Morgan Lewis

ADVANCED TOPICS IN HEDGE FUND PRACTICES CONFERENCE

Manager and Investor Perspectives

WEBINAR SERIES

Track 2: Trends and Market Developments

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www.morganlewis.com/2021hedgefundconference

Emerging Developments and Opportunities in the Hedge Fund Marketplace

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Multi-Manager Considerations

Multi-Manager vs. Multi-Strategy

Structuring options/ Multiple PMs

Discretion over separate pools of capital – compliance and disclosure considerations

Differences in comp, incentives and fees in multi-manager formats

Enforcing investment limits/risk guidelines/centralized risk management

How Are Hedge Fund Managers Handling Expense Pass-Throughs?

- Use of an expense pass-through in lieu of a fixed management fee
- Soft dollars
- Organizational expenses
- Tax implications

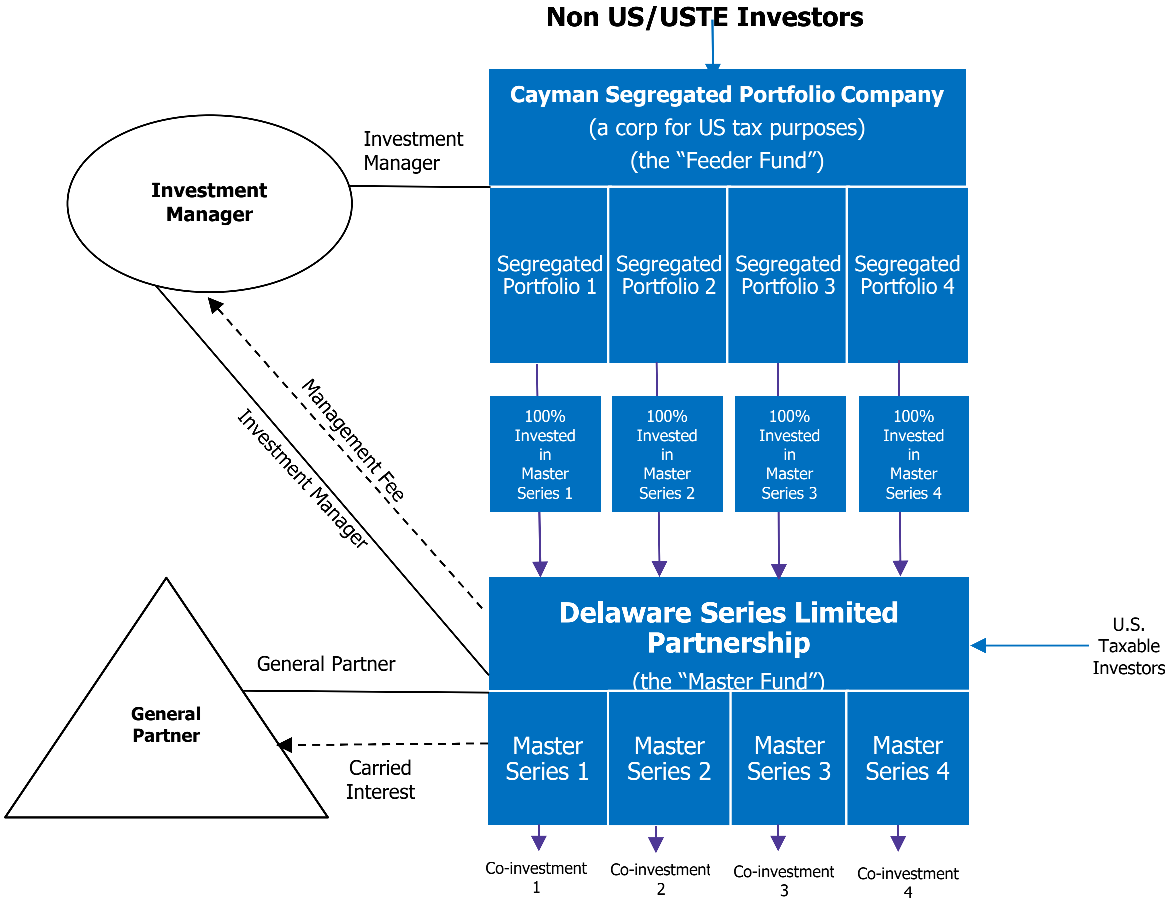
Hybrid Funds

- Combines features of hedge funds and private equity funds
- Benefits include:
  - Cash available to quickly make investments
  - 100% contribution at closing; actively managed
  - Evergreen
- Cap on privates: 50% or higher
- Liquidity: rolling lock-up periods (24–36 months)
  - Retired LPs remain invested in privates until realized
- Management fee – NAV of publics; lower of cost or market for privates
- Performance allocation (not carried interest)
  - 20% taken annually on realized and unrealized publics and realized privates (less permanent write-downs)
  - Preserve proportionate share of any loss recovery account balance for privates

Co-Investments

- Increasing focus for hedge fund managers and investors (mostly private investments)
- Co-investment structures
  - Blind-pool co-investment fund
    - Capital already committed
    - Might be difficult to raise capital without identifying deals
  - One-off fund for single co-investment
    - Investors make their own decision whether to participate in an investment
    - Time consuming to launch and expensive
  - Standard Delaware LP, multiple classes
    - Reduced costs
    - **No segregation of liabilities**
  - Delaware Series LP (Cayman SPC)
    - Statutory segregation of liabilities
    - Platform: Omnibus PPM, LPA, and sub docs, with deal-by-deal addendum
    - More difficult/expensive to operate – maintain separateness

Cayman SPC – Delaware Series LP Mini-Master Structure



Cayman SPC and Delaware Series LP Structures – Offshore Observations

- In the preceding slide it is necessary to form the Cayman feeder funds under an SPC structure rather than as classes in a mirror limited partnership because Cayman exempted limited partnerships cannot be formed with segregated liability between classes.
- The master fund series in this structure will be subject to the investor qualification requirements or investor number limitations under the US Investment Company Act. Thus, if a master fund series relies on the 3(c)(7) qualified purchaser fund exception then all investors coming in through the Cayman feeder portfolio will have to be qualified purchasers even though they are non-US persons.
- If the Cayman SPC portfolios act as the master funds rather than as the feeder funds, then a separate Cayman feeder fund SPC could be created and non-US persons investing through these separate Cayman SPC portfolios would not need to be qualified purchasers.
- However, an SPC master portfolio investing in non-US assets, such as in Brazil or Japan, may encounter tax and other disadvantages that would be avoided by using the Delaware limited partnership as the master fund vehicle as shown on the preceding slide.

Additional Issues to Consider

- Investment and expense allocation
- Expense/management fee reserve
- Carried interest
- Ability to call additional capital
- LP giveback
- Wrapper

Uses of Series LPs

- Individual co-investments
- Blockchain
- Feeder Funds
- Creating a platform for almost any purpose

International Developments

- New non-US fund structures are available to fund sponsors. Both Singapore and Hong Kong have rolled out new fund structures in a bid to get managers to form their funds locally rather than in Cayman, etc. The Singapore structure is gaining traction.
- Statistics show that worldwide there has been a move away from hedge funds over the last three years in favor of private equity, real estate and venture. However, some hedge fund strategies that fell from favor in the past seem to have regained new following. For example, we have seen more macro fund and quant fund launches this year than any time in the last five years. Statistics show that US funds have received a higher percentage of subscriptions for new strategies and products than have funds in Asia and Europe.
- US executive orders and other sanctions prohibiting US persons from investing directly or indirectly in certain sanctioned countries or companies have created challenges for funds seeking US subscribers but wishing to maintain flexibility to make investments that may be prohibited for these US subscribers. Some funds are creating separate share classes or side pockets to deal with this problem.
- US fund managers have shown recently to be more willing to offer alternative fee structures than have their Asian and European counterparts.

Emerging Risk of Social Media-Based ~~Coordinated~~ Trading

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The Pastrami Must Be Amazing

(David Einhorn, Greenlight Capital)

Behaviors Have Changed:
Rise of Commission-Free Trading

The first commission-free trading app launched in 2015

October 2019 – Numerous other broker-dealers announce commission-free trading on stock and ETF trades

Sources of revenue

- Interest on cash balances
- Margin lending
- Payment for order flow

Commission-Free Trading: Characteristics

Focus on retail, self-directed trading

- No recommendations
- Cash and margin accounts for minimal amounts
- Limited offerings (equities, ETFs, and no-load funds)

App Based

- Opening of accounts, trading, client communications all conducted through smartphone apps
- Streamlined
- But no human interaction, including at "complaint"/customer service level

"No commissions," so compensation to firms is from revenue sources such as:

- Payment for order flow (affectionately referred to as "PFOF")
- Interest on margin accounts
- Other non-commission-based compensation

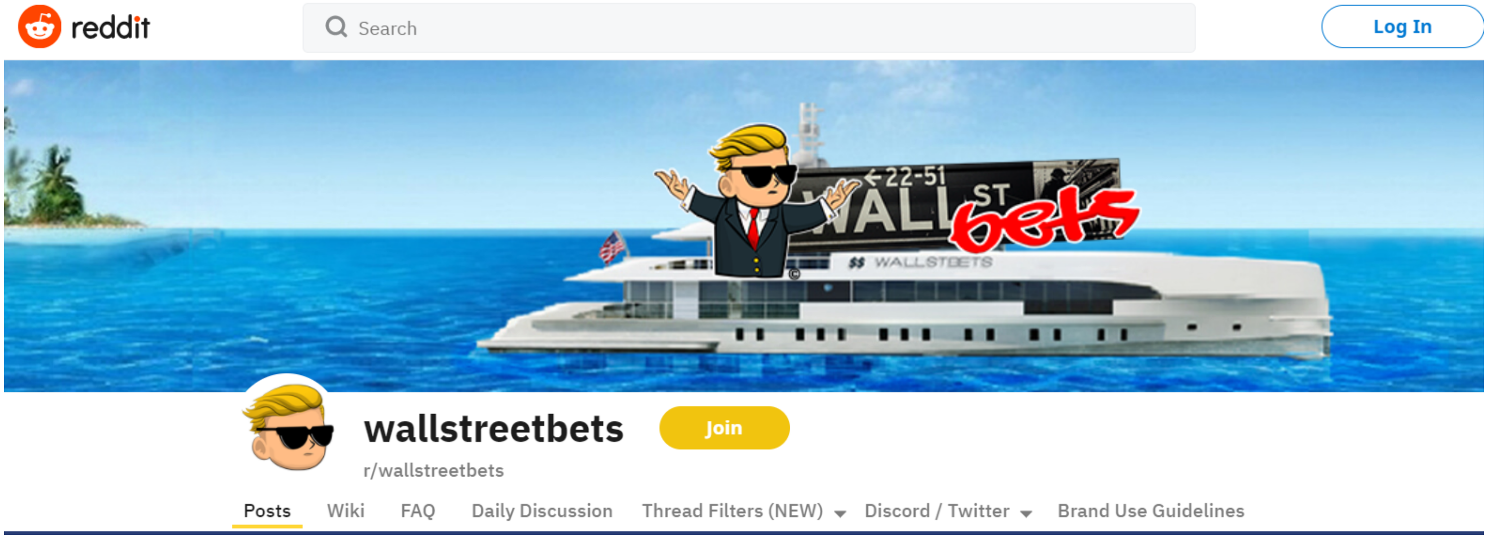
Commission-Free Trading: Back Office

- Trade processing: best execution obligation remains paramount
  - Some firms have addressed by contractually negotiating the same PFOF payment rate to eliminate risk of conflicts between execution venues

- Clearance and settlement: no difference from traditional brick and mortar, or online, brokerage clearance and settlement cycles

What Is WallStreetBets (or WSB)?

- A community centered around a particular subreddit
- “Like 4chan found a Bloomberg Terminal”
- Founded in January 2012, currently has 9.8 million users



Price of GameStop

Date	Closing Price
Jan. 12	$19.95
Jan. 14	$39.91
Jan. 27	$347.57
Jan. 28	$193.60
Jan. 29	$325.00
Feb. 2	$90.00
Feb. 4	$53.50
Mar. 10	$365.00
Mar. 24	$120.34
Apr. 13	$140.99
Apr. 30	$178.00

Why GameStop?

- US retail video game store
- WallStreetBets users noticed that institutions like hedge funds were heavily betting against GameStop
- Purchases of GameStop shares by WallStreetBets users drove up the price of GameStop
- Some short sellers were forced to purchase GameStop shares while they were priced substantially higher, resulting in significant losses

Who Is Roaring Kitty?

- Roaring Kitty is an online alias of Keith Gill, an online personal trader who wields significant influence within certain online trading communities
- For example, on February 19, Mr. Gill posted a screenshot on Reddit that showed he purchased 50,000 more shares of GameStop, which (at least in part) caused the stock to increase 13% during the next trading day
- He states that his postings are for educational purposes only

"Investment" Motivation

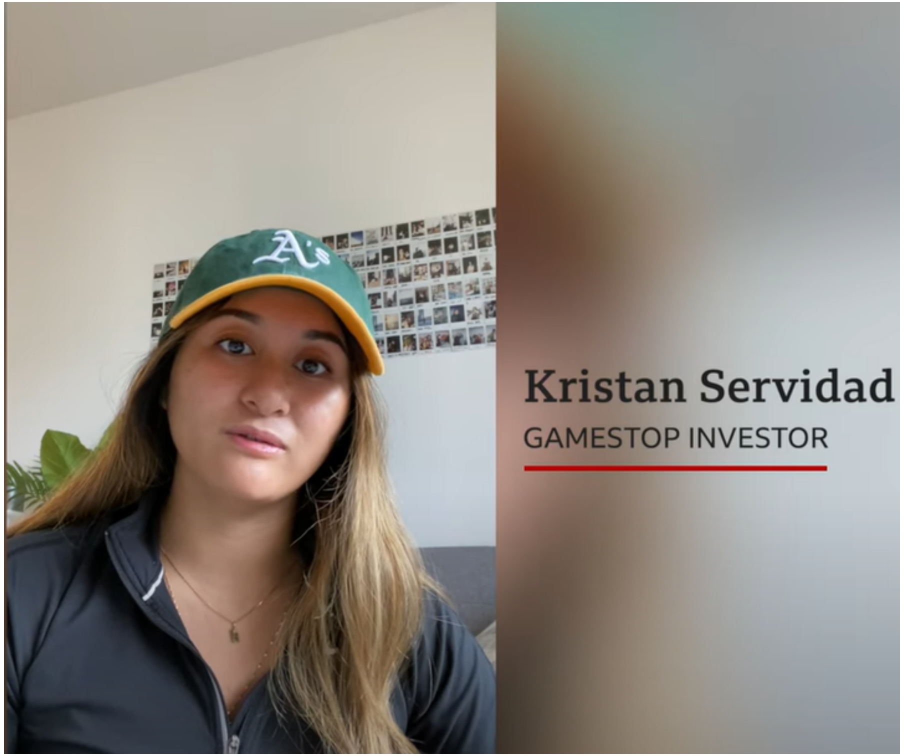
"I don't care about the money at all. I could lose everything, and I'd be so happy, because I just love what's going on."

(BBC News, Feb. 1, 2021)

"Investment" Motivation

"This could be a trend moving forward. I mean, we're playing within the rules, we're not sharing any insider information, it's just a collective group saying to buy specific stocks. You can't really control this; once the internet takes hold of this, there's no stopping it."

(BBC News, Feb. 1, 2021)



Fad or Future?

- Instant, widespread communications platforms
- Lower (effectively zero) barriers to market entry
- Changing value proposition (and something to do)
- Mobility of trading and access

What We Learned

- Broker-dealers raised margin required for the securities that were targeted up to 100% (so, in effect, no credit was granted on these securities)
- Clearing/carrying firms took steps to ensure they were adequately capitalized
- Clearance and settlement systems were able to handle massive volume

What We Don't Know Yet

Was there a manipulation?

- Was there someone, or something, such as an algorithm written by one or more individuals, driving the messages creating the trading frenzy?

How close were the systems to collapsing under the pressure??

Were they under extreme pressure, or were they strong enough after the post-2008 enhancements to weather the volatility and volume?

Aftermath

- Significant losses for some
  - Hedge funds
  - Many retail investors who were late to the party rode the price down significantly
- Testimony before House Financial Services Committee on Feb. 18
- Federal investigations of market manipulation
- Civil lawsuits filed against several trading platforms regarding trade restrictions
- Will media “overreaction” lead to government “overreaction”?
  - Scrutiny of payment for order flow practices (payment by high-speed trading firms to brokerages for the right to execute orders of individual investors)
  - More transparency around short selling and securities lending/borrowing practices

Applications for Funds and Directors

Direct impacts

- Short positions, if targeted and depending on timing, could result in substantial losses
- Opportunistic shorts in response to coordinated trading activity still risky, unknown
- Consider whether new or amended risk disclosure appropriate for certain strategies
- Reinforces the importance of personal securities trading controls

Indirect impacts

- Downstream regulatory changes to short sales and securities lending could represent additional compliance costs, burdens
- Changes to market infrastructure could make trading more efficient, transparent
- Financial solvency of trading or sub-advisory counterparties
- Will current products satisfy the changing nature of investors (if it's changing)?
- Mining Reddit: opportunity for new sources of data and market intelligence?

How Will This Impact Hedge Funds?

If you have a short strategy, you may find yourself in the crosshairs

Asymmetrical enforcement risk

Payment for order flow phenomenon

Disclosures

Private Equity Trends for Hedge Fund Managers

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Migration to Private Equity

In recent years, we have seen increasing activity by hedge fund managers investing in traditional private equity/debt. This trend is a result, in part, of the public markets and investor demand.

Traditional private equity/debt investing is generally a less liquid strategy and therefore many current hedge fund structures and terms are not well equipped to accommodate such private equity style investment strategies.

Hedge fund managers are attempting to modify their fund terms (or set up new funds with different terms) to address reduced liquidity of these investments by imposing gates, longer lock-ups, or increase of side pocket capacity.

Hedge funds, however, have certain advantages over private equity funds: hedge funds have no restrictions on when a PE style investment can be made, can more easily reinvest capital, and can raise or draw in additional capital for its PE investments.

Multiple Fund Offerings

Compliance with disclosure in existing funds	Time and attention/exclusivity standards (in offering documents and seed agreements)	Sharing revenue among the principals	Expense allocations
Trade allocations	Co-investment rights	Cannibalization risk of flagship product	Business complexities

Basic Differences Between Hedge and Private Equity

Hedge Funds

- Liquid assets
- Incentive allocation
- High water mark
- Unrecouped losses
- One-time capital contribution

Private Equity Funds

- Illiquid assets
- Carried interest
- Waterfall
- Clawback
- Capital calls over time

Basic Differences Between Hedge and Private Equity

- **Hedge Funds**
  - Open fundraising period
  - Dilution based on NAV
  - Fees based on NAV
  - LP redemptions
  - 2 year lock-up
  - Evergreen fund
- **Private Equity Funds**
  - Limited fundraising period
  - Dilution based on cost
  - Fees based on commitment
  - Transfer or liquidation
  - 10-13 year lock-up
  - 10-year term

Alternative Structures for Accessing PE

Side Pockets

Hybrid and Crossover Funds

- Customized mix and match of terms from either side
- Market acceptance
- Administrative considerations

Pledge Funds

- LP opt-in/opt-out rights
- Administrative considerations

Fund of Funds, Co-Investment Funds

Hybrid Funds

Hybrid Funds – various forms:

- Traditional hedge funds with side pockets (still common)
- Private equity–styled fund with a large portion of its portfolio in public securities and a long hold period, with no incentive fee on unrealized appreciation, and limited or no redemption rights (limited rights may include rolling long lock-up periods)
- Side-by-side fund (Hedge fund for liquids and private equity fund for illiquids)

Cross-Over Hedge Funds

- As hedge fund managers migrate into the private equity world, we are seeing greater interest in the formation of cross-over hedge funds.
- Cross-over hedge funds are funds that combine hedge fund strategies with private-equity investment strategies within a single fund vehicle.
- One main difference between a cross-over hedge fund and a hedge fund with significant side pocket capacity is a bifurcated fee and liquidity structure. In such instances, the fund manager seeks to create a mini-PE fund within the hedge fund with the mini-PE fund subject to traditional PE fund terms: limited offering, limited investment period, capital draw-downs, carried interest waterfall distribution terms, no mark-to-market for valuations, and a finite term. But where a private investment goes public, the cross-over fund does not need to exit the position and the hedge fund portion of the portfolio may (but need not) seek appropriate hedges on the private investments.

Hedge Fund Co-Investment Vehicles

- Hedge fund managers are offering with much greater frequency co-investment vehicles.
- Co-investment vehicles are:
  - any type of entity (partnership, corporation, business trust) established to invest in a "co-investment opportunity." The co-invest vehicle can be for one or more investors or one or more co-investments in which the identity of the co-investment is either known or unknown (i.e., blind pools) to the investors.
  - generally managed by the same investment manager of the hedge fund and may invest in parallel with the hedge fund, which investment may be direct into the co-investment opportunity or indirect through blocker entities or other pooled investment vehicles.
- A "Co-investment opportunity" is an opportunity to invest in parallel with or in combination with the hedge fund in a particular investment that is generally either too large, restrictive, or illiquid (or all of the foregoing) for the hedge fund alone.

Hedge Fund Co-Investment Vehicles

Hedge fund managers are offering co-investment vehicles for the following reasons:

- Negative perception of "side pockets"
- Concentration and capacity limitations
- Opportunities in illiquid investments
- Showcase expertise and distinguish oneself from "the pack"
- Creation of goodwill; raise additional capital
- Dedicated fund for a manager's "best ideas" or to co-invest alongside the flagship fund

Liquidity Concerns with Illiquid Structures

- Adequacy of valuation
- Risk management
- Inability to redeem
- Increase in secondary transactions for hedge fund side pockets
- Spinouts and reorganizations of illiquid assets

Creative Capital Sourcing for Private Capital

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Private Credit Fund Sourcing and Structuring

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Growth of Private Credit Fund Market

- CAGR of 11.4% to $1.46 trillion by 2025
- Performance: 8.8% IRR over the 10 years ending in 2019
- US pension funds have only 2% in private credit through 2020, and allocations are expected to increase
- Increase in M&A activity for originations and liquidity

Who Is Investing?

- Insurance companies
- Private pension funds
- Public pension funds
- SWFs
- HNW and RIA channels
- Family offices

What Are Investors Seeking?

- Yield
- IRR
- Quick deployment
- Short-to medium-term holds

Drivers of Growth

Fall in risk-free rates is boon to private credit spreads

Consumer lending becoming more attractive than corporate lending (due to stronger debt-service ratios)

More lenient underwriting standards could lead to more distressed and opportunistic plays

Customized Capital Formation for Credit Funds

- Warehousing
- Blind pool, commingled, draw down funds
- Funds of one
- SMAs
- JVs
- Assignments and participations

What Is driving the Customization?

- Economics
- Control
- Tax
- Credit ratings

Implications for Managers

- Tax
- Allocation of investment opportunities
- Conflicts
- Timing and process

Credit Market Trends

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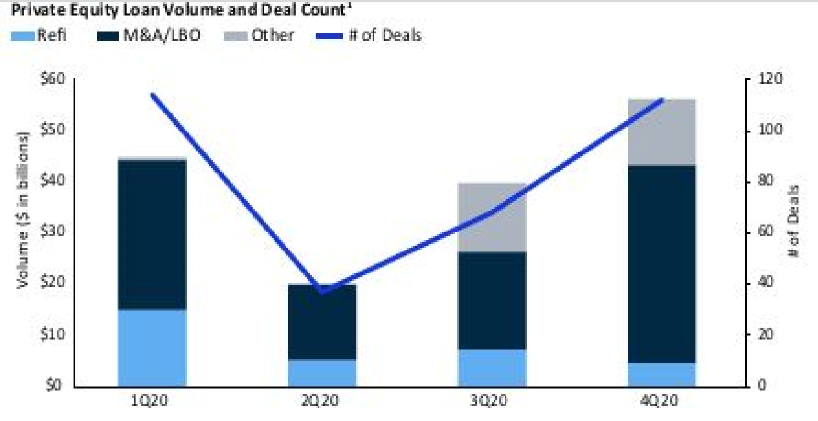
2020 Recap

Overview

- Coming off the heels of 2019, 2020 started with significant deal flow
- As the uncertainty of a global pandemic took hold in the first half of 2020, the market cooled, and deal flow slowed
  - In Q1 2020, private credit quarter return dropped 6.1%
  - In Q2 2020, PE loan volume dropped to less than $20 billion
- By year end, however, deal volume was up over $50 billion in Q4 for more than 100 deals

Private Equity Loan Volume and Deal Count



Why the Frenzy of Activity at the End of 2020?

The “downturn” was not as bad as predicted – many businesses were able to pivot or change how they did business using technology

Additional liquidity provided by the US Treasury department through the CARES Act and related legislation (PPP Loans, Main Street Lending Program, etc.)

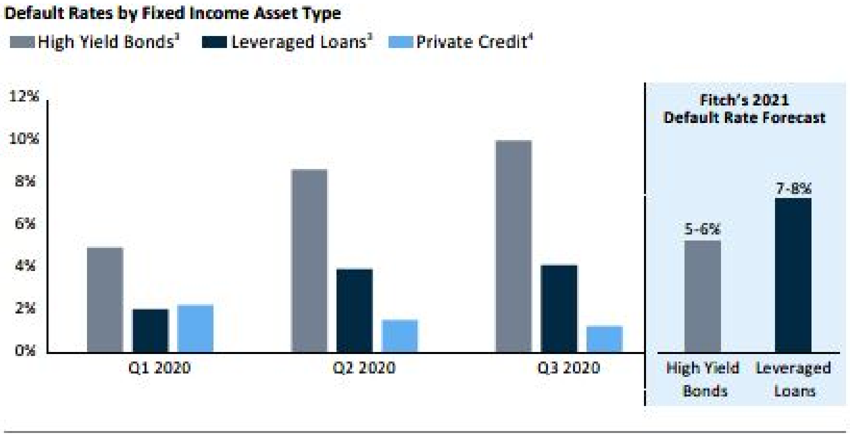
Implications of a new Presidential administration

Private Credit Performed Well During the Pandemic

Private Credit

- Private credit is expected to be one of the few asset-class winners of the COVID-19 crisis
- Private credit transactions enjoy a significant yield differential as compared with leveraged loans or high-yield bond offerings
- Liquidity premiums (i.e., direct lending/private credit investments are generally illiquid, and the investors are compensated for that)
  - Better pricing (e.g., some deals intended for the BSL market that went the direct lending route were priced 200 bps to 500 bps wider than what the BSL market would have yielded)
- Other considerations
  - More robust documentation (general tightening of more borrower-favorable deal terms; rejection of COVID-19 add-backs to EBITDA)
  - Better call protection
  - Leverage multiples are lower
  - Lower default rates

Default Rates by Fixed Income Asset Type



As of the end of Q4 2020, the leveraged loan default rate was 4.22%

Trends

Private credit will continue to be an important source of capital and the market continues to grow and 2021 is expected to be a record year for fundraising

- 58% of investors expect private debt allocations to continue to grow through 2025
- $848 billion AUM at the end of 2020 – anticipated to grow by will grow to $1.46 trillion AUM by 2025

Historic drivers of growth will continue to drive investment in private credit:

- Search for yield will continue to drive growth
- Lowe default rates
- More lender-favorable documents

Other indicators of growth

- Estimated $1.0 trillion in forward debt demand – (dry powder on the PE side to drive new transactions as well as refinance opportunities)
  - There is only about $105 billion in private credit dry powder
- Robust US economic recovery (particularly in light of wide-spread vaccination programs and re-openings)

Things to Consider in the Future

Whether or not central banks will keep interest rates low (making private credit yields more attractive)

Willingness of the Federal government to continue to provide economic stimulus in the form of PPP Loans, programs similar to the Main Street Lending Program and other similar programs

Impending tax reform under the Biden administration

Despite strong economic recovery, many investors are viewing prospective credits under the assumption that output will remain below peak levels for the foreseeable future

The Coming Distressed Cycle

- In the past three years, $92 billion has been raised in preparation of a downturn
- If the coming distressed cycle follows a "normal" cycle, it will not start until the second half of 2021
- Will this be a typical distressed cycle?
  - Excess liquidity in light of central bank intervention and willingness to keep rates low
  - Despite tightening documentation, the prevalence of cov-lite transactions and expansive Adjusted EBITDA definitions
  - Next downturn may be longer but not as steep and may be concentrated in specific industries that were impacted by the pandemic

Lawyer Biographies

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Richard A. Goldman represents US and international hedge funds and funds of funds, advising them on a broad range of issues, including fund formation, product structuring, strategic and seed capital arrangements, management company agreements, and all types of regulatory and compliance issues. Rich also represents private equity managers in the formation of their funds and institutional investors in connection with their investments in private funds.

Rich also regularly advises clients on registration as investment advisers with the SEC, structuring portfolio transactions and establishing separate accounts. Rich advises endowments and other institutional investors in connection with structuring and negotiating their investments in private funds.

He is the founder of the Boston Hedge Fund Group, an organization for chief financial officers, chief operating officers, general counsel and other senior legal, accounting, and compliance professionals involved with hedge funds in the greater Boston area. Rich is also a lecturer at Boston University's Morin Center for Banking and Financial Law, teaching a course on hedge funds in the LL.M. program.

Before joining Morgan Lewis, Rich was a partner in the investment management practice of another international law firm, where he was the co-chair of their global investment management practice. He was also the general counsel and chief operating officer for a hedge fund manager. He has been ranked for several years by *Chambers USA* as a leading attorney in the hedge funds industry in Massachusetts, national, and global business law guides, as well as listed in Legal 500 US.

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Ethan W. Johnson counsels clients on a variety of regulatory and transactional matters, with a focus on hedge fund and private equity fund formation, and guides investment managers through the legal intricacies of international operations. He also advises clients on establishing offices and operations outside the United States, developing and offering financial products and services sold on a global basis, and building global compliance programs.

Ethan's regulatory and transaction practice includes counseling clients on the creation of hedge funds, private equity funds, venture capital funds, real estate funds, Undertakings for Collective Investment in Transferable Securities (UCITS), and US Securities and Exchange Commission (SEC) registered funds. He also advises on the organization and operation of broker-dealers and investment advisers, and on corporate finance projects including public and private offerings of debt and equity securities.

Through Morgan Lewis's US, European, and Asian offices, he advises on the laws of more than 100 non-US jurisdictions, including all major financial centers, most emerging markets, and less-developed nations. He has experience counseling many US-based firms on US and non-US securities and regulatory matters—including joint ventures and investment projects—in Latin America, Europe, and Asia. In cross-border business matters, he helps clients comply with local marketing restrictions, and advises them on local authorizations and exemptive relief. He also works to ensure concurrent compliance with US and local laws.

A frequent author and lecturer, Ethan addresses topics including the regulation of broker-dealers and investment advisers; global distribution of investment funds; private equity real estate funds; investment in emerging markets; and corporate governance. He is an editor of the *Morgan Lewis Hedge Fund Deskbook,* published by Thomson Reuters/West.

Brendan R. Kalb, Global General Counsel, ExodusPoint

Brendan Kalb joined ExodusPoint in September 2020 as General Counsel, and he is also a member of the Firm's Management Committee. Prior to joining ExodusPoint, Brendan was a partner in the Investment Management Group at Morgan Lewis in New York. Prior to joining Morgan Lewis, Brendan was the General Counsel at AQR Capital Management, LLC, a quantitative registered investment adviser based in Greenwich, CT, where he was responsible for managing the full spectrum of the firm's legal affairs. Prior to joining AQR, Brendan worked as an associate at the law firms of Willkie Farr & Gallagher and Seward & Kissel.

Brendan received his JD from Cornell Law School and graduated magna cum laude with a B.A. in International Relations and Economics from the University of Pennsylvania. Brendan has served as a member of the Board of the Direcotrs of the National Futures Association and as a member of the Managed Funds Association's Investment Adviser and Government Affairs Committees, and as Chairman of the MFA's CTA, COP and Futures Committee. Brendan also serves on the Board of Advisors of the Institute for Law and Economics, a joint research center between the Law School, the Wharton School and the Department of Economics at the University of Pennsylvania.

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Gerald J. Kehoe focuses on private investment capital formation and investment product structuring. He advises fund sponsors managing vehicles investing in energy, infrastructure, renewables, buyouts, and other strategies. Jerry also advises sponsors and global institutional investors on structuring and implementing co-investments, direct investing pools, master feeder partnerships, and other complex investment structures.

Jerry advises US and international sponsors in fund launches, raising substantial commitments for investments in power and energy generation and transmission assets, real estate, solar and wind projects, patent royalty strategies, leveraged buyouts, clean technology, and other infrastructure assets. Commitments are sourced from institutional US and international investors, including sovereign wealth funds, US and global pension plans, insurance companies, endowments, family offices, and foundations.

Since 2009, *Chambers USA: America's Leading Lawyers for Business* has recognized Jerry for his work. He is active in international business associations and committees promoting the development of commercial law and trade, and he maintains an active pro bono practice.

He was previously a partner in the investment management practice of an international law firm, where he spent four years as the managing partner of its London office.

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Amy Natterson Kroll counsels US and non-US financial institutions on US regulatory requirements and best practices related to broker and dealer activities. Clients seek Amy's advice on, among other things, issues related to implementation of new regulations; the acquisition and sale of broker-dealers; expansion of business and related regulatory requirements for financial institutions; and regulations related to the capital markets, such as research activities and research analysts, supervisory controls and internal controls, and cross-border securities activities. Amy also advises clients on the collateral consequences of enforcement, civil, and criminal actions. She has a specific interest in the issues central to regional full-service and mid-market broker-dealers.

Amy worked at the Securities and Exchange Commission twice. From 1997–1998 she was assistant general counsel (legislative and financial services) at the SEC, to which she had returned after five years in private practice counseling broker-dealers and other financial institutions. From 1984–1991, during her first tour of SEC service, she served in positions of increasing responsibility, first as an attorney-adviser in the division of Market Regulation (now the division of Trading & Markets), and subsequently as counsel to Commissioner Edward H. Fleischman and as senior special counsel in the division of Corporation Finance, Office of International Corporate Finance.

From 1998–2003, Amy was an independent consultant, focusing on issues confronted by non-US financial entities seeking to engage in broker-dealer activities in the United States. During that time, she also taught at the Washington College of Law, American University.

Amy serves as the Washington office practice group leader for the firm's investment management practice. She previously served as a member of the NASDAQ Market Operations Committee. Prior to joining Morgan Lewis, Amy was a partner in the financial institutions regulatory, enforcement, and litigation practice at another international law firm.

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Timothy W. Levin, leader of the firm's investment management practice, counsels investment advisers and other financial services firms on the design, development, and management of pooled investment vehicles and investment advisory programs. He also advises fund managers in connection with organization, registration, and ongoing regulatory compliance. Additionally, he represents managers and sponsors of unregistered pooled investment vehicles.

Timothy's clients include many types of registered investment companies, such as mutual funds and registered funds of hedge funds, and funds focused on alternative investment strategies, including business development companies (BDCs). His unregistered pooled investment vehicle clients include private funds, bank collective investment trusts (CITs), and companies seeking exemption from investment company status.

Since 2008, *Chambers USA*: *America's Leading Lawyers for Business* has recognized Timothy for his work.

He speaks frequently at conferences and moderates panels. He also co-chairs the annual Hedge Fund Conference. Timothy is the editor of *Morgan Lewis Hedge Fund Deskbook: Legal and Practical Guide for a New Era* and the *Mutual Fund Regulation and Compliance Handbook*.

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Peter M. Phleger advises sponsors and institutional investors, including corporate strategic investors, on private investment fund formation, including venture and private equity funds, fund-of-funds, secondary funds, and captive corporate funds. He counsels on fund structure, formation, governance, and investing activities, including both primary investments and secondary transactions. His work encompasses fund structuring, partnership agreement terms and conditions, securities law compliance, investor relations, and general partner separations.

Peter's clients include fund sponsors of multibillion dollar partnerships and early–stage venture capital firms; strategic corporate investors such as pharmaceutical companies partnering with early–stage life science focused funds and energy companies partnering with renewable energy funds; and institutional investors such as public pension plans, insurance companies, fund-of-funds, family offices, and sovereign wealth funds. He also counsels both secondary buyers and sellers of portfolios of fund interests.

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Matthew Edward Schernecke advises direct lenders, mezzanine investment funds, and venture capital investors in a variety of debt and investment transactions with borrowers of all sizes, types, and structures. Matthew also counsels private equity clients and corporate borrowers on domestic and cross-border acquisition financings, out-of-court restructurings and workouts, bankruptcy matters, ESG and impact investment financings, and real estate financings. Matthew leads transactions spanning diverse industries, including financial services, real estate, retail, life sciences, healthcare, technology, food and beverage, hospitality, film and music entertainment, media, and telecommunications.

Matthew advises clients of all kinds on the financing aspects of sustainable investments with a broader social impact. He has broad knowledge and experience structuring and negotiating loan documents to embed and track social impact through ESG-oriented covenants and impact investment financing transactions.

Matthew serves as the New York office local practice group leader for the finance practice. He also serves as a leading member of the Morgan Lewis CARES Act Loan Program Task Force, working with this cross-practice team, composed of 40-plus lawyers, to advise hundreds of clients and colleagues on all aspects of COVID-19-related federal loan programs, namely the Main Street Lending Program, on which Matthew co-authored market-leading publications, and the Paycheck Protection Program. Matt has also been sought after by top-tier organizations to speak on market practice during the COVID-19 pandemic, including the Loan Syndications and Trading Association (LSTA) and the American Bar Association (ABA).

Prior to joining Morgan Lewis, Matthew served as a law clerk to Federal Magistrate Judge Cheryl L. Pollak of the US District Court for the Eastern District of New York.

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Stephen C. Tirrell's practice focuses on advising private investment funds (U.S. and non-US) and investment advisers in relation to all aspects of their businesses. Steve assists clients in the structure and organization of hedge funds, hybrid funds and private equity funds, including equity, arbitrage, distressed, global macro, funds of funds, first-loss funds, real estate funds, infrastructure funds and others. Steve counsels clients on seed capital arrangements, compensation arrangements among partners and employees, complex fund restructurings, co-investments and compliance with the Investment Advisers Act of 1940 and other relevant U.S. securities laws.

In addition to his private fund practice, Steve represents and advises a variety of entities, including banks, broker-dealers, CDOs, and hedge funds, with respect to issues involving joint venture arrangements, derivatives products and new product development.

At a previous firm, Steve was a member of both the investment management and structured products groups and split his time between structuring a variety of hedge funds and negotiating complex derivative transactions.

Before joining Morgan Lewis, Steve was at another international law firm, where he was a partner in their investment management practice.

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Joseph D. Zargari focuses on the private investment fund industry, including the structuring, formation, governance, and regulation of and investment in US and non-US hedge funds, private equity funds, venture capital funds, managed accounts, and other products. In addition, Joe has a significant practice representing buyers, sellers, and general partners in secondary transactions (including portfolio sales of fund interests and GP-led transactions). He also provides legal, regulatory, and transactional advice for investment managers and institutional investors. Joe is the practice group leader for the New York office investment management practice.

Actively engaged in all aspects of the private funds practice, Joe's experience covers all types of private investment funds, including hedge funds, private equity funds, venture capital funds, secondary funds, real estate funds, credit funds, infrastructure funds, energy funds, funds of funds, hybrid funds, and funds of one. He counsels sponsors through all stages of product development and capital raising, including management company and fund formation, placement agent agreements, seed and lead investor arrangements, regulatory and compliance issues, and investment activities (including direct investments and co-investments). He also advises funds of funds, pension plans, endowments, family offices, and other institutions in connection with their investments in private funds.

In addition, Joe regularly represents clients engaged in secondary transactions (including traditional purchases and sales of fund interests, fund recapitalizations and restructurings, tender offers, and structured, stapled, and synthetic secondary deals) and is a frequent speaker on the subject. He advises secondary funds, institutional investors, pension plans, endowments, family offices, and other institutions in their capacities as buyers and sellers of private fund interests on the secondary market, and has counseled clients in many leading secondary transactions.

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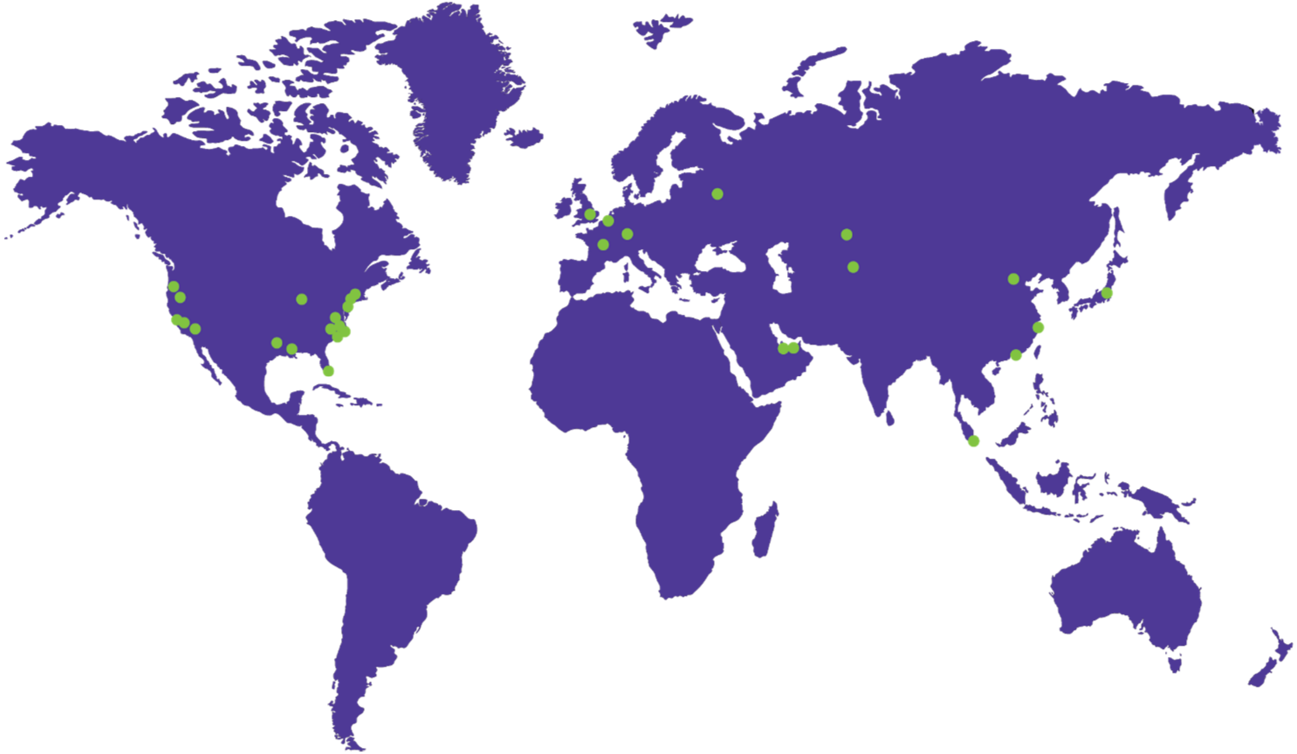

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