in inconsistent data sets and formats that require significant effort to reconcile with the underlying financial data. The Private Capital Data Standards (PCDS) body is aligning investors, vendors, and general partners to reduce the complexity, eliminate customisation, and define a set of data standards that currently remain elusive for the private capital industry.

This thought-leadership paper looks to identify and define the observed issues as they exist today, taking case studies from investor participants including some of the largest Limited Partners (LPs) across the globe. It identifies the issues regarding:

- a perceived lack of transparency on aspects of the information exchange between investors and their managers
- inconsistency in the formats and presentation of data
- differing definitions and use of terminology across the industry
- significant manual processes impacting ability to undertake more value-adding work.

The paper also looks at responses from the private capital industry to tackle these challenges to date, considers experience and case studies from other parts of the financial services eco-system and how they have created data taxonomies and definitions to support consistency whilst making use of data exchange capability through technology such as XBRL (eXtensible Business Reporting Language). It then considers developments that would support a journey toward a mutually beneficial, data-enhanced outcome for both investors and managers alike. The paper looks at the rise of data trusts and self-service platforms that would facilitate the increased fluidity of data exchange between these key industry participants.

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KPMG methodology and profile of respondents

We conducted detailed, structured interviews with some of the most significant investors in the private capital assets market today.

Over a period of three months, we surveyed global allocators whose assets under management (AuM) total US$1.237 trillion with an average AuM of US$207bn and who allocate to managers across the spectrum in terms of size and experience. The range of underlying private assets includes private equity and venture capital, debt/credit and real assets. Finally, whilst this study concentrated on the challenges posed for investors as Limited Partners (LPs), these global allocators also continue to grow their investment footprint through co-investment as well as direct investment vehicles. We are grateful for all of their input and contribution to this study.

Total AuM of respondents:
US$1.237 trillion

Geographic HQ of respondents:
Europe, North America and Asia

Private Assets managed by respondents:
private equity; real estate, private credit, sustainable energy, infrastructure, venture capital

Respondents' investment structures:
limited partnership, co-investment, direct

Why greater consistency and transparency?

Current market factors, such as the long-term low interest rate environment, funding gaps, regulatory burdens on banks and appetite for access to illiquid assets through new mechanisms have caused various mega trends.

Investors are increasingly seeing private assets as the norm, even in traditionally public market focused portfolios. In every conversation we have had with large institutional investors, we are hearing that these asset classes are of growing importance to their strategic asset allocation.

One of the main ongoing challenges faced by LPs in making investment and operational decisions is gaining a clear and unobstructed view of the granular details of their capital and cash-flows in relation to each of their investments or funds. Often, LPs feel they lack transparency in relation to investment lifecycle events, and associated cash movements such as fees and charges, or detailed information about the underlying portfolio companies in a distribution. They want more consistent, timely and granular detail.

There are often inconsistencies in the quality of the data received and it is frequently provided in a wide variety of formats such as PDF or spreadsheets. Huge manual effort is expended to clarify, re-validate, ingest, scrub, and reconcile data to allow LPs to meet their needs and those of their stakeholders, including trustees, boards and pension fund participants.

And this is not just an issue for LPs. GPs of private capital funds are also having to dedicate significant resources and time to complete templates to provide this data – time that could be better spent focusing on generating alpha or value-add activities. At the same time, an investor or LP is more likely to want to invest or re-invest with a manager in whom it places greater trust and believes is easier to work with.

"Although, of course, returns come first, we will be much more likely to provide follow-on investment to a manager who has been clear and open with us, and brought us along on the journey, even if that journey resulted in a lower return than we'd hoped!"
Canadian Pension Fund

Several well thought through efforts have been made over the years to tackle the issues faced by both LPs and GPs – although, to date, this has largely been through standardised Microsoft Excel templates. These have resulted in some improvements in the consistency of data – for example, where managers are able to provide information based on investor-driven templates. The Institutional Limited Partners Association (ILPA) templates have received the most uptake to date.

Another area of improvement is the use of portals by best-in-class GPs, which allow LPs to pull information directly.

While this represents progress, the process to populate templates still requires considerable manual effort for LPs and GPs alike. Moreover, there is inconsistent adoption and application of the ILPA templates and some well-intentioned stakeholders are using additional customised versions of templates – which actually works against the goal of industry standards. On average, our contributors to this thought leadership paper suggested that, at best, half of the GPs to whom they allocated assets provided responses in the ILPA format.

Another area of improvement is the use of portals by best-in-class GPs, which allow LPs to pull information directly. However, currently most of these portals are document repositories and do not provide LPs with the ability to 'pull and play' from GPs' held underlying data.

While significant steps have been taken to improve data transparency in the industry, there is still some way to go.

What's the problem?

To help identify the real issues around the data exchange in the private capital industry and begin planning a path forward, we travelled (virtually) across the globe to speak to many major LPs about their experiences.

There is a perceived lack of transparency

LPs need access to information on their investments to be able to sufficiently perform key activities such as running portfolio analytics and value for money assessments, and reporting to beneficiaries or underlying stakeholders to whom they are accountable. Currently, they feel there's a lack of transparency on items such as fees, expenses, investment performance and even basic cash-flow information in relation to events such as allocation of capital calls or distributions.

"We'll get information from a return of capital for five companies and the amount, but often GPs will just give us a total and not the breakdown of underlying portfolio companies it's attributable to."
Large North American Pension Fund

This is not because GPs aren't happy to accommodate requests from their partners. Often the issue, which results in a perceived lack of transparency, is that the data requested is just not there to provide, or at least is structured in a way very different from that requested by LPs. A GP we spoke with explained that their systems are set up to capture transactional data to support pre-designed deliverables. It is then complicated to restructure this into a format requested by LPs, especially at a granular level of data, and this is compounded when different LPs are requesting different types of granular data.

"The biggest challenge is the GP general ledger has been designed to capture and generate high-level, aggregated accounting such as a pro-rata capital call by LP; it is a struggle to recast more granular data from multiple sources to provide details such as the more detailed breakdown of that capital call for each LP."
Lorelei Graye, PCDS Alliance (formerly ADS Initiative)

One of the US-based LPs we spoke with said that many of the more established GPs can provide greater levels of detail upon request, although this is a manual process. However, smaller GPs are less likely to provide the same level of granularity, often providing total figures without breakdowns. That said, they noted that most GPs will provide the minimum required data when asked, although they may not have the granularity desired. The experience was consistent from a global perspective, with no real difference in the level of data provided by the GPs based on location.

"Asia is just a microcosm of the global market. Some GPs will have fund administrators that can provide detailed information in easily extractable formats. Others do it in-house and only provide PDF reports by email. However, both are normally very responsive in their own ways – the smaller GPs just require more effort to get the data we need."
Asian Sovereign Wealth Fund

Data is provided in inconsistent formats

This isn't just a question of the granularity of data. It is also about how it's provided. For example, one European Sovereign Wealth Fund told us that it receives data in a variety of formats, despite pushing hard for consistency. This means the data cannot be normalised for its own reporting and analysis. It's an issue that was raised by every LP we spoke with.

"As stewards of capital, LPs have the right to know their cost of doing business and to ensure that Carried Interest calculations are done in compliance with the Limited Partnership Agreement."
Marianne Stenberg, AP2

Another example was an LP that has investments in over 650 funds through relationships with around 150 GPs. The level, labelling, and format of the information it receives can be different from each GP. Even the data from one GP can come in different formats where it relates to different fund vehicles.

"There are challenges faced in respect of inconsistent terminology, often even on basic aspects – for example, when extracting cash flows to capture client performance, some data is provided net of fees, some gross. This is often not clearly defined or labelled."
Sarah LaRose, Cambridge Associates

We find the details provided by GPs in the ILPA fee template helpful, but not being able to automate it with technology/systems make them hard to consume and analyse.

…and that the issues with the data consistency and granularity of data adds further delays.

Data does not have an industry-wide definition

Even when data is provided in a standardised industry-accepted template, the data fields can be interpreted with different definitions by different GPs. This can lead to errors within forecasts and periodic reporting that are only identified as incorrect when compared to annual audited financial statements, or when actual costs are charged to LPs. Although some standard industry definitions exist, they are not used consistently, and as they are non-regulatory driven, there is limited enforcement of these definitions.

"As an example of inconsistently used terms, 'accrued carry' is a common culprit, with our forecasts often being out by approximately 10% due to GPs' different interpretations and calculations of this amount."
European Pension Fund

The variants within the forecasts differed between LPs and were materially affected by the models used; however, even using the same models, the data points were frequently interpreted differently. Feedback from LPs highlighted that this often leads to variances of tens of millions of USD.

Compiling reports takes too much time

Much of the data LPs receive currently comes in a mixture of different forms including Excel and PDF – it may even be typed in the body of emails. Dedicated investment operations teams and individuals spend a significant amount of time extracting the information needed and transforming it into a consistent structure, normalising data points and consolidating it to analyse. All the LPs we spoke with commented on the strain of this manual effort, and the amount of time taken going back and forth with their GPs to fill in gaps, answer questions and reconcile data with financial statements.

LPs are having to dedicate staff to this task and often take on the cost of hiring temporary support for high volume periods, such as quarter-end reporting. The effort required to gather, cleanse and consolidate this information ranges between LPs. We spoke with large institutional investors who had four or more employees to gather and consolidate information, although recognised that the overall effort across all teams was much greater. Some LPs were able to reduce internal resource constraints from the process by outsourcing this to fund administrators, but this may result in higher costs, as well as in the potential to lose internal control by adding an extra layer of barriers between themselves and their own underlying data.

While there needs to be recognition that there will always be an element of data enhancement, data review and oversight required, opportunities should be taken where possible to reduce manual process work and increase efficiencies and value-add activities.

"Although the data gathering and cleansing is outsourced to our fund administrator, which has to spend considerable effort to obtain accurate information, internally we still have to validate the data – but often this only needs to be a high level check, such as comparing to audited financial statements."
UK Pension Fund

There is often an equivalent drain on GPs' internal Investor Relations or Finance and Operations teams, for gathering the required internal data, completing multiple manual templates, and reconciling templates to financial statements. They also spend further time answering questions and pulling additional data in response to clarification questions, further adding to their manual burden. This is clearly an issue for smaller GPs with fewer resources, but it's also hugely inefficient for the bigger firms. Time spent manually compiling reports is time that could be spent focusing on improving value creation and investment performance, which ultimately is what GPs are held accountable for.

The data is outdated

Another issue highlighted by our conversations with LPs was the lag between when data is captured and when it's reported. One LP noted that there's already a lag with quarterly reporting and that they didn't want to add further delays. But given the amount of manual effort required, there can be a lag of around 90 days after quarter-end – longer for aggregate reporting in the fourth quarter.

"Shortening the timeline for reporting will be beneficial for everyone. Currently, GPs are asked for a lot of ad-hoc data in the lag period as LPs have to prepare information for investment decisions and reporting based on estimated data."
Asian Sovereign Wealth Fund

Issues for LPs and GPs:

- Perceived lack of transparency.
- Inconsistency in formats and presentation of data.
- Definitions and use of terminology differs across the industry.
- Bespoke reporting is time consuming.
- Resources focused on manual tasks rather than value-add.

How are firms seeking to improve data consistency?

LPs and GPs have already taken steps to improve the consistency and transparency of data, and to reduce the burden on their teams. But, to date, these have had a limited impact due to mixed uptake and the lack of a common approach.

Standardising templates

In an effort to capture the level of detail they require in a more consistent format, many LPs and their service providers have built their own templates. For GPs, that still means having to fill out a large number of bespoke templates, which ask for different information in different formats. Some GPs are having to hire temporary staff to handle this task. And this approach generally only resolves issues for the biggest LPs; a smaller institutional investor we spoke with said that GPs will typically only complete these for larger clients.

"GPs say to us that LPs can't agree on what information they want."
North American Pension Fund

In 2012, the ILPA's Capital Call and Distribution Notice Template was released, with the ILPA Reporting Template for fees, expenses and carried interested released in 2016. These templates were introduced to provide greater transparency and uniformity in disclosures to private capital investors, and were generally well-received at the time.

LPs told us that the ILPA templates does provide greater transparency and makes the task of analysing data easier. While identifying the right information and doing manual calculations can still take time, it does provide some focus and structure, reduces the back and forth, and generally improves the industry baseline for disclosures.

The ILPA templates are arguably the most widely adopted (non-regulatory) Excel template to date. However, the success rates experienced by LPs still leaves room for improvement, which provides an opportunity for the GP-LP relationship to continue to evolve. A European Pension Fund, for example, only receives the ILPA fee template from around 50% of its funds. For a US-based Pension Fund we spoke with, it was less than 33%. Some GPs say that the template is too detailed and complicated. Others prioritise completing bespoke templates for their largest investors.

LPs have also raised that there are often issues even when the ILPA template is used. LPs report that it's often amended or adapted. One LP told us that 50% of the GPs that complete the ILPA template return it in its standard format – many manipulate it to correspond with how their data is originally captured and may not highlight or explain changes they have made to the standard format.

"The lack of standardised reporting within the industry makes it near impossible to automate, or even semi-automate, the data collection effort; the majority of information provided by GPs can be classified as 'unstructured data'. With 4,400 managers, 6,200 strategies/products, 18,000 funds, 53,000 companies, 24,000 portfolios and 115,000 transactions booked annually, the volume of data we receive is significant and the lack of consistency makes it extremely challenging to manage."
Global Investment Firm

To increase efficiency, there has been some trialling of transferring data in an HTML format, but adoption has been inconsistent.

In addition, the ILPA template, while clearly a positive step for LPs, does not cover all the information required to perform analysis and the necessary reporting. Multiple LPs commented that the template does not ask for all the information they require and that they either need to request supplementary data from GPs, or adjust the ILPA template to include these requirements, which then essentially becomes another bespoke template.

"We find the details provided by GPs in the ILPA fee template helpful, but not being able to automate it with technology/systems make them hard to consume and analyse."
Marianne Stenberg, AP2

First steps to self-service

Some of the bigger GPs have introduced self-service portals. While LPs say this has cut down on the amount of back and forth with GPs, they still must go onto the portals – often different for each GP, find the right information and download it. The login details they use and their access rights may be unique to individual staff – so different staff at LPs may have different login credentials with varying access to different funds/GPs.

Even for a smaller pension fund, this can involve logging on to 20 different portals at least once a quarter and downloading multiple documents, often all in different formats. One LP commented that a handful of portals enable online viewing only, with no ability to download data. This can create additional manual processes as the information needs to be manually copied to support reporting documentation, as well as needing to be uploaded into the reporting systems in the first place.

"One GP has developed a data warehouse, but we still need resources to go and pull that data. And each of our GPs has potentially different data standards in their own data warehouses."
Global Institutional Investor

While the best-in-class platforms, which are not currently widely used, enable users to drill down into data, files are typically shared in PDF format – with some Excel spreadsheets also used. This means that for LPs there's still the manual task of translating data and converting it into a usable format. One LP noted that the information shared is typically at GP-level – it never receives fund-specific data. And there are still the same inconsistencies in the terminology (or labelling of data) used by different GPs and for different funds.

Trialling automation

To increase efficiency, there has been some trialling of transferring data in an HTML format, but adoption has been inconsistent. One LP we spoke with had trialled the use of HTML and found it cut down on the time both LPs and GPs spent inputting data, as well as the back and forth required to manage requests for missing data and to correct mistakes. There was, however, limited uptake from GPs meaning the LP was unable to put together a business case with its IT department to continue.

Some GPs have set up automated platforms, removing the need for data entry and enabling LPs to pull information. But this is rare. One LP is looking at the use of robotic process automation (RPA) to remove some of the manual burden on its staff by having 'bots' read and record the various forms of data they receive – with manual effort then focused on validating and analysing. This would also allow for automated tools that could read words like 'capital call', pull out defined data and populate a journal entry – further removing manual processes. But is a bilateral approach truly the best way to address industry-wide challenges?

How have similar challenges been tackled elsewhere?

The challenge of how to share detailed information is not exclusive to the private capital industry. It's an issue that's shared by other parts of the financial services ecosystem. What lessons can we learn from their experiences?

Use a common language

The European Systematic Risk Board (ESRB) and the European Central Bank (ECB) have launched three long-term projects to improve regulatory reporting. The Banks Integrated Reporting Dictionary (BIRD), Single Data Dictionary (SDD) and European Report Framework (ERF) aim to establish a common language for data stored by European banks, as well as a common language for how it is reported. This will help increase transparency for regulators and investors.

Uptake of this and similar initiatives has been driven by the regulators, with some threatening fines or penalties for non-compliance. But this type of approach isn't only taking hold where there's a regulatory requirement. For example, the Standards Board for Alternative Investments (SBAI) sets the voluntary standard for how the hedge fund industry operates, including disclosure standards with definitions that work on a comply or explain basis. It's supported by more than 85 major investors with more than $3.5tn in assets. Over 130 fund managers have signed up to the Standards, accounting for more than $1tn in AUM, as they see the standards benefitting both managers and investors, and future-proofing business models by improving how the industry operates.

"In the banking sector, the regulator wants to understand capital and liquidity positions in a consistent way in order to consider risks and compare organisations against each other – which is not a huge leap from the requirements of LPs."
Chris Checkley, Director in KPMG's Finance Transformation team

Automate data transfer

With a common language or taxonomy established, data transferral is typically automated based on an agreed format across the industry. In respect of regulatory reporting, XBRL (eXtensible Business Reporting Language), is used as a global framework for exporting business information. Using XBRL means that there's no need to maintain multiple spreadsheets – any change made is automatically updated throughout. It is automatically validated against the data taxonomy – the classification of data into categories and sub-categories – and, if accepted, uploaded. That means no mistakes, no requirement to complete templates manually and more granular data that's easier to interpret. It brings a level of consistency not possible using templates.

In respect of transactional data, such as public market trades, SWIFT messages are often used that can be automated into systems at the point of generation and receipt. Such a method could resolve some of the non-reporting challenges such as the clarity and timeliness of capital calls or distributions, or even the detailed breakdown of fees and expenses.

This model has been adopted by the regulator and banks in Austria. Every bank prepares data in a standard format in a series of 'datacubes'.

Establish a buffer to protect sensitive data

Another approach to resolving data exchange challenges is the establishment of data utilities or data trusts. This provides an industry-wide solution that doesn't rely on large market participants building bespoke systems, which only communicate with each other.

This model has been adopted by the regulator and banks in Austria (See Fig 1). Every bank prepares data in a standard format in a series of 'data cubes'. The data is shared via a buffer company, which is co-owned by some of Austria's largest banking groups. A common software platform acts as a central interface between the banks and regulator. This enables the regulator to interrogate granular data sets, while the banks retain control of their commercially sensitive data with only a passive interface accessible via the buffer company's platform. And it allows the banks to share the costs of compliance and standardising data collection.

This approach also offers the possibility for increased market insights, such as identification of market trends, developments or benchmarks based on anonymised data. In addition, it is possible to monetise the data utility or data trust to provide a net-zero cost solution for the industry.

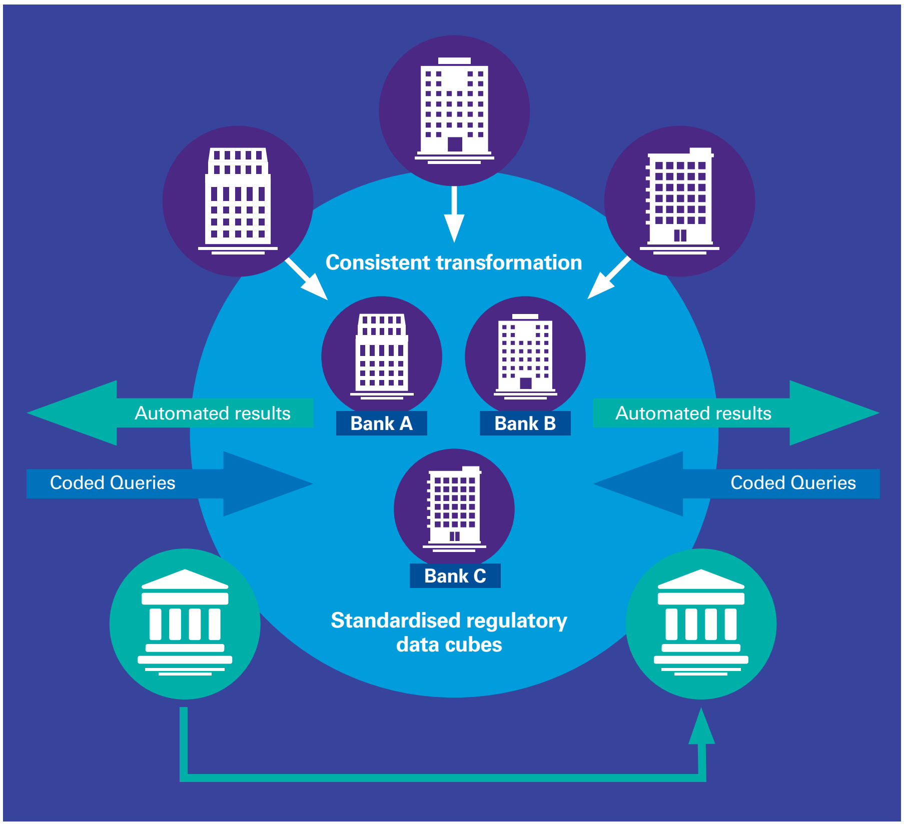

Fig 1: Example of data trust usage in Austrian banking sector

A common software platform acts as a central interface between the banks and regulator.

A roadmap toward greater transparency

To tackle the issue of data transparency, PCDS Alliance is focused on establishing a common language for private capital reporting that will enable automated exchange of reporting files. That will take buy in from all stakeholders but would deliver mutually beneficial outcomes for LPs and GPs.

1. Consult on industry requirements

"If you don't have buy-in, there's a risk you won't get take-up."
Sarah LaRose, Cambridge Associates

The first step is to gain a more thorough understanding of what currently exists, what is needed and what is causing the issues. This study suggests that a big part of the answer lies in the underlying data models. We need to collaborate to define the data requirements. What do we currently have and why? Where are there gaps in the data requested? Is there proxy data that can cover these?

PCDS Alliance and its members (including those that have contributed to this study), supported by KPMG, are committed to consulting across the industry to ensure the outcomes meet the needs of all parties.

"We need to build consensus across the industry on what is needed and why it is needed, and through this PCDS Alliance will naturally benefit both LPs and GPs."
Lorelei Graye, PCDS Alliance

2. Establish a data taxonomy and dictionary

"How do you bring together data in an organisation in a way that is useful? To do it properly you need a data taxonomy to show what you're pulling in, why you're pulling it in and how it will be used downstream."
Leanne Allen, Data Specialist in KPMG's FS Consulting Technology Team

Having understood the industry data required, the next step is to work with a data architect to understand the type of data involved and create a central data taxonomy. This will bring alignment and consistency to the terms being used across the industry and form the basis of any potential solution. This will also provide the foundations for a data model, including defining how the data is interconnected and the expected data lineage, which importantly would define how data is transformed and aggregated into other aspects of data.

With a clear data taxonomy, even where clients request different deliverables from GPs, the consistency in data should make the reporting process simpler, and reduce the back and forth, and the resource requirements for requests both from the GP and LP perspective. This would also reduce the need for bespoke data requests, although where these persist it would be easier and clearer to define what is needed and why it cannot be gathered from the standard industry data.

PCDS actively seeks to engage all stakeholders in the value-chain to achieve the best outcomes; KPMG brings innovative and data-focused solutions to facilitate this engagement.

3. Create a self-service platform

"The best thing about platforms is that you can access data without bothering the GPs."
LP Service Provider

Having an agreed taxonomy would immediately improve consistency of reporting across Excel and PDF reports. But the greatest benefits come from using the taxonomy to tag data and then putting it into XBRL or another suitable business information language. This opens the door to the creation of data warehouses or the use of Data-as-a-Service, enabling LPs to access data on demand via pull functions on cloud-based tools, irrespective of location. This would mean LPs could pick and choose and then pull the information they need, remove much of the burden on both GP and LP resources, improve consistency of data, and reduce the lag between recording and reporting of data – potentially supporting the ability to develop more scenario modelling capability or what-if analysis.

Even better, it could lead to a single version (or single source) of the truth by establishing a data institution (utility) or data trust. This would mean LPs and their providers would only have to access one portal to obtain the data they need. It would also provide a buffer between GPs and LPs, reduce confidentiality concerns on sensitive reporting aspects, and could be managed in a way that addresses any data security concerns. As with the Austrian regulator's model, this would involve data being transferred automatically from GPs to a middle pool managed by an independent and industry-owned entity, where detailed encrypted data could be accessed by LPs. That means GPs wouldn't have to provide access into their own portals behind their firewalls.

The data trust would act as a fiduciary covered by high standard stewardship required by fiduciary duty and provide an industry-wide solution. It could also offer anonymised analysis or other solutions, which could be commercialised and used to generate revenue for the members of the trust.

It is imperative to recognise that service providers and FinTechs would continue to play a pivotal role in the private asset ecosystem, even with the establishment of data trusts and utilities. Opportunities to improve efficiencies and consistency in the provision of data would also benefit Data-as-a-Service providers, as it should give them more time to focus on supporting clients on value-add services, such as accessing and presenting data in useable, relevant and innovative ways.

The benefits of creating a data taxonomy for private capital

The creation of a data taxonomy promises long-term benefits for both LPs and GPs. While there would be an initial outlay, this would be offset by the gains:

- **Greater consistency, accuracy and transparency.** Fewer data errors reduce the chances of regulatory issues or audit costs, for example. Access to more consistent and granular data will help LPs make better investment decisions. It will also help them improve their capital allocation strategies.
- **Less drain on resources.** GPs and LPs won't have to dedicate resources to data collection and cleansing. That translates to more time on value added activity for GPs and LPs.
- **Improved investor experience and trust in GPs.** Making it easier for LPs to access reliable, consistent data will improve customer satisfaction and trust. And that matters to GPs. If two GPs are offering the same returns, clients will go with the one that's easier to work with and that they trust.

Where do we go now?

The pace of technological change has never been greater; post COVID-19, it has accelerated. While the private capital industry has historically been perceived by some to be opaque and complex, increasing pressure from investors will continue to drive change, recognising that this must be through scalable and commercially viable means. Data empowerment ultimately benefits all stakeholders when objectives and alignment is shared.

The path forward to an efficient, scalable and commercially viable future of GP-LP reporting is through a common electronic reporting language or taxonomy. One route is through the Private Capital Data Standards Alliance (PCDS), recently known as the Adopting Data Standards Initiative, a non-profit membership organisation bringing together key industry leaders to support the standardisation of private capital reporting data tags and definitions to optimise data exchange for GPs, LPs, and their providers.

The PCDS taxonomy will not be in addition to nor additive to existing templates and guidelines, but instead, the data tags and definitions will provide an effective tool for market participants to complete templates and automate their reporting between investors, advisors and authorised third parties. PCDS aims to represent all stakeholders in the value chain and continues to actively interview leading private capital firms for LP and GP representation in membership and their expert input into the creation of internationally developed and recognised global data standards.

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About KPMG:

KPMG LLP, a UK limited liability partnership, operates from 22 offices across the UK with approximately 17,600 partners and staff. The UK firm recorded a revenue of £2.40 billion in the year ended 30 September 2019. KPMG is a global organisation of independent professional services firms providing Audit, Tax and Advisory services. We operate in 147 countries and territories and have more than 219,000 people working in member firms around the world. Each KPMG firm is a legally distinct and separate entity and describes itself as such. KPMG International Limited is a private English company limited by guarantee. KPMG International Limited and its related entities do not provide services to clients.

About PCDS Alliance / PCDS:

PCDS is a membership organisation and a cross-collaboration of private capital stakeholders working together by:

— building consensus in the industry

— maintaining our commercial neutrality in standards development

— developing data standards, the PCDS taxonomy, for electronic reporting

— completing a proof-of-concept for demonstration and publication.

PCDS is focused on fostering a collaborative and conflict-free forum to build momentum in private capital to develop global data standards. PCDS is developing and promoting standards that will facilitate digital reporting efficiency and transparency in the GP-LP relationship. A taxonomy in private capital financial reporting will provide a solid foundation for the free market to solve all market participants' higher technology and analytical needs.

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