

# Foundation Insights for Fund Formation

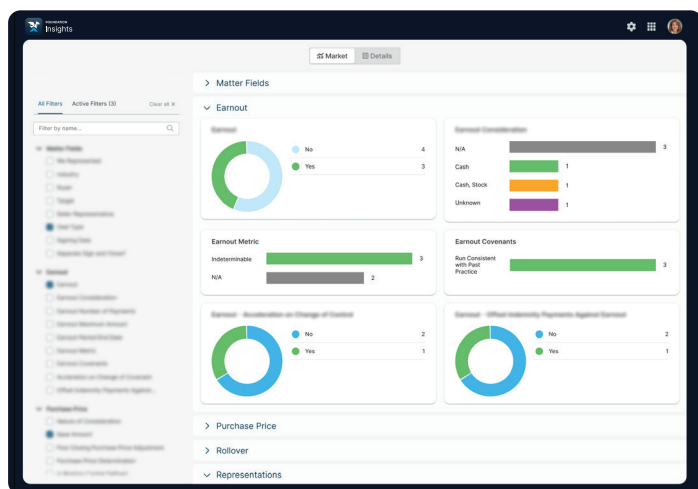
Litera's Foundation Insights, our cutting-edge AI-powered platform giving firms a competitive edge in negotiations, has expanded its capabilities to include the processing of Fund Formations.

Law firms can now automate the task of sifting through Fund Formations to extract vital information and compile it into an intuitive, searchable database. Foundation Insights is poised to revolutionize the way legal teams approach these critical documents by turning your law firm's knowledge of Fund Formation into client value.

## How was Foundation Insights adapted for Fund Formations?

As a leader in legal AI, Litera knows the best way to build our tools is to feed them with great examples of representative data. That's why Foundation Insights was built using real-world documents from top sources to be able to spot the important details that matter in any deal, including:

- Official U.S. deal documents from the EDGAR database
- Feedback from pilot customers at leading international firms and current Insights customers.



**Revolutionize the way your legal teams harness data with Foundation Insights. Get started today!**

Get a first look at Insights Fund Formation by visiting [our website](#) or scan the QR code to request a personalized demonstration.



## Fund Formation Deal Points Categories

Insights' Fund Formation fields cover 180+ key terms found in private equity limited partnership agreements. These deal points tend to be of high interest to both investors and sponsors, and reflect some of the most commonly negotiated terms in private equity fund formation.

These fields have been organized into 17 categories:

1

**Basic Fund Information:**

High-level information about the fund, such as fund name, fund jurisdiction, year of formation, and fund size.

2

**Fund Term:**

Details of the fund's term, including options to extend the term, if any.

3

**Investment Period:**

Details of the fund's investment period, including options to extend the investment period, if any.

4

**Capitalization & Structure:**

Key terms related to the capitalization and structure of the fund, including details of subsequent closings, whether parallel funds, feeder funds and alternative investment vehicles are permitted, and the threshold for establishing a successor fund.

5

**Key Persons:**

Names of the fund's key persons as well as details regarding key person devotion of time and key person event triggers.

6

**LP Commitments:**

Whether the agreement provides for the recycling (or reinvestment) of the limited partners' capital contributions.

7

**GP Commitments:**

Details regarding the general partner's commitment, if any.

8

**Investments:**

Details about the types of investments the fund can make, including bridge investments in portfolio companies and restrictions on investment.

9

**Waterfall:**

Key characteristics of the fund's distribution waterfall, including preferred return, GP catch up, and carried interest.

10

**General Partner Clawback:**

Whether distributions to the general partner are subject to clawback and the timing and extent of the clawback.

11

**Costs and Expenses:**

Whether there is a cap on organizational expenses and responsibility for certain categories of fund expenses (e.g., broken deal expenses and travel expenses).

12

**Management Fee:**

Details concerning the management fee paid to the fund manager (or the general partner, as the case may be).



13

**Fund Leverage:**

Whether the fund is allowed to borrow at the partnership level and the terms on which it may do so.

14

**Governance:**

Whether the limited partners can remove the general partner for cause.

15

**Advisory Committee:**

Details of the fund's advisory committee, including composition, compensation of members, and liability exposure.

16

**Co-Investment:**

Whether the general partner is allowed to co-invest alongside the fund.

17

**Indemnification:**

Whether the agreement includes a limited partner (or all partner) clawback and the scope of that clawback with respect to fund liabilities.

Each of these terms plays a critical role in defining the economics of the fund, protecting the interests of the investors and the sponsor, and ensuring the effective management of the fund's investments over its term. It is essential to understand and negotiate these terms carefully to avoid disputes and to ensure a fair agreement for all parties. Insights gives you a competitive edge by quickly enabling you to turn your firm's experience into client value for fund formation terms.