**ATTACHMENT 2 – RFI Questionnaire**

**DIRECT LENDING (Global or European)**

Introduction

Thank you for taking the time to complete this RFI Questionnaire. This RFI Questionnaire is to be filled in by managers focused on the Global and European markets.

The questions in this RFI Questionnaire have been clustered into sections. Please answer questions in the spaces provided and take care to answer every question within each section.

In all tables where AUM data are requested please indicate the values as at 31 December 2017 and more recently (where appropriate and if available). Please express AUM in Euros on the basis of the exchange rate corresponding to reported date.

General Information

**Firm details**

* Legal name: …
* Headquarters: …
* Italian branch office (if existing): …
* AIF name:…
* Telephone number: …
* Email: …
* Website: …

**Reference contact**

* First and second name: …
* Role: …
* Direct telephone: …
* Email: …

Contents

[Details 1](#_Toc518910351)

[Introduction 1](#_Toc518910352)

[General Information 1](#_Toc518910353)

[1.1 Business – Overview and ownership 3](#_Toc518910354)

[1.2 Business – Firm AUM 4](#_Toc518910355)

[1.3 Business – Financial stability 4](#_Toc518910356)

[1.4 Business – Data Transmission 5](#_Toc518910357)

[2.1 Personnel – Team structure 6](#_Toc518910359)

[2.2 Personnel – Team turnover 7](#_Toc518910360)

[2.3 Personnel – Team compensation structure / alignment 7](#_Toc518910361)

[3.1 Investment Overview – Philosophy & Process 8](#_Toc518910362)

[3.2 Fund term / holding periods / exit strategy 9](#_Toc518910363)

[3.3 Risk Management 9](#_Toc518910364)

[3.4 Investment Restrictions 10](#_Toc518910365)

[3.5 ESG & Responsible Investing policy 10](#_Toc518910366)

[3.6 Co-investment opportunities 10](#_Toc518910367)

[4.1 Results and analytics 11](#_Toc518910368)

[4.2 Track Record 11](#_Toc518910369)

[5.1 Operations and Accounting 15](#_Toc518910370)

[6.1 Compliance 15](#_Toc518910371)

[Appendix 1: Biographies of key investment strategy staff 16](#_Toc518910372)

1.1 Business – Overview and ownership

**1.1.1 Overview**

Please provide an overview of your firm including:

* The legal structure of your firm (partnership, corporation etc)
* The date and background to the firm’s formation
* Important milestones in the firm’s history
* The organizational structure of the firm, including a graphical representation
* Business development plans
* Litigation/Regulatory fines
* Any external activities outside of core services

Insert text here…

**1.1.2 Firm authorizations**

Please outline the primary markets in which your firm is registered / authorized to conduct business and the regulatory agency the firm is registered under.

Please also provide a specific description of the fund’s authorization to be marketed in Italy. If this authorization has not yet been obtained, kindly provide a description of the expected timing to obtain such authorization.

Insert text here…

**1.1.3 Ownership structure**

Please describe the ownership structure of your firm including:

* Any significant shareholders in the firm
* Any significant changes to the ownership structure of the firm in the last 3 years
* The proportion of the firm owned by i) current employees and ii) firm founders iii) other large stakeholders

Insert text here…

**1.1.4 Agreed ownership transfer**

Please highlight any pre-planned firm ownership transfers that have been agreed or which are being considered (e.g. tranches of a management buy-out which remain due, plans to dilute founder Partner ownership proportion, ownership in a limited-term fund).

Insert text here…

**1.1.5 Governance Structure**

Please describe key management or executive committees, its members and scope of responsibility.

Insert text here…

**1.1.6 Regulatory Disclosure**

Has the firm undergone regulatory investigations, pending administrative proceedings, or receive a notice of investment violations since inception of the firm?

Insert text here…

1.2 Business – Firm AUM

**1.2.1 Firm AUM**

Please provide details of the firms AUM for pooled funds and separate account mandates. Please provide as much detail as possible on the type of mandate. Please also provide a breakdown by client type.

Table 1: AUM for segregated mandates

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Name of Pooled Fund / Segregated Mandate | Vintage / Date of Inception | Size (€m) | % Called | Details |
| Fund I |  |  |  |  |
| Fund II |  |  |  |  |
| Sperate Account A |  |  |  |  |
| Sperate Account B |  |  |  |  |
| Etc… |  |  |  |  |

**1.2.2 Funds Currently Raising / Segregated Mandates Currently Under Negotiation**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Name of Pooled Fund / Segregated Mandate | Fundraising Launch Date | Final Close Date | Target Size (€m) | Capital Raised to Date | Number of Investors |
| Fund x |  |  |  |  |  |
| Seperate Account x | N/A | N/A |  |  |  |

Please highlight which of the above funds (if raising more than one fund) is the applicable fund for this application.

Please include details of the investors from whom you have already received commitments from (if possible) for the fund applicable to this application.

1.3 Business – Financial stability

**1.3.1 Capital Structure**

Please indicate:

* Does your firm currently have any debt financing? What is the debt/equity ratio of the firm?
* If the firm has an active credit rating from (at least) one of the large credit rating agencies, please share the current rating here.

Insert text here…

**1.3.2 AUM profitability break-even point**

Please outline an estimate of the AUM break-even point for the firm’s profitability. Please also provide details on the methodology used to calculate this estimation.

Insert text here…

1.4 Business – Data Transmission

1.4.1 Mandate Specific Requirements

* The selected manager will be required to provide quarterly reports to BlackRock/Previndai and well as quarterly update calls and host annual onsite visits with Previndai and the BlackRock Manager Research team (if necessary) to discuss the progress of the fund. Please state below if this is possible along with any other reporting provisions the fund offers.
* Please indicate the types of reports produced and frequency of distribution to investors. If possible, please include a sample report.
* Please outline the type of information covered in each report.
* Please indicate how often an official valuation of the fund will be executed and how often a capital statement will be provided to investors. Please also indicate the expected number of working days between the end of a given period and an official valuation being released related to that period.
* Please outline if there are any provisions for how the manager will communicate to investors if there are any significant events in the fund (i.e. in the case of a deal being written off / dramatic reduction in the NAV of the fund)
* Insert text here…

2.1 Personnel – Team structure

**2.1.1 Team organizational chart**

Please provide a team organizational charts including:

* The investment team specifically managing the strategy
* The non-investment related staff (i.e. operations, finance, compliance etc.)

Insert chart here…

**2.1.2 Establishment of team**

**Note: We have requested the biographies of the key individuals as an Appendix to this RFI**

Please provide an overview of the team managing this strategy including:

* Please indicate the key individuals involved in the management of the strategy, their years of track record in managing similar strategies and years of experience
* How and why did the team initially come together and how has it evolved over time?
* How long has the firm had a Direct Lending strategy
* Are there any succession plans in place for key individuals?

Insert text here…

**2.1.3 Team structure**

Please describe:

* How the investment team is organized (i.e. by country, by sector, generalist approach)
* The key geographic locations in which your team operates

Insert text here…

**2.1.4 Firm wide support - committees**

Please describe any internal investment-related committees or shared resources (beyond day-to-day informal collaboration across teams) which support the strategy team, including:

* Macro-economic committees
* Risk committees
* Valuation committees
* Compliance committees
* Shared analyst resources

Insert text here…

**2.1.5 Board-level representation**

Please explain through whom the strategy team is represented at Board level (or equivalent) and the interaction that this individual has with the strategy team.

Insert text here…

2.2 Personnel – Team turnover

**2.2.1 New joiners**

Please provide details of any significant joiners in the past three years (including date of joining, role and previous experience).

Insert text here…

**2.2.2 Recent leavers**

Please provide details of any significant leavers in the past three years (including date of departure, previous role and tenure with the firm). Please include reason for leaving.

Insert text here…

**2.2.3 Unfilled team positions**

Please highlight any vacancies in the current investment team which you expect to fill in the next 12-18 months.

Insert text here…

2.3 Personnel – Team compensation structure / alignment

**2.3.1 Compensation**

Please outline the compensation structure of the team including:

* Any bonus or performance schemes and the proportional split between fixed salary and variable bonus
* Phantom equity plans
* Details of any deferred element of remuneration (and what happens to deferred remuneration on departure)
* If the fund includes a carried interest performance component, please detail how this is shared across the team.

Insert text here…

**2.3.2 Self-investment**

Please outline

* The extent to which the firm is invested in this strategy
* The extent to which members of the team are invested in the strategy

Insert text here…

**2.3.3 Key Man clause**

Please provide details of any Key Man Clause.

Insert text here…

3.1 Investment Overview – Philosophy & Process

**3.1.1 What is the objective of the investment strategy?**

Please provide a detailed description of the strategy’s investment objective, including the following:

* The return target (as a Multiple of Capital and Net IRR) for the strategy (and the expected return decomposition)
* Please describe the risk profile of the strategy
* Details of the investment opportunities the strategy will target and their key characteristics. E.g.
* Industry/sector focus
* Regional/country focus
* Enterprise Value of target investments
* Capital structure of target investments.
* Approach to leverage at the fund level through credit facilities

Insert text here…

**3.1.2 Please describe the sourcing capabilities of the team managing the upcoming fund.**

* Methods used for sourcing
* Please provide example(s) of sourcing used in the past
* Approach to syndicated loans
* Statistics on deals sourced vs closed

Insert text here…

**3.1.3 Please describe the due diligence process involved in underwriting a prospective loan.**

* Underwriting process
* Due diligence process
* Investment committee process

Insert text here…

**3.1.4 Please outline your philosophy around Portfolio Construction for this upcoming fund.**

Please provide a detailed description of the portfolio construction philosophy, including the following components:

* Position sizing
* Expected number of holdings
* What percentage of the total debt funding will the manager typically represent in a given deal
* Average credit rating
* Anticipated portfolio exposures (sector, country, stage, core/opportunistic, etc.)

**3.1.5 Please describe the level of asset management undertaken by the team as part of the strategy.**

* Ongoing monitoring of deals and the asset management strategy
* What are the major factors monitored in the portfolio companies
* How does the investment team assess a strong management team?
* Use of third party consultants to assist in asset management
* Please provide case studies outline investments which are not meeting expectations and how you manage these
* Does the fund have access to any credit facilities? What is the policy on how such facilities can be used?

Insert text here…

**3.1.6** **Currency of denomination of the fund**

Please indicate the fund’s currency of denomination. If different from Euro, please describe the Euro-denominated participation instruments (e.g. currency sleeve) that the investor can subscribe to

**3.1.7 Examples of Investment Operations**

Please provide a case study of two deals concluded in the recent past, one concluded with satisfactory outcome and one concluded with unsatisfactory outcome

**3.1.8 Distinctive Elements**

Provide the description of elements that can be considered unique selling points of the strategy vs competitor funds

**3.1.9 Delegation of Alternative Investments Fund Manager Functions**

Whereby the AIFM intends to delegate any investment related functions, please provide a description of the delegation structure and the reasons underlying the delegation.

3.2 Fund term / holding periods / exit strategy

**3.2.1 What is the Term of the fund?**

* Please include details of any extension periods

Insert text here…

**3.2.2 What is the investment period for the fund?**

* Please provide estimates of how much committed capital will be invested in Year 1, Year 2, Year 3 etc.

Insert text here…

**3.2.3 What is the average holding period for individual loans in the fund?**

Insert text here…

**3.2.4 Please provide a chart/table outlining the expected cashflow profile of the upcoming fund over its lifetime (i.e. capital calls / distributions during each year of the fund).**

Insert text here…

3.3 Risk Management

**3.3.1 Please outline your approach to Risk Management.**

Please provide a detailed description of the risk management philosophy for the strategy, including the following components:

* Process
* Currency exposure management
* Assets, sectors, securities or instruments avoided
* Tools and models used for risk estimation
* How frequently is risk management carried out in the fund?

Insert text here…

**3.3.2 Does the fund have any seed deals or early target opportunities?**

Insert text here…

**3.3.3 Please describe the strategy’s use of leverage.**

Please outline how the strategy intends to use leverage at the asset level and at the fund level, keeping in mind that leverage at the fund level is permitted solely for cash management purposes.

Insert text here…

3.4 Investment Restrictions

**3.4.1 Please highlight any investment restrictions within the strategy**

Please provide a full list and detailed description of any investment restrictions.

Insert text here…

3.5 ESG & Responsible Investing policy

**3.5.1 Please provide details of the Firms ESG & Responsible Investing policy**

Insert text here…

**3.5.2 Please describe how the team incorporate the firms ESG & Responsible Investing policy into the investment strategy**

Insert text here…

3.6 Co-investment opportunities

**3.6.1 Does the Manager expect co-investment opportunities for fund investors?**

Please outline the allocation policy for co-investments.

Insert text here…

4.1 Results and analytics

**4.1.1 Results**

How has the strategy performed in previous funds (if appropriate)? How do you assess if you have achieved your target? Insert text here…

Insert text here…

**4.1.2 Peer Universe**

Which managers do you consider being your direct competitors in this strategy / what do you believe would be a relevant peer group?

Insert text here…

**4.1.3 Market Conditions**

In what market conditions do you expect this strategy to perform well and in what market conditions is the strategy expected to underperform?

Insert text here…

4.2 Track Record

**4.2.1a Track Record – fund Level**

Please complete the table below outlining fund level performance of direct lending historical funds / separate accounts the team have invested.

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Name of Pooled Fund / Segregated Mandate | Vintage | Size | Target Net IRR (%) | Called (%) | Distributed (%) /  DPI | Rem. Value (%) / RVPI | Net Multiple (x) | Gross IRR (%) | Net IRR (%) | Date as at |
| Fund I |  |  |  |  |  |  |  |  |  |  |
| Fund II |  |  |  |  |  |  |  |  |  |  |
| Sperate Account A |  |  |  |  |  |  |  |  |  |  |
| Sperate Account B |  |  |  |  |  |  |  |  |  |  |
| Etc… |  |  |  |  |  |  |  |  |  |  |

**4.2.1b Description of historical funds / separate accounts**

Kindly provide a brief description of the above strategies. Please also indicate any differences in the investment strategies between the upcoming fund and the historical funds for which track record is provided, and any unusual or extenuating circumstance which you think might hinder a fair assessment of the strategy performance based on the current track record.

**4.2.2** **Personal track record (if appropriate)**

If appropriate, and if different from the above, please provide the personal track record related to the lead fund manager of the upcoming strategy.

Insert text here…

**4.2.3 Track Record – Deal Level**

For each of the funds / separate accounts provided in 4.2.1 please complete the table below

**Fund I**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Company Name | Location | Sector | Entry date | Exit Date | Amount invested | Seniority / instrument type | Asset leverage (at Entry) | Asset LTV | Entry Multiple | Exit Multiple | Distributed | Current Value | IRR | MOIC |
| A |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| B |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| C |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| D |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| E |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

**Fund II**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Company Name | Location | Sector | Entry date | Exit Date | Amount invested | Seniority / instrument type | Asset leverage (at Entry) | Asset LTV | Entry Multiple | Exit Multiple | Distributed | Current Value | IRR | MOIC |
| A |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| B |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| C |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| D |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| E |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

**Etc…**

5.1 Operations and Accounting

**5.1.1 Please describe your cash movement controls.**

Insert text here…

**5.1.2 Please describe the pricing and valuation procedures.**

Insert text here…

**5.1.3 Please indicate the notice period for capital calls and distributions.**

Insert text here…

**5.1.4 Language and jurisdiction**

Although the following aspects are not strictly mandatory kindly answer the following questions:

* Will Previndai be able to receive regular communications, including periodic reports related to the fund’s performance, in Italian?
* Will there be an Italian speaking reference contact?
* What language will the subscription documents be written in?
* Which jurisdiction will the fund be registered under and the laws of what legal jurisdiction will be used to settle any disputes?

6.1 Compliance

**6.1.1 Please provide details of the compliance team and structure**

Insert text here…

**6.1.2 Please describe the compliance monitoring program**

Insert text here…

**6.1.3 Please provide details of any conflicts of interest the firm has with the underlying holdings**

Insert text here…

Appendix 1: Biographies of key investment strategy staff

Please include the name, position, tenure (firm), years of experience, committee membership, and any other relevant information.