

WATERFALL SERVICES

3E Management provides waterfall calculation services to private equity clients. We review all legal agreements, past capital activity, and future projections to construct a waterfall that correctly allocates distributions and provides returns for the GP and LPs.



ABOUT 3E MANAGEMENT

3E's services allow our clients to focus on the investing process and provide peace of mind that returns and distributions are calculated correctly. Our services provide peace of mind that returns and distributions are calculated correctly and in accordance with SEC guidelines.

CONTACT

Eric Bergin, Founder —
ebergin@3emanagement.org



COMMON WATERFALL ISSUES

- Understanding Defined Terms
- Preferred Return Calculation
- Incorrect Compounding Periods
- Cashflow Timing
- Promote vs. Cashflow Methodology



IMPORTANCE

- Waterfalls are highly technical and governed by complex legal documents
- Calculation errors can cause a loss of investor confidence, a loss of profit, and litigation
- Investors and partners actively look for third party verification



HOW IT HELPS

- Reduces questions from investors and partners about returns
- Relieves Auditors, Fund Administrators, and internal teams from misinterpreting complex legal documents and calculating waterfalls incorrectly
- Allows Net Returns to be added to existing marketing material to remain SEC compliant