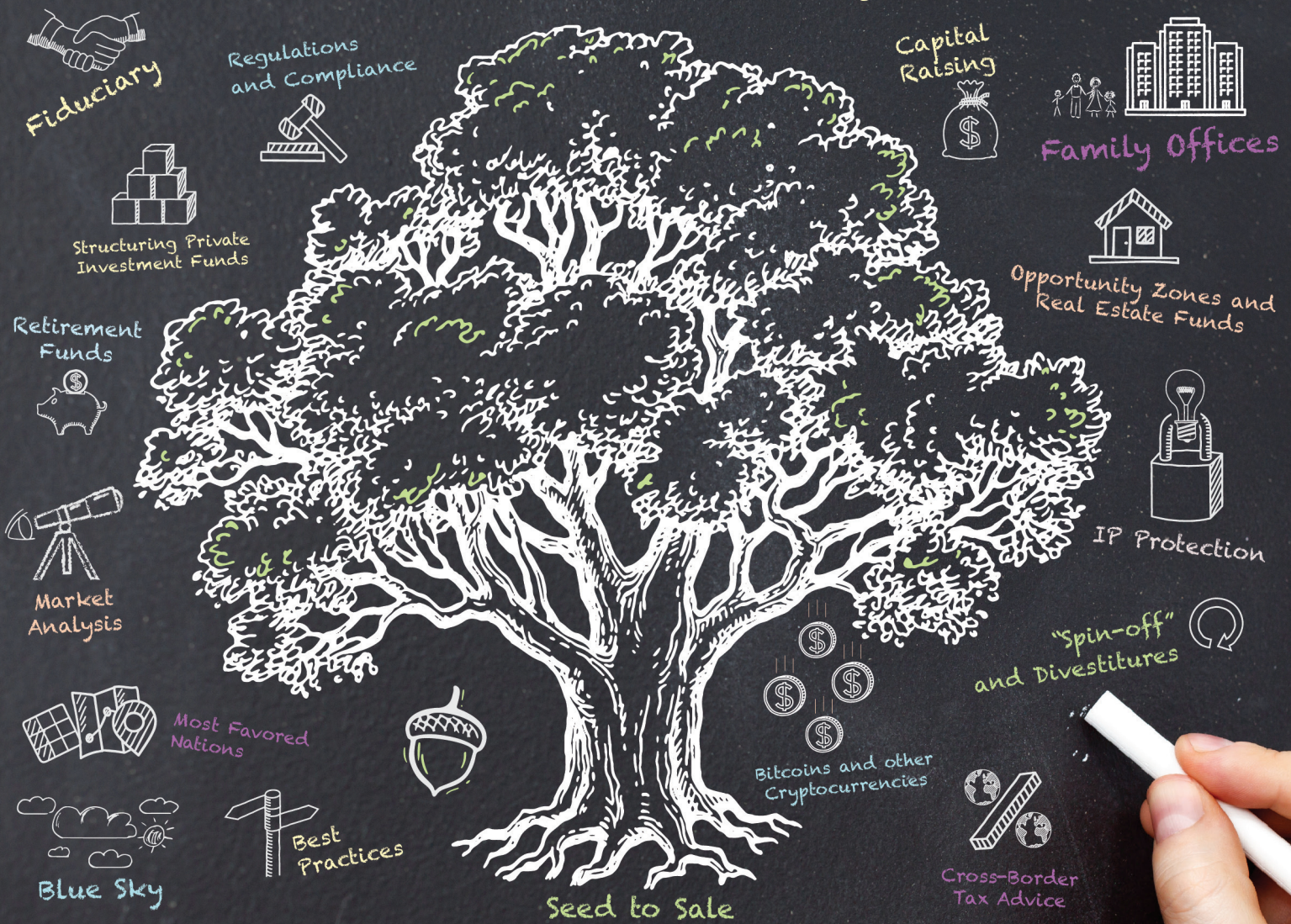


INVESTMENT MANAGEMENT AND PRIVATE FUNDS

Investment Strategies



*Guiding Investment Managers
from Seed to Sale*

CLIENTS AND SERVICES OVERVIEW

Day Pitney provides practical legal advice and counseling to private investment funds, fund managers, wealth managers, CTAs, CPOs and investors, as well as to service providers, such as independent directors, administrators, trustees and custodians.

Attorneys in our Investment Management and Private Funds group work closely with attorneys in the Firm's tax, employee benefits and executive compensation, corporate, employment, finance, intellectual property, real estate, bankruptcy, private client, estate planning and litigation practices, all of whom have significant experience dealing with the issues facing investment funds and their investment managers and sponsors.

We advise fund sponsors and investment advisers in the United States, Europe, Asia, Australia and Latin America in connection with structuring, organizing and operating hedge funds, private equity funds, venture capital funds, leveraged buyout funds, mezzanine funds, real estate funds, funds of funds, commodity pools, cryptocurrency funds, futures funds and other investment vehicles, including funds of one, single asset or 'deal by deal' funds, co-investment funds and "first loss" funds. We work with both first-time and more seasoned sponsors in fund formation across numerous sectors and industries.

We regularly provide compliance advice to investment advisers, broker-dealers and other securities professionals. We work with large pension plans and other institutional investors, such as single and multi-family offices and funds of funds, to provide practical and timely advice on investing in a range of funds and direct investments. We have a breadth of experience—continually serving the needs of clients while also bringing additional perspectives to our investor side representations through several of our attorneys' tenure as in-house counsel at both domestic and international fund managers and asset management firms. Our attorneys have strong working relationships within the investment management industry and work closely with financial regulators and industry groups.

FUND LIFECYCLE

Day Pitney represents fund managers in all aspects and stages of their business, taking into account their short-term and long-term goals, as well as the size and scope of their platform, investment strategy, internal relationships and operational needs. We serve as both and long-term advisor to each of our clients, helping each grow and maximize its potential at each stage of the fund lifecycle.

For clients seeking to create an investment management platform, we provide our deep knowledge in the structuring, formation and negotiation of management companies, internal governance and economic arrangements within the general partner or sponsor and the critical initial funding transactions. We work directly with our clients to navigate both state and federal regulatory regimes to ensure compliance with applicable law. We also advise our clients with respect to market terms and operational matters to ensure that each fund that we form launches as efficiently—and operates as smoothly—as practicable.



FUND FORMATION

We understand the myriad of issues confronting different types of private fund managers. We use interdisciplinary teams to counsel clients at every stage of the fund's lifecycle ranging from pre-formation strategy and organizational structure to regulatory compliance and advice on document preparation. We have extensive experience with

investment funds of all kinds across various investment strategies and asset classes on a global basis. We assess our client's business objectives first and develop a plan prior to fund launch to determine the optimal structure, often culminating in an initial summary which the client may share with an anchor investor or early stage group of investors to gauge interest. Our goal is simple—to

Our goal is simple—to create efficiencies for the initial fund launch. We counsel clients on market terms and conditions to help guide them through the fund lifecycle, drawing on the knowledge and experience of our Firm's Tax group and other key practice areas to ensure we meet our client's expectations and goals.

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FUND SUCCESSION AND EVOLUTION

Closing a fund necessitates careful planning; this is the foundation upon which we guide clients so they are well positioned to fulfill their fiduciary obligations to investors and effectuate an orderly wind-down of the fund. At the same time, we work with clients to ensure the rest of their business continues to operate seamlessly. We work in partnership with all key stakeholders and service providers, including independent directors and offshore counsel, to ensure that all decisions are made or decided through the prism of what is in the best interest of the fund investors. We understand that our clients terminate fund vehicles for a variety of reasons—the fund may have reached the end of its stated term or the fund manager's business may have simply evolved where an existing vehicle no longer fits the investment strategy or the long-term vision of the manager. We work with our clients on succession through the creation of new funds, co-investment vehicles or other special purpose entities. We also advise clients on optimizing the tax efficiency of these structures and develop the material terms of any successor vehicles offered to investors.

THE INVESTMENT MANAGER

We strive to provide cutting-edge advice on key business terms for investment management professionals, particularly the terms which are the bedrock or foundation of their business. Whether it is negotiating significant governance terms, “key person” provisions, buyout rights or transfer rights with third parties, our attorneys understand the needs of our financial services clients. We work collaboratively with the principals of the investment management team to find the right balance in their operative agreements, calibrating their collective understanding and memorializing the terms of the partnership.

Our investment management lawyers also draw on the collective knowledge and experience of our Employee Benefits and Executive Compensation group to help clients structure profit sharing or other compensation plans to incentivize their employees through vesting of carried interest or other performance fees over the life of the fund. We advise fund sponsors as well as seasoned investment professionals on employment and compensation matters, including negotiating and drafting narrowly tailored, enforceable non-competition, non-solicitation and non-disclosure agreements to protect our client’s goodwill and confidential information, as well as general employment, severance, consulting, joint venture and indemnification agreements. We also partner with clients to address violations of such covenants by former employees and assisting with onboarding new personnel who may have covenants with former employers. Our fund clients look to us to advise them on all aspects of employment matters and provide solutions-driven advice on pre-litigation matters as they develop in real time.

TRANSFER TAX PLANNING

At or prior to the launch of a fund, there may be significant opportunities for the sponsor’s principals to utilize sophisticated wealth planning techniques to transfer some or all of their carried interest to younger generations to prevent its future appreciation from being subject to gift or estate tax in the U.S. While carried interest planning, if effective, allows a principal to transfer significant wealth to future generations in a way that minimizes gift and estate taxes, the planning is complex and requires coordination with experienced tax and trust planning counsel to avoid triggering unintended gifts under Chapter 14 of the Internal Revenue Code. The optimal time to engage in this planning is at the inception of the fund structuring. Our Firm has more than 80 dedicated attorneys in our Private Client group, making it one of the largest private client practices in the country.

REGISTRATION AND COMPLIANCE

U.S. and foreign investment managers must navigate increasingly complex regulatory and compliance requirements, including the registration and reporting requirements associated with Securities and Exchange Commission (SEC) registered

We understand the regulatory challenges these firms face, in part because several members of our team have served as in-house counsel for registered broker-dealers and investment advisers.

investment advisers, advisers who are required to register in one or more states or investment managers who are required to register as commodity pool operators with the Commodity Futures Trading Commission (CFTC).

Our attorneys regularly counsel these advisers on such issues and also

routinely provide advice as to the availability of exemptions or exclusions from such registration requirements. We work with both U.S. and foreign clients to handle their day-to-day compliance and regulatory issues in the U.S., including best execution, use of solicitors/finders, information barriers and outside business activities. We understand the regulatory challenges these firms face, in part because several members of our team have served as in-house counsel for registered broker-dealers and investment advisers. Our attorneys represent financial firms and their associated persons in examinations, investigations and enforcement proceedings by the SEC, the CFTC, the Financial Industry Regulatory Authority (FINRA), self-regulatory organizations, states attorneys general and state securities regulators. Day Pitney regulatory attorneys also assist clients with SEC, FINRA and National Futures Association filings as well as seeking formal and informal guidance from such agencies. We often work alongside our clients' operational and technical teams on information technology projects, including privacy and data security planning, and data breach responses.

SEED CAPITAL, INVESTMENT MANAGER M&A, INSTITUTIONAL INVESTOR INVESTMENTS AND OTHER SPECIALIZED TRANSACTIONS

We advise clients beyond fund formation and capital raising, particularly representing fund managers involved in seed capital transactions. We work closely with clients to negotiate the terms of such investments in our fund manager clients which are often being made by institutional and strategic investors, such as funds of funds. We guide our clients through the complexities of these specialized transactions and our advice covers a range of issues from determining the right balance of protective consent rights held by the seed investors to negotiating certain buyout rights the fund manager may require from the seed investor. These seed transactions often are accompanied by corresponding investments in the fund vehicles which necessitate our team working in parallel to ensure the terms of the fund offering and the seed transaction are properly harmonized.

We are also called upon by clients to assist in management company restructurings which include "spin-out" transactions of portfolio teams. Our Investment Management and Private Funds group, together with a team of lawyers from our Tax, Employee Benefits and Executive Compensation, Finance and Intellectual Property practices, negotiate the terms of the definitive transaction agreement and ancillary agreements, which may include ongoing investment or ownership rights in the newly formed investment manager. We also handle licensing and intellectual property ownership issues for the new fund manager. Our regulatory and corporate teams conduct due diligence on the existing investment management

agreements and works closely with the new fund manager to register with the SEC as an investment adviser or file an exemption as an exempt reporting adviser, if applicable. Our Employee Benefits and Executive Compensation lawyers assist with compensatory and incentive arrangements and our Tax lawyers provide insight into the tax ramifications of purchase/sale transactions with the existing fund manager and departing portfolio team.

We have experience representing managers (both alternative and traditional wealth managers) in connection with selling all or a portion of their businesses as well as merging or consolidating their business with other managers. These transactions involve close coordination of our group's regulatory expertise with our Tax and Employee Benefits and Executive Compensation practices to ensure a smooth transaction process as well as appropriate post-closing integration and regulatory compliance.

We guide our clients through the complexities of these specialized transactions and our advice covers a range of issues from determining the right balance of protective consent rights held by the seed investors to negotiating certain buyout rights the fund manager may require from the seed investor.

Our team also has extensive experience representing large pension funds, endowments, foundations, bank holding companies, tax-exempt organizations, fund of funds and single family offices with their allocations to, and investments in, alternative investment managers, including some of the most high profile alternative asset managers in the financial services industry. We conduct due diligence, prepare detailed fund offering documentation summaries and negotiate and draft highly-customized and robust side letters, "funds of one," co-investment funds and side-car/parallel vehicles, while providing our buy-side clients with valuable insight on current market terms and conditions to best leverage their investment capital.

FAMILY OFFICES

Day Pitney routinely represents families of wealth and their family offices, with a focus on single family offices (SFO), and their executives and family principals in a wide variety of complex matters. Our family office clients, which are based both in the U.S. and abroad, have investible assets ranging in value from several hundred million to several billion dollars. These assets are spread globally across numerous and complex asset classes, weighted toward alternative assets, direct private equity, venture capital and debt investments, and varied co-investments.

Our investment management lawyers assist our family office clients in connection with the formation of "white label" private investment funds for families, as well as external third party investors; allocations to third party fund managers (including manager due diligence); negotiation and preparation of side letters (including MFN elections); and preparation of offering and other documentation related to separately managed accounts, single investor and single asset funds, special purpose vehicles, "sidecar"/parallel investment vehicles and special classes and/or series of funds. We also provide regulatory and compliance advice to our family office clients, including developing specialized compliance programs, providing insider trading education and training for employees; and advice to ensure compliance with the SEC's "Family Office Rule."

REPRESENTATIVE INVESTMENT MANAGEMENT AND PRIVATE FUNDS TRANSACTIONS AND FUND FORMATION ENGAGEMENTS

- Represented **Pula Capital Management LP** (Pula), a newly formed investment manager based in Virginia, in connection with (i) the acquisition of a minority ownership interest in Pula by Felton Group, LLC (Felton Group), and (ii) an investment by Felton Group in Pula Capital Fund, LP, a newly formed fund managed by Pula that intends to employ novel mathematical techniques and a proprietary, systematic predictive model to trade a diversified long-short portfolio of liquid U.S. equities
- Represented **AlphaCrest Capital Management LLC** (AlphaCrest), a quantitative research and technology-driven systematic trading firm based in New York, in connection with (i) the acquisition of a minority ownership interest in AlphaCrest and its affiliate, AlphaCrest SA GP LLC, by Brummer & Partners, an alternative investment manager based in Sweden and (ii) an investment by Brummer's BMS Multi-Strategy fund of funds in AlphaCrest Offshore Strategies Fund Ltd., an affiliated offshore feeder fund of the investment manager. Day Pitney also provided tax and structuring advice for a financing arrangement between Brummer and AlphaCrest in connection with a purchase/sale transaction and negotiated and drafted the terms of the financing arrangements
- Represented NYC based fund manager, one of the first investment managers to principally trade futures contracts on cryptocurrency on the Chicago Mercantile Exchange, in connection with the January 2018 launch of the Systematic Alpha Cryptocurrency Funds; advised Systematic Alpha on a wide range of issues, including tax and compliance related issues related to cryptocurrency as well as assisting the fund manager with the negotiation and closing of a simultaneous seed investment from strategic investors
- Represented **Medalist Partners LP** and its management team (Medalist) in a "spinout" of their business unit from Candlewood Investment Group, LP, an established corporate credit and structured credit investment manager (Candlewood), which successfully spun out its operations in 2010 from Credit Suisse; Day Pitney negotiated all transaction documents with Candlewood, including a licensing agreement to utilize the Candlewood mark for certain fund vehicles, separation agreements for employees and portfolio managers and employment agreements with Medalist and the general partner operating agreement governing the distribution of carried interest in the funds to Medalist and an affiliate of Candlewood
- Representation of **Strategic Capital, Inc.**, a Tokyo-based "activist" investment firm in connection with (i) the tax and organizational restructuring of the Japan-Up Limited Partnership and Japan-Up Unit Trust; and (ii) a proposed investment with U.S. institutional investors pursuant to side letter arrangements
- Represented a "spin-off" private equity fund of funds from an Australia-based financial services firm in connection with the formation of their third private equity fund organized in a master-feeder structure primarily focused on investments in funds located in the Asia Pacific Region, through secondary transactions or direct investments in portfolio companies
- Represented a Connecticut-based venture capital fund organized as a Delaware series limited liability company dedicated to investing in early stage biotechnology and therapeutics companies
- Representing **Harpia Asset Management LLC**, a New York-based real estate private equity fund focused on opportunity zone investments in distressed, special situations and deep value investment opportunities in the New York City metropolitan real estate market, including the negotiation of initial investments by seed investors
- Representation of a U.S. investment manager and general partner in the formation of a private equity fund investing primarily in the target industries of food, chemical, and consumer and industrial products and representation of the general partner in connection with a joint venture with a Chinese private equity firm

- Represented a New York-based wealth management business in its sale to The Colony Group, an SEC registered investment adviser and wholly-owned subsidiary of Focus Financial Partners, one of the world's largest partnership of independent fiduciary wealth management firms
- Assisted internal hedge fund of a \$2 billion single family office (SFO) with regulatory compliance related to use of expert networks, regulatory filings, information barriers, code of ethics program and related policies
- Represented a Connecticut-based real estate fund manager in the orderly liquidation of a 2007 vintage fund
- Represented a New Jersey common pension fund in two allocations to separate European private real estate funds, each exceeding \$100 million
- Negotiated and closed sale of \$1.8 billion SEC-registered investment manager to a German boutique investment bank
- Represented a limited partnership series of an insurance dedicated fund (Series) in the following transactions:
 - the negotiation of a participation agreement with a multi-national insurance company investor and the attendant structuring advice to the Series to avoid investor control issues under the Internal Revenue Code;
 - the simultaneous restructuring of an existing loan facility and transfer of a portfolio of private investment fund and fund of fund interests managed by a hedge fund management company to the Series;
 - the negotiation of the terms of a variable funding note issued by the Series to the financial institution and the attendant loan documents, including a total return swap confirmation agreement;
 - the negotiation of the documentation for \$35 million of additional cash collateral provided by the insurance company investor;
 - the negotiation of the custody, account control and administrative services agreements with the administrator/custodian; and
 - the negotiation of the terms of an investment subadvisory agreement between the hedge fund management company and subadvisor to the Series
- Represented an international SFO in establishing a \$65 million managed account with a domestic hedge fund manager
- Represented an international SFO in a \$35 million structured investment in a global macro fund manager
- Represented former hedge fund manager in launching an alternative lending business providing asset-backed and other loans directly to companies in the landscaping business
- Represented ultra-high net worth individual in formation of an investment vehicle for US investors to invest in a Bermuda-based segregated account reinsurance company
- Represented a Massachusetts-based registered investment adviser with formation of a sponsored co-investment vehicle investing in preferred stock of a pre-IPO cloud computing software company
- Representation of registered investment adviser in connection with formation of an investment vehicle for US investors to access its Cayman-based master trust investment company
- Represented a New York and Hong Kong-based fund manager with launch of a wine investment fund, including establishment of a BVI master-feeder structure
- Represented an activist hedge fund manager with the launch of an equity long/short fund, including establishment of a BVI master-feeder structure
- Represented a Connecticut-based real estate fund manager with the launch of a commercial real estate fund
- Represented Board of Directors of a large Cayman Islands-based activist fund in connection with its fund manager's recent widely-publicized significant settlement with the SEC
- Negotiated significant equity investment in \$1.8 billion SEC-registered investment manager
- Structured, documented and launched domestic energy-focused hedge fund
- Structured a certificate issued by European bank linked to offshore energy-focused hedge fund
- Negotiated, closed and monitored \$20 million hedge fund seed capital loan from Belgium bank
- Negotiated, closed and monitored \$5 million hedge fund seed capital loan from a UK hedge fund

REPRESENTATIVE CLIENTS

ADVENT
PARTNERS


AlphaCrest


ARIONFUND


ARMADA

ARNOTT
CAPITAL


Beyond
VENTURES


BioVeda
Capital

BFS | Bradley, Foster & Sargent, Inc.
Investment Management

candlewood
investment group

 **CRESCENDO**
ASSET MANAGEMENT


CrestFin
CAPITAL

 **CYCLE**
Venture Partners

DL Capital
Performance Value


eGarden
VENTURES

 **FLOREAT**

 **GIANNUZZI**
GROUP LLP

 **Gordian**
Capital

 **HARPIA**
ASSET MANAGEMENT

Humble**Growth**[™]

 **Infrastructure**
Capital

 **IRIDIAN**
Asset Management LLC

IRATIONAL
CAPITAL

Japan Catalyst, Inc.

 **KIS**
CAPITAL PARTNERS
KIS Capital Partners

 **LIGHTHOUSE**
CANTON


MAIORA

MARKIN
ASSET MANAGEMENT


NP
MEDALIST PARTNERS


NASSAU RE


NEWCASTLE
REALTY SERVICES, LLC

 **Nickel**
DIGITAL

 **PACIFIC SUN ADVISORS**
太平洋投資顧問 (香港) 有限公司

 **PCSCAPITAL**

PHORCYS
CAPITAL PARTNERS, LLC

 **PLATO**
STUDENT PLATFORM


Pula Capital

REGAL **SENAHILL**
FUNDS MANAGEMENT


SH
SILVER HEIGHTS
CAPITAL

Slipstream 

 **Strategic Capital**
株式会社 ストラテジックキャピタル

VALTERRA
PARTNERS


WATT ASSET
MANAGEMENT

 **WILDCAT**
ADVISORY GROUP


WOODPOINT
CAPITAL


ZADIG
CAPITAL

 **Zanbato**

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