

ODD During Quarantine

22ND APRIL 2020

WEBINAR TAKEAWAYS

ODD DURING QUARANTINE

SIX KEY TAKEAWAYS

EXPERT SPEAKERS



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ASSET MANAGERS & ODD TEAMS WORKING REMOTELY

- Managers well prepared, especially due to guidance from ODD professionals. No difference in preparedness between DM and EM managers or service providers in EM jurisdictions
- Internet security hardening is key - upgrading routers, etc.; ethernet preferable to WiFi
- Psychological aspects novel for all - BCP contemplated shorter duration events and not 100% remote staff
- Safety of mass transit will determine ability of staff to return to offices in cities like New York and London

02



ODD ACTIVITY VOLUMES

- Initial slowdown in new reviews and procuring documents
- Private market fund closes pushed back four to six weeks
- All activity picking up, despite differing opinions on virtual ODD

03



EXISTING VS. NEW INVESTMENTS

- Existing investment monitoring will continue to be virtual
- LPs have to weigh the risk of inaction / staying in suboptimal investment vs. virtual diligence
- Risk profile, fiduciary mandates and priorities are unique to each investor; no one single biggest risk, all investors have different risk tolerances and circumstances

04



TRANSPARENCY IMPLICATIONS

- Managers are hesitant to share regulatory letters or certain policies digitally; NDAs can give managers comfort to share documents and information
- Managers are leveraging screenshare of documents or enabling limited time VDR access
- Video calls (also encrypted) are preferable, managers are giving more time for calls

05



RISK MITIGATION STRATEGIES

- Bad actor clauses with an extraordinary liquidity right can give comfort if no onsite
- Consider closer monitoring of asset classes under extreme duress with respect to valuations and fees (liquid markets) for potential operational risks
- Health and safety considerations going forward could lead to ODD meetings outdoors to limit exposure to all employees as the industry gradually returns to work!

06



TRENDS

- Managers are being more accommodative to diligence requests
- BCP programs will be adjusted, and documentation will trail implementation
- Declining cost of ODD as travel is eliminated
- Private markets ODD is still in its infancy compared to liquid markets ODD.
- Private markets staff has traditionally been more off-site, lower volume of activity. Liquid markets higher volume of activity, more operations and tech/servers on premises

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