

# Waterfall Calculations & Process

ThoughtFocus has extensive experience in working with clients, designing, implementing, and operating waterfall calculation models and associated business processes.

## Calculate Different Carry Models

- Cash Carry on Sale - Waterfall on all previous sales
- Cash Carry on Income - Waterfall on current income and past sales on one deal only
- Accrued Carry - Waterfall with a full liquidate scenario on entire fund - typical of Quarterly valuations.
- Composite Waterfall for investor across investments in all funds - Typical for SMAs - where investor pays carry only once based on performance across all participated funds
- Annual with loss carry forward for Fund-of-Funds
- Inception to date on SMA vehicles

**99:1**  
(NO CARRY)

Until LP's receive a minimum of specified preferred return, GP will NOT receive any Carry

**60:40**  
(NO CARRY)

Once LP's preferred is met, and until GP receives carry on total gains, all gains are distributed at catchup rates.

**80:20**  
(NO CARRY)

Once LPs IRR met and GP received full carry on past gains - GP receives full carry

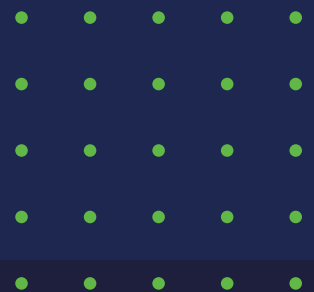
## Public Markets Equivalent

Calculation of PME, although very different from waterfall must be incorporated into the waterfall engine. This will simulate a buy or sell of the given Index at that day's price, as invested in the fund

## Audit

Audits are maintained every time the waterfall is processed with unique process identifiers that are assigned and the calculation sequence is saved as a data file, based on the limited partner.





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