Ready for Institutional LPs? Evidence before Emerging-Manager Outreach

Which governance, track-record and operations gaps predict failure to enter formal diligence

Authored by Chennakeshav Adya
Independent Researcher
October 2026

Abstract

When should an emerging manager approach institutional limited partners (LPs)? This paper measures entry into formal diligence across all managers approached. It examines twelve governance, track-record and operations items and distinguishes LP expectations from legal requirements.

A simulation constructs 40,000 managers and three LP types. It compares readiness scores and four remediation strategies, tests selection and stress, and evaluates sample size using 300 training samples at each size.

Formal diligence starts for 27.1% of managers; 70.4% with all four gate items and 16.2% when two are missing. The overall gap count reaches an AUC of 0.824, against a ceiling of 0.864. The modelled gain from closing a gap is 0.47 times the gain implied by association. At 6% monthly meeting-flow decay, closing gate items first raises expected entries by 36%; the advantage ends above 26.7% decay. That comparison assumes new evidence receives 0.7 times the credit of established evidence. Selection into the log overstates entry by 12.9 points.

A readiness register can guide preparation and a consented, pooled study. The four chosen gate items do not improve the ranking from a plain gap count. The results are simulated. The study used no observed fundraising or client data.

JEL Classification: G23, G24, G28

Keywords: emerging managers, private fund placement, limited partners, operational due diligence, readiness, track record attribution, ILPA, formal diligence, remediation, selection bias

1. The decision is whether an emerging manager approaches institutional LPs now or closes evidence gaps first

An emerging manager with a first or second fund to raise faces a sequencing choice that is rarely made explicit. The manager can open conversations with institutional limited partners (LPs) immediately and fix gaps in governance, track record and operations when questions arrive, or it can spend several months building the evidence file before the first meeting. Each path has a cost. Early meetings with an unready manager can end in a polite refusal and a lasting impression. A long preparation period can cost momentum in a market where, according to Preqin's guide for first-time fund managers, an increasing share of capital goes to a smaller group of managers and to re-ups with existing relationships. [12]

This paper asks which governance, track-record and operations gaps predict failure to enter formal diligence, and whether closing them first pays. The question is narrower than whether a manager is good. It concerns the evidence an LP can see and test at the point of deciding whether to open a resourced diligence process. A manager can be skilled and still fail to enter diligence because the attribution of its deals cannot be checked, because no independent administrator has been appointed, or because the terms of its fund leave key-person and conflicts decisions to the manager alone.

The paper builds a register of twelve evidence items from the standards that LPs themselves publish and from regulatory texts. [1, 2, 3, 4] It then constructs a pool of 40,000 emerging managers in which the effect of every item is known, and tests which readiness score predicts entry into diligence, which gaps are worth closing, and how much a team can learn from the records it actually holds. The experiment is authored. It reports no observed fundraising result, and the final sections state what a consented study would need to add.

2. Define the outcome first: entry into formal diligence, counted over every manager approached

The outcome is a dated event. A manager enters formal diligence with an LP when that LP opens a resourced workstream: a due diligence questionnaire is issued, data-room access is granted and a named reviewer is assigned. In a field study, follow every approached manager for a fixed period from the first logged outreach, for example nine months. Managers who never receive a reply count as nonentries once that period ends; cases whose follow-up is incomplete are recorded separately. A manager that meets six LPs and enters diligence with none has failed to enter formal diligence, even if every meeting was cordial.

Three exclusions keep the definition honest. A second meeting is not entry, because an LP can take a second meeting to understand a market without any intent to commit. A request for the deck is not entry, because it is costless. A commitment is not entry either, because commitments depend on terms, pacing and the LP's committee calendar, which are separate questions from readiness. Entry into diligence is the earliest point at which an LP spends its own resources on the manager, and for that reason it is the point at which evidence gaps are most likely to bind.

Counting over every manager approached avoids a familiar distortion. A placement adviser's log usually contains the managers it chose to represent and the meetings that took place, so a rate computed from that log describes the adviser's selected book. Section 17 measures the size of that distortion in the constructed pool. For a cohort that has completed follow-up, the denominator is every manager approached and the numerator is the number that entered diligence with at least one LP by their outreach-based cutoff.

3. Governance evidence follows what LPs ask for in fund terms: key-person, conflicts and advisory-committee mechanics

The ILPA Principles 3.0, published in 2019, organise LP expectations around alignment of interest, governance and transparency. [1] The document is an industry association's statement of preferred terms. It is voluntary and it does not bind any manager or LP, but it is a reasonable record of what a diligent LP will test. On key persons, the Principles say they should be the individuals who determine investment outcomes, not solely the founders. A key-person or for-

cause event should trigger an automatic suspension of the investment period, which becomes permanent within 180 days unless a defined super-majority of LPs votes to reinstate. [1]

On conflicts, the Principles state that a manager should not take an action that creates or could create a conflict between the fund and the manager or its affiliates without prior written approval of the LP advisory committee (LPAC). Disclosure in the offering documents should not be treated as permission, and silence by the LPAC should not clear the conflict. The Principles also say managers should not seek to pre-clear conflicts through overly broad disclosure, and that the mandate of the LPAC should be clearly disclosed, including review of valuation methodology. [1]

These passages justify three governance items as categories: fund terms that address key person, removal and the advisory committee; a written conflicts and allocation policy; and a compliance function that is not the founder alone. The ILPA questionnaire asks for each in its firm-governance and key-person sections. [2] The documents establish what an LP is likely to ask. They supply no weight, no threshold and no evidence about how many LPs decline a manager for a missing item. The paper therefore treats the governance items as inputs whose effects must be assumed and tested, not as findings.

4. Track-record evidence must be attributable, verifiable and presented in a form regulators accept

The January 2022 risk alert from the staff of the US Securities and Exchange Commission (SEC) Division of Examinations lists observed deficiencies among registered private fund advisers. [3] It is a statement of staff observations, not a rule, and it says so. Under the headings of misleading track records and inaccurate performance calculations, staff observed advisers that marketed a favourable subset of funds, used stale performance information, used inaccurate underlying data, or presented track records that did not accurately reflect fees and expenses. [3]

The same alert addresses portability. Staff observed advisers that did not keep books and records supporting predecessor performance achieved at another firm, and advisers that advertised performance which the people at the adviser were not primarily responsible for achieving. [3] That observation bears directly on emerging managers, whose track record is often earned at a previous institution. The SEC Marketing Rule, in its current text, conditions the presentation of predecessor performance on the people primarily responsible still managing accounts at the advertiser, on the accounts being sufficiently similar, on all substantially similar accounts being shown, and on clear disclosure that the results came from another entity. It also requires gross performance to be accompanied by net performance of equal prominence. [4]

Two further sources bear on why attribution matters to LPs. Barber and Yasuda find that interim performance has large effects on fundraising, with the greatest effect for low-reputation general partners, and that low-reputation managers with few realised exits show performance peaks followed by erosion after the fundraise. [9] The ILPA questionnaire asks which investments are excluded from the track record and why, and asks for examples of investments below cost. [2] Together these sources justify three track-record items: a deal-level attribution file, verified references and a net, complete performance presentation. They do not say how often a missing item stops a diligence process.

5. Operations evidence centres on independent administration, audit, valuation and a documented regulatory perimeter

The ILPA questionnaire's accounting and valuation section asks whether the fund uses an independent, unaffiliated fund administrator, whether the audit firm is independent of the firm and fund, whether an independent valuation firm values investments, and whether the LPAC reviews the valuation methodology. It also asks about modified audit opinions on funds and portfolio investments. [2] Its firm-governance section lists the policies an LP expects to see, including anti-money-laundering, code of ethics, compliance manual, conflicts, insurance, risk management, business continuity and cyber policies. [2]

The Dubai International Financial Centre gives one concrete regulatory example. Under the Collective Investment Rules of the Dubai Financial Services Authority (DFSA), an External Fund Manager must appoint a DFSA-licensed fund administrator or trustee to the fund before units are offered to any person, and every Domestic Fund must have a registered auditor. A private equity fund manager relying on the exception to the Eligible Custodian requirement must meet the conditions in Rule 13.3.1(2) and (3). Those conditions include calling a unitholder vote to elect at least three independent experts to the fund's investment committee. [6] The text reviewed is the module version dated January 2026. It applies to funds within that regime and states nothing about other jurisdictions.

Taken together, these sources justify five operations items that an institutional LP can verify: an independent administrator, an independent audit, a valuation policy with independent oversight, a documented regulatory perimeter, and a complete document pack. A sixth, insurance and continuity, completes the register. The sources show that independence of administration, audit and valuation is both an LP expectation and, in at least one Gulf regime, a legal requirement for certain structures. They do not establish how LPs trade these items against one another, and the paper does not claim that they do.

6. Research establishes that operational risk is real and that LPs differ, and says little about who is screened out

Brown, Goetzmann, Liang and Schwarz combine SEC Form ADV filings with a hedge fund database to build a score of operational risk. In their sample of 2,299 funds, 16% belong to management companies that answered yes to at least one disciplinary question on the form. They report that operational risk is more significant than financial risk in explaining fund failure, with a positive interaction between the two. [7] The paper concerns hedge funds and fund failure, not private equity and not entry into diligence, and the working paper reviewed predates the published version. A related paper by the same authors finds that operational risk does not mediate the relationship between flows and performance, which suggests that investors either lack the information or regard it as immaterial. [8]

On the LP side, Lerner, Schoar and Wong document large differences in private equity returns across LP types. In the 2005 working paper, endowments' annual returns are nearly 14% above average, and funds selected by investment advisers and banks lag sharply; the abstract of the version published in the Journal of Finance in 2007 puts the endowment figure at nearly 21%. [10] Da Rin and Phalippou report from a survey that LPs with larger private equity allocations are more specialised and run a broader range of due diligence activities. The abstract is the part

reviewed. [11] These papers support treating LPs as heterogeneous, with different screening intensity.

No source reviewed measures the share of emerging managers that fail to enter diligence, or the reasons. The closest study concerns operational risk and failure in a neighbouring asset class. The distinction matters for this paper. The experiment below uses the literature to justify the direction of effects and the existence of LP heterogeneity, and it assumes every magnitude. Whether a missing administrator or a missing attribution file stops more processes is a question for logged data, which Section 21 specifies.

7. Only some of these expectations are law, and the status of each source limits how it is used

The sources differ in status, and a readiness register that blurs the differences will mislead. The ILPA Principles and the questionnaire are voluntary industry documents. The SEC risk alert is staff commentary. The Marketing Rule is binding law for advisers within its scope, with compliance required from November 2022. [3, 4] The Fifth Circuit vacated the SEC's 2023 private fund adviser rules on 5 June 2024, including the rule that would have required an annual audit of each private fund, so that audit expectation rests on LP practice and fund documents, not on that rule. [5]

The DFSA module is binding for funds and managers within its perimeter and carries a version identifier, CIR/VER40/01-26, that should be re-checked before any transaction use. [6] The regulatory review does not cover the Abu Dhabi Global Market or the Saudi Capital Market Authority. A manager raising from Gulf LPs should obtain the text applicable to its own vehicle and domicile.

Table 1 sets out each source, its date or version, its status and what it is used for. The practical consequence is a rule for the register that follows: an item enters as a diligence expectation, with its source and status recorded, and the paper never presents an LP expectation as a legal requirement. Where a legal requirement exists, it is recorded as such and as limited to the regime named.

Table 1. Sources, status and use in this paper

Source	Date or version	Status	Used for
ILPA Principles 3.0	2019	Voluntary industry best practice	Governance items: key person, conflicts, LPAC mandate
ILPA Due Diligence Questionnaire 2.0	November 2021	Voluntary standard questionnaire	All twelve items as LP questions
SEC Division of Examinations risk alert	27 January 2022	Staff observations; no legal force	Track-record and portability failures
SEC Marketing Rule, 17 CFR 275.206(4)-1	Current text, read 14 October 2026	Binding for advisers within scope	Net performance and predecessor performance conditions
Fifth Circuit opinion on SEC private fund adviser rules	5 June 2024	Court decision; rules vacated	Status of the audit expectation in the United States
DFSA Collective Investment Rules	CIR/VER40/01-26	Binding within the DFSA perimeter	Administrator, auditor and investment committee examples
DIFC Data Protection Law	Consolidated, July 2025	Binding within the DIFC	Consent conditions for a consented study
Academic and working papers (five)	2005 to 2017	Peer-reviewed or working papers; some abstract only	Direction of effects and LP heterogeneity; no magnitudes

MatchPoint analysis of the documents cited. Status as described by each issuer or as determined from the document; no source supplies a weight or a decline rate.

8. A register of twelve evidence items turns the standards into questions an LP can test

The register in Table 2 converts the sources into twelve items in three domains: three governance items, three track-record items and six operations items. Each item is phrased as a file that exists or does not, because an LP reviewing a first approach cannot assess degree. An item is present when the manager can produce the evidence on request, not when it has a plan to produce it. This convention is deliberately strict, and it is the convention against which gap counts are calculated in the rest of the paper.

Each item has an anchor in the sources. The anchors justify the item as a question, and the fourth column states what would count as evidence. A reader will see that the register mirrors the ILPA questionnaire closely, which is expected: LPs that use the questionnaire ask these things, and managers that have never completed it will find the gaps quickly. The register also separates items that take weeks to close, such as a references list or an attribution file, from items that take a quarter or longer, such as a documented regulatory perimeter.

The register does not weight the items. Four of them, the attribution file, the independent administrator, the independent audit and the regulatory perimeter, are marked as gate candidates in the experiment because the sources treat them as matters of independence or verifiability that an LP cannot waive without a stated reason. The marking is an authored judgement. Section 12 tests what it adds, and Section 14 shows that it is not the same as the ranking of items by their effect on entry.

Table 2. Readiness register: twelve evidence items

Item	Evidence item	Anchor in the sources	Counts as present when the manager can produce
G1	Fund terms on key person, advisory committee and removal	ILPA Principles; DDQ section 3	Draft terms with key-person trigger, suspension, removal and advisory committee
G2	Conflicts and allocation policy	ILPA Principles; DDQ section 1.29 and 13.4	Written policy, allocation rules and an approvals log
G3	Independent compliance function	DDQ section 13; SEC risk alert	Named compliance officer or outsourced function with a manual
T1	Deal-level attribution file	SEC risk alert (portability); DDQ 14.4	Per-deal record of sourcing, leadership and the manager's role
T2	Verified references	DDQ Appendix C	Reference list covering co-investors and portfolio executives
T3	Net and complete performance presentation	SEC Marketing Rule; risk alert	Gross and net returns, all deals, with the data behind the figures
O1	Independent fund administrator	DDQ 15.14; DFSA CIR	Executed administrator agreement for the fund
O2	Independent audit of fund and manager	DDQ 15.10; DFSA CIR 9.3	Appointed audit firm independent of the manager
O3	Valuation policy with independent oversight	DDQ 15.8 and 15.9; ILPA Principles	Valuation policy and an independent or committee review
O4	Regulatory perimeter documented	DFSA CIR; applicable regime	Written analysis of the regulatory status of manager and fund
O5	Insurance and continuity plan	DDQ 1.29	Insurance cover, continuity and cyber policies
O6	Complete DDQ and document pack	DDQ overview and Appendix A	Completed standard questionnaire and requested documents

MatchPoint analysis of the cited documents. Items are proposed diligence questions; the table asserts no market prevalence and no decline rate. Anchors: ILPA Principles 3.0 and DDQ 2.0, SEC risk alert of 27 January 2022, 17 CFR 275.206(4)-1, DFSA CIR.

9. The constructed pool fixes every effect in advance so that each method can be judged against the truth

The experiment constructs 40,000 emerging managers. Each has a latent quality, a latent level of resources and a domain-level factor for each of governance, track record and operations. Quality loads most heavily on track-record items and resources most heavily on operations items, so that well-resourced managers have fewer operational gaps without being better investors. The twelve items are present or absent according to these factors. Gaps are therefore correlated, with a mean pairwise correlation of 0.14 across items, 0.20 within a domain and 0.12 across domains.

Each manager holds a random number of first meetings, one plus a Poisson count, with a mean of 4.99. Each meeting is with one of three LP types, drawn by share. In each meeting, entry into diligence happens with a probability that depends on the LP type. A missing item can stop the approach outright with a stated probability, which represents a gate that the LP applies unless it waives it. The remaining items act compensatorily on the log-odds of entry. Quality has a direct

effect, and a manager with gaps in all three domains incurs an additional penalty. Table 3 gives the inputs and Table 4 the LP types and their gates.

Two features of the construction need to be read carefully. First, outcomes are generated from the same items the scores use, so the experiment shows how each method behaves when its premise holds, not whether the premise holds in the market. Second, quality affects both the items and the outcome. That is the confounding that makes an observed association between a gap and failure overstate what closing the gap would achieve, and Section 14 measures it. In the base case, 27.1% of managers enter formal diligence with at least one LP.

Table 3. Input register

Input	Value	Status
Evidence items	12 items: three governance, three track record, six operations	Authored
Manager pool	40,000 managers; latent quality and resources correlated at 0.3	Authored
Meetings per manager	1 plus a Poisson count with mean 4 (mean 5)	Authored
LP mix	Institutional 30%, intermediary 30%, wealth and family office 40%	Authored
Gate probabilities	Stop probabilities of 0.20 to 0.90 in 12 of 36 LP-type and item cells	Authored
Compensatory weights	0.0 to 0.5 log-odds per item present	Authored
Direct effect of quality	0.6 log-odds per standard deviation, all LP types	Authored
Penalty for gaps in all three domains	0.6 log-odds	Authored
Remediation time and cost	1 to 6 months; USD 5 to 80 thousand per item	Authored
Decay of meeting flow	6% a month while a manager is out of the market	Authored
Credit for newly built evidence	0.7 of the effect of long-standing evidence	Authored
Selection into the logged record	Adviser acceptance rises with track-record items and quality	Authored
Replications	300 training samples per sample size; seed 1385	Fixed

MatchPoint analysis. All inputs are authored model inputs, not observations. Remediation times and costs are stated for transparency and are not market quotations.

Table 4. LP types and the items that can stop an approach

LP type	Share of meetings	Items that can stop the approach, with stop probability if absent
Institutional	30%	T1 (0.60), O1 (0.85), O2 (0.85), O3 (0.35), O4 (0.90)
Intermediary	30%	T1 (0.70), T2 (0.55), T3 (0.60), O1 (0.30), O4 (0.60)
Wealth and family office	40%	T3 (0.20), O4 (0.45)

MatchPoint analysis. Stop probabilities are authored model inputs; they are not estimates of any LP's practice.

10. Two pairs of equations define the pool and the probability of entering diligence

The first pair defines presence of an item and the per-meeting entry probability. Equation 1a gives the probability that manager i has item j, with a_j the intercept, q_i the manager's quality, r_i its resources, u_{i,d(j)} the factor of the item's domain d(j), and lambda coefficients that load each factor on the item. Equation 1b gives the probability p_ik that a meeting with an LP of type k leads to entry. There f-bar is the mean baseline willingness, h_kj the stop probability of item j at

type k, x_ij the indicator that the item is present, theta_k an intercept, beta_kj a weight on the item, gamma_k the direct effect of quality, kappa the penalty and D_i an indicator that the manager has a gap in all three domains.

$$Pr(x_{ij}=1)=\frac{1}{1+\exp(-(a_j+\lambda_j^q q_i+\lambda_j^r r_i+\lambda^u u_{i,d(j)}))} \quad (1a)$$

$$p_{ik}=\overline{f}\prod_j(1-h_{kj}(1-x_{ij}))\cdot\frac{1}{1+\exp(-(\theta_k+\sum_j\beta_{kj}x_{ij}+\gamma_k q_i-\kappa D_i))} \quad (1b)$$

The second pair aggregates over meetings. Equation 2a defines the average per-meeting probability for manager i as the share-weighted sum over LP types, where s_k is the share of meetings with type k. Equation 2b gives the probability that the manager enters diligence with at least one LP. Meetings follow one plus a Poisson count with mean 4, so the probability that no meeting succeeds has a closed form in z_i, one minus the average probability. The expression is exact, which allows the analytic probability to serve as the ceiling against which every score is judged.

$$\overline{p}_i=\sum_k s_k p_{ik} \quad (2a)$$

$$Pr(Y_i=1)=1-z_i\exp(4(z_i-1)),z_i=1-\overline{p}_i \quad (2b)$$

Outcomes in the experiment are simulated meeting by meeting, and the simulated entry rate is checked against the mean of equation 2b. The two agree to within a tolerance stated in Table 14. The equations make explicit what the paper does not claim: the functional forms, the stop probabilities and the weights are authored. A real LP population would be messier, with committee calendars, relationship effects and mandate constraints that the pool omits.

11. Every gap lowers the entry rate, and three gaps carry the largest raw penalties

Table 5 reports, for each item, the share of managers lacking it and the entry rate with and without it. Every gap lowers the raw entry rate. The three largest raw differences are for the deal-level attribution file (28.4 points), the documented regulatory perimeter (27.9) and the net and complete performance presentation (25.3). The smallest are for the governance items and the insurance and continuity plan. In this pool, the track-record and perimeter items have the largest raw penalties because they carry gate probabilities at two LP types and larger compensatory weights.

The raw differences should not be read as the value of closing a gap. Gaps are correlated, so a manager lacking one item usually lacks others, and the entry rate among managers lacking an item mixes the effect of the item with the effect of everything that travels with it. Quality adds a second layer: better managers have more of every item and enter diligence more often for reasons unrelated to any single item. A team that reads Table 5 as a ranking of remediation priorities would overstate the benefit of closing a gap. Section 14 separates the two quantities.

The overall entry rate is 27.1%, so the table can be read against that base. Gap prevalence is high by design, between 38% and 58% for each item, because the pool represents managers that have decided to approach institutions and not yet been through a full diligence process. A pool of

experienced managers would have lower prevalence and a higher entry rate, and the model offers no evidence on which pool a given adviser faces.

Table 5. Gap prevalence and entry rate by item

Item	Evidence item	Gap prevalence	Entry rate, item present	Entry rate, item absent	Difference, points
G1	Fund terms on key person, advisory committee and removal	50%	35.4%	18.8%	-16.6
G2	Conflicts and allocation policy	42%	33.6%	18.0%	-15.6
G3	Independent compliance function	58%	36.2%	20.6%	-15.6
T1	Deal-level attribution file	50%	41.3%	12.9%	-28.4
T2	Verified references	44%	38.1%	13.0%	-25.1
T3	Net and complete performance presentation	46%	38.7%	13.4%	-25.3
O1	Independent fund administrator	48%	37.7%	15.8%	-21.9
O2	Independent audit of fund and manager	38%	34.2%	15.6%	-18.6
O3	Valuation policy with independent oversight	56%	37.8%	18.8%	-19.0
O4	Regulatory perimeter documented	43%	39.3%	11.4%	-27.9
O5	Insurance and continuity plan	40%	33.9%	17.2%	-16.6
O6	Complete DDQ and document pack	54%	37.1%	18.6%	-18.5

MatchPoint analysis of the constructed pool. Model output under stated inputs; not an observed result.

12. A simple gap count ranks managers nearly as well as any alternative, and a fixed gate list adds nothing to the ranking

Four fixed scores and one fitted score are compared on their ability to rank managers by entry. The equal-weight gap count sums the items present. The weakest-domain score takes the lowest share of items present across the three domains. The gate-list score counts missing items from the pre-specified list of four, then breaks ties by the total count. The fitted score is a regularised logistic regression trained on 120 managers. Random order is the floor, and the true probability from equation 2b is the ceiling. Equation 3a defines the gate score, with G the gate list, and equation 3b defines the area under the curve (AUC) for any score R.

$$R_i = \sum_j x_{ij} - 10 \sum_{j \in G} (1 - x_{ij}) \quad (3a)$$

$$\text{AUC} = Pr(R_i > R_{i'} \mid Y_i = 1, Y_{i'} = 0) + \tfrac{1}{2} Pr(R_i = R_{i'} \mid Y_i = 1, Y_{i'} = 0) \quad (3b)$$

Table 6 and Figure 1 report the results. The gap count reaches an AUC of 0.824, the gate list 0.821, the weakest-domain score 0.803 and the fitted score 0.818, with a 5th to 95th percentile range of 0.789 to 0.837 across 300 training samples. Random order scores 0.500 and the ceiling is 0.864. The gap count therefore reaches 89% of the distance from floor to ceiling, the gate list 88% and the fitted score 87%. In the top quintile of the gate list, 67.9% of managers enter diligence; in the bottom quintile, 4.4%.

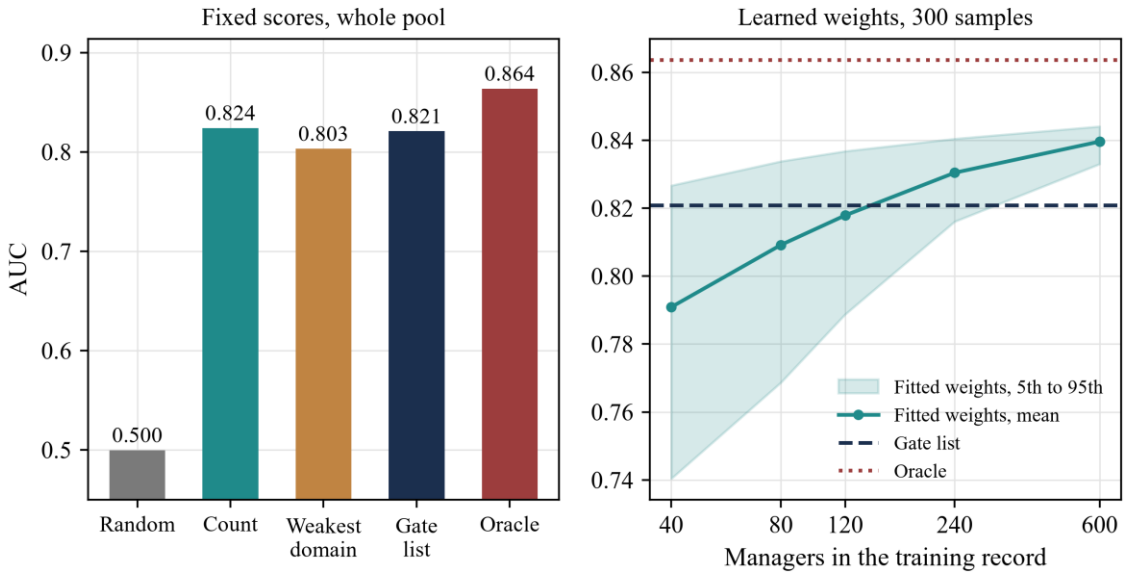
The finding is that the non-compensatory structure of the true process does not translate into a better ranking from a non-compensatory score. The pre-specified gate list is a sensible reading of the sources, and it misses the track-record gates that matter at intermediary LPs, so it ranks no better than a plain count. The weakest-domain score is worse than either, probably because it discards information about gaps outside the weakest domain. A manager's readiness can therefore be ranked adequately by counting items present, and the choice among scores is not where the value lies. The value lies in deciding which gaps to close, which Sections 14 to 16 address.

Table 6. Readiness scores compared on discrimination

Readiness score	AUC for entering formal diligence	Spread across 300 training samples (5th to 95th percentile)	Entry rate, top quintile	Entry rate, bottom quintile
Random order	0.500	n/a	27.1%	26.9%
Gap count (equal weights)	0.824	fixed rule	63.8%	4.6%
Weakest domain	0.803	fixed rule	61.2%	4.2%
Gate list then count	0.821	fixed rule	67.9%	4.4%
Fitted logistic, 120 managers	0.818	0.789 to 0.837	67.4%	3.3%
Oracle (true probability)	0.864	n/a	73.5%	2.5%

MatchPoint analysis of the constructed pool. Model output under stated inputs; not an observed result. AUC is measured on the whole pool; fitted weights are trained on 120 managers drawn from the same world.

Figure 1. Discrimination of readiness scores and the effect of training-sample size



MatchPoint analysis of the constructed pool. Model output under stated inputs; not an observed result. Left: fixed scores on the whole pool. Right: fitted weights over 300 training samples at each size, with the fixed gate list and the oracle for reference.

13. Managers with two or more gate gaps are 57% of the pool and enter diligence at 11.4% against 70.4% for those with none

Table 7 and Figure 2 group managers by the number of the four gate items they lack. Among the 16% of managers with no gate gap, 70.4% enter formal diligence. With one gate gap the rate is 34.6%, with two it is 16.2%, with three 8.2% and with all four 4.0%. Managers with two or more gate gaps make up 57% of the pool and account for 69% of all failures to enter diligence. The mean number of first meetings is almost identical across groups, about five, which is the point: the groups differ in readiness, not in effort.

The meetings of the unready are not free. Meetings held by managers with two or more gate gaps that never convert make up 49% of all meetings in the pool. In a real process, these would be the meetings in which an LP spends an hour, forms an impression and records nothing further. The model assigns no reputational cost to those meetings, so the loss shown is a lower bound on what a manager that exhausts a small LP universe would suffer.

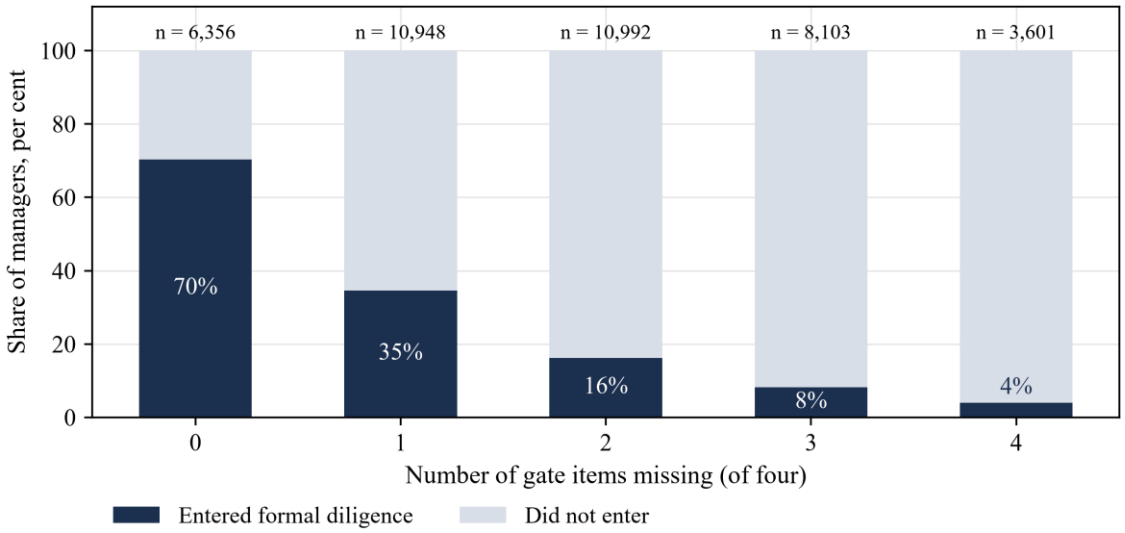
The table also guards against reading gates as rules. Of managers with at least one gate gap, 19.0% still enter diligence, and 11.4% of those with two or more do. In the model, LPs waive gates with the stated probabilities. A manager with two gate gaps is not excluded; it is roughly a quarter as likely to enter as a manager with none (4.3 to one between none and two). A rule that forbids approaching any LP until every gate is closed would give up those entries, and Section 16 puts a price on that.

Table 7. Entry into formal diligence by number of gate items missing

Gate gaps (of four)	Managers	Share of pool	Mean first meetings	Entered formal diligence	Did not enter
0	6,356	15.9%	4.97	70.4%	29.6%
1	10,948	27.4%	4.99	34.6%	65.4%
2	10,992	27.5%	5.01	16.2%	83.8%
3	8,103	20.3%	5.00	8.2%	91.8%
4	3,601	9.0%	4.99	4.0%	96.0%

MatchPoint analysis of the constructed pool. Model output under stated inputs; not an observed result.

Figure 2. Entry into formal diligence by number of gate items missing



MatchPoint analysis of the constructed pool. Model output under stated inputs; not an observed result.

14. Closing a gap gains 0.47 of what the association between the gap and failure predicts, given the assumed credit for new evidence

The predictive question and the remediation question differ. A fitted model asks how much more likely a manager lacking an item is to fail. A remediation decision asks how much a manager lacking the item gains by closing it. Equation 4a defines the model-based closing gain g_j as the mean change in the probability of entry, over managers lacking item j, when the item is set to its newly built value while quality, the other items and the LP mix are held fixed. Equation 4b divides by the months m_j needed to close the item.

$$g_j = E[Pr(Y_i = 1 \mid x_i^{(j)}, q_i) - Pr(Y_i = 1 \mid x_i, q_i) \mid x_{ij} = 0] \quad (4a)$$

$$\pi_j = g_j / m_j \quad (4b)$$

Here x with superscript j denotes the item vector with item j set to its credited value. Newly built evidence is credited at 0.7 of the effect of long-standing evidence, which reflects an LP's reasonable doubt about an administrator appointed last quarter or an attribution file assembled for the raise. Table 8 and Figure 3 compare g_j with the gain predicted from the observed association, calculated from a logistic regression of entry on the twelve items without quality. The association predicts an average gain of 6.9 points per closed gap. The model-based closing gain averages 3.2 points.

Closing gains total 0.47 of the predicted gains. Quality confounding accounts for 23% of the association: with full credit for new evidence the total would be 0.77 of the predicted gain. The credit for newly built evidence removes a further 39% of the closing gain. The ratio varies by item, from 0.16 for O5 to 0.67 for O4. The documented regulatory perimeter keeps most of its association because it is a gate that LPs apply directly. The insurance item keeps little because it is correlated with resources and, by authored input, carries almost no direct effect.

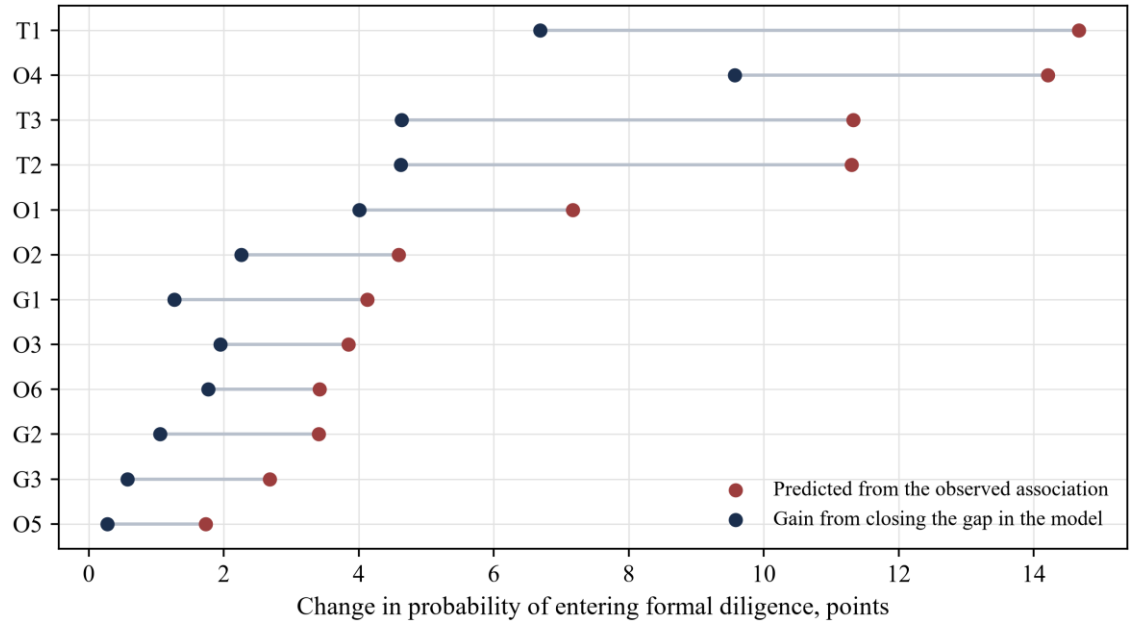
The ranking is more stable than the levels. The three largest closing gains are for O4, T1, T3, and the three largest predicted gains are for T1, O4, T3, an overlap of 3 of three. A team can therefore use the association to choose which items to examine, and should not use it to forecast what the effort will deliver. A forecast built on association alone would be roughly twice too optimistic in this pool.

Table 8. Predicted gain from the association and gain from closing the gap

Item	Predicted gain from the observed association, points	Gain from closing the gap in the model, points	Closing gain as a share of the association	Closing gain averaged over the whole pool, points
G1	+4.1	+1.3	0.31	0.6
G2	+3.4	+1.1	0.31	0.4
G3	+2.7	+0.6	0.21	0.3
T1	+14.7	+6.7	0.46	3.3
T2	+11.3	+4.6	0.41	2.0
T3	+11.3	+4.6	0.41	2.1
O1	+7.2	+4.0	0.56	1.9
O2	+4.6	+2.3	0.49	0.9
O3	+3.8	+2.0	0.51	1.1
O4	+14.2	+9.6	0.67	4.2
O5	+1.7	+0.3	0.16	0.1
O6	+3.4	+1.8	0.52	0.9

MatchPoint analysis of the constructed pool. Model output under stated inputs; not an observed result. Points are percentage points of the probability of entering formal diligence.

Figure 3. Predicted gain from the association against gain from closing the gap



MatchPoint analysis of the constructed pool. Model output under stated inputs; not an observed result.

15. Rank gaps by gain per month, and start with the references, attribution and performance files

Table 9 ranks the items by gain per month using equation 4b. The three highest are T2, T1 and T3: the verified references list, the deal-level attribution file and the net, complete performance presentation. They gain 4.6, 6.7 and 4.6 points of entry probability and take between one and two months each. The documented regulatory perimeter has the largest single gain, 9.6 points, but takes 6.0 months in the model, so its gain per month is lower. The independent audit takes 4.0 months for a gain of 2.3 points.

Time and cost figures in the table are authored inputs. They reflect the structure of the work, not quotations: a references list needs calls arranged with co-investors and portfolio executives, an attribution file needs the deal records and a reviewer, and a regulatory perimeter needs legal analysis and, in some regimes, an authorisation process. A manager can substitute its own estimates, and the ranking will change where those estimates differ markedly from the table.

The result is a practical order of work. The track-record items come first because they are cheap and close quickly. The administrator and the perimeter come next, in parallel, because they have the longest lead times and the largest gains. The governance items and the document pack follow. The insurance and compliance-function items come last, because the authored weights give them little direct effect. Their low place is a result of those inputs, not a finding about LPs, and a manager whose target LPs include insurers or banks with specific requirements should revisit it.

Table 9. Remediation items ranked by gain per month

Item	Evidence item	Months to close	Cost, USD thousand	Entry gain, points	Gain per month, points
T2	Verified references	1.0	5	4.6	4.62
T1	Deal-level attribution file	2.0	20	6.7	3.34
T3	Net and complete performance presentation	1.5	15	4.6	3.09
O4	Regulatory perimeter documented	6.0	80	9.6	1.60
O1	Independent fund administrator	3.0	45	4.0	1.34
G2	Conflicts and allocation policy	1.0	15	1.1	1.06
O6	Complete DDQ and document pack	2.0	10	1.8	0.89
G1	Fund terms on key person, advisory committee and removal	1.5	25	1.3	0.85
O3	Valuation policy with independent oversight	2.5	30	2.0	0.78
O2	Independent audit of fund and manager	4.0	40	2.3	0.57
O5	Insurance and continuity plan	1.0	20	0.3	0.27
G3	Independent compliance function	2.5	60	0.6	0.23

MatchPoint analysis of the constructed pool. Model output under stated inputs; not an observed result. Months and costs are authored inputs.

16. If LPs credit new evidence at 0.7, closing the gate items first beats approaching now unless meeting flow decays by more than 26.7% a month

Four strategies are compared. Approach now takes no remediation. The second closes the four gate items first. The third closes every missing item. The fourth closes only items that take three months or less. Delay for each manager is the longest item it must close plus half a month for each additional item. While a manager is out of the market, its expected number of first meetings falls by 6% a month. Equation 5a gives the value of strategy s as the expected number of LPs entering diligence, where lambda is the base number of meetings, phi the monthly decay, d_i the manager's delay and the probability is evaluated on the item vector after remediation. Equation 5b defines the break-even decay phi-star at which closing the gate items matches approaching now.

$$V_s = E[(1 + 4e^{-\varphi d_i^s})\overline{p}_i(x_i^s)] \quad (5a)$$

$$V_B(\varphi^*) = V_A \quad (5b)$$

Table 10 and Figure 4 report the results. Approaching now yields an expected 0.43 LPs entering diligence per manager and 27.1% entering with at least one. Closing the gate items first takes 4.4 months on average, costs USD 81 thousand and yields 0.58 LPs (+36%). Closing every gap takes 6.6 months, costs USD 174 thousand and yields 0.79 (+85%). The three-month programme yields 0.64 (+51%). Closing the gate items beats approaching now unless the monthly decay exceeds 26.7%, which is 4.5 times the input.

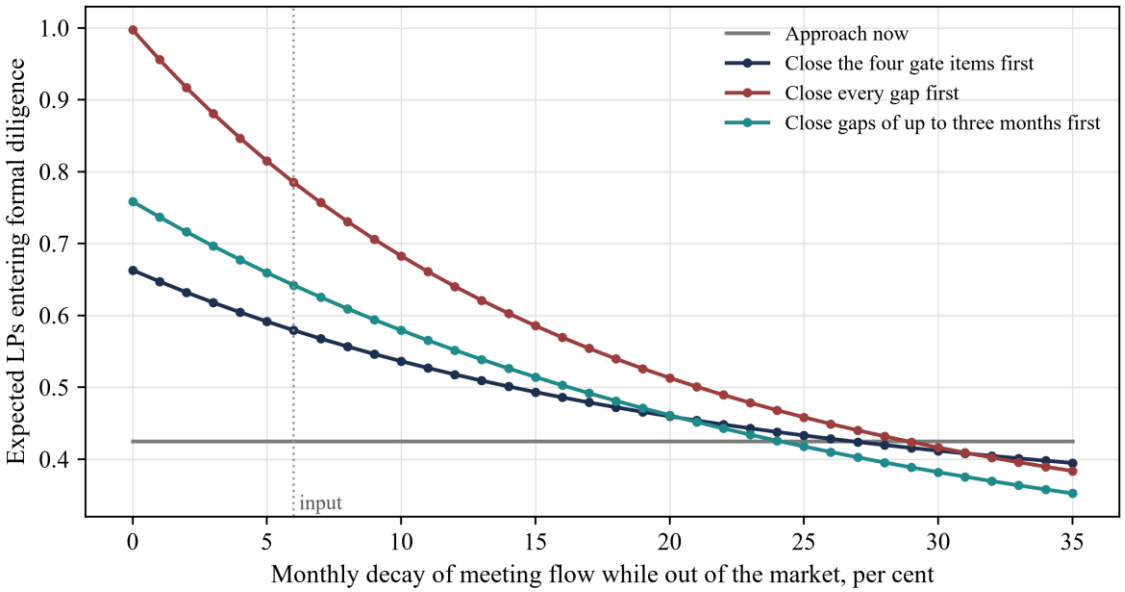
The result depends on who the manager is. Managers with no gate gap gain nothing from closing the gate items, with 1.38 expected LPs under both strategies, and gain a little from closing every gap (1.56). Managers with one gate gap rise from 0.47 to 0.72. Managers with two or more rise from 0.13 to 0.29 when the gate items are closed and to 0.48 when every gap is closed. A manager with two or more gate gaps that approaches now is spending 0.13 expected LP entries on a market that would yield 0.48 once every gap is closed. The conclusion rests on the assumption that LPs credit newly built evidence at 0.7 of long-standing evidence. A lower credit would narrow the advantage, and Section 17 turns to the selection problem that would distort a real test.

Table 10. Strategies compared on expected entry into formal diligence

Strategy	Mean delay, months	Mean spend, USD thousand	Entering formal diligence with at least one LP	Expected LPs entering diligence	Change against approaching now
Approach now	0.0	0	27.1%	0.43	+0%
Close the four gate items first	4.4	81	36.9%	0.58	+36%
Close every gap first	6.6	174	49.9%	0.79	+85%
Close gaps of up to three months first	4.5	124	40.6%	0.64	+51%

MatchPoint analysis of the constructed pool. Model output under stated inputs; not an observed result. Delay is the mean over the pool. Spend uses authored remediation costs.

Figure 4. Expected LPs entering diligence by strategy and decay of meeting flow



MatchPoint analysis of the constructed pool. Model output under stated inputs; not an observed result. The dotted line marks the input decay. Approach now does not depend on the decay.

17. A logged record overstates the entry rate by 12.9 points, and weighting on recorded items repairs most of it only because the items proxy quality

A team that studies its own history sees a filtered sample. The placement adviser decided which managers to represent, and the managers that appear in the log differ from the pool of managers that sought institutional meetings. In the model, the probability of acceptance into the log rises with the number of track-record items and with quality, which the adviser can judge in conversation but the record does not hold. Equation 6a defines the acceptance probability for manager i, where T_i is the count of track-record items present, and equation 6b the weighted entry rate, where w_i is the inverse of the estimated acceptance probability.

$$Pr(S_i = 1) = \frac{1}{1 + \exp(-(c + \delta T_i + \eta q_i))} \quad (6a)$$

$$\hat{y}_w = \frac{\sum_i S_i w_i Y_i}{\sum_i S_i w_i}, w_i = 1/\hat{Pr}(S_i = 1 \mid x_i) \quad (6b)$$

In 6a the constants c, delta and eta are authored. The weights in 6b are estimated from the recorded items only. Table 11 shows that the logged record, which holds 51% of the pool, shows an entry rate of 40.0% against 27.1% for the pool, an overstatement of 12.9 points. Weighting on the recorded items brings the rate to 28.5%, repairing 90% of the gap. The slopes on gate gaps and track-record gaps change little, by 5% and 3%, because selection on covariates leaves a correctly specified conditional relationship largely intact.

Where the adviser's acceptance depends on quality alone, the logged record holds 45% of the pool and shows 39.0%, an overstatement of 11.9 points. Weighting on the recorded items repairs 81% and leaves 2.3 points. The repair is substantial only because the recorded items correlate with quality in this pool. If the items were weak proxies for the judgement an adviser applies, weighting would repair less, and nothing in the record would show how much. The implication is

that levels from a logged record should not be used to forecast entry for a new mandate, while the ordering of gaps survives better than the rates.

Table 11. Entry rate and slopes in the whole pool, the logged record and weighted records

Estimation sample	Entry rate	Log-odds per gate gap	Log-odds per track-record gap	Note
Whole pool (every manager approached)	27.1%	-0.83	-0.86	reference
Logged record only (adviser-selected)	40.0%	-0.87	-0.84	51% of the pool
Logged record, inverse-probability weighted	28.5%	-0.83	-0.80	weights from observed items only
Judgement on unrecorded quality: logged record only	39.0%	-0.86	-0.80	45% of the pool
Judgement on unrecorded quality: weighted	29.4%	-0.82	-0.79	weights from observed items only

MatchPoint analysis of the constructed pool. Model output under stated inputs; not an observed result.

18. Each stress case leaves a different signature in the forecast, the ranking and the coefficients

Five stress cases change the world while the team's rules and forecast stay fixed. In the first, institutional LPs tighten: the institutional share of meetings rises to 45% and stop probabilities appear on valuation oversight, governance terms and conflicts. In the second, LPs grant waivers at half the base stop probability. In the third, gaps cluster, because the resources factor loads three times as strongly. In the fourth, the mix shifts to wealth and family offices at 70% of meetings. In the fifth, the direct effect of quality is two and a half times as large. The forecast is the base-case entry rate by number of gate gaps, applied to each stressed pool.

Table 12 and Figure 5 give the signatures. Under institutional tightening the entry rate falls to 23.0%, the forecast overshoots by a factor of 1.17 and the rank agreement of closing gains with the base falls to 0.92. Under waivers the entry rate rises to 37.0%, the forecast undershoots at 0.73 of the observed rate, the gate-list AUC falls to 0.786 below the count at 0.805, and 30.2% of managers with a gate gap still enter. Clustering raises the mean item correlation to 0.34 and leaves AUC higher at 0.868.

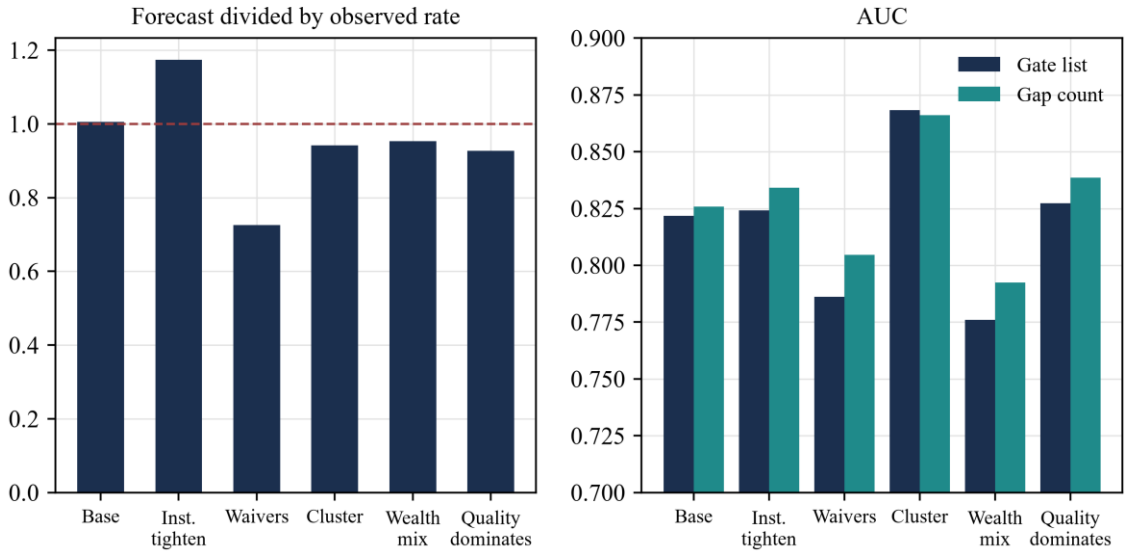
The wealth-heavy mix lowers AUC to 0.776 for the gate list and 0.792 for the count, and cuts the rank agreement to 0.87, because the items that matter at wealth LPs differ from those that matter at institutions. A dominant quality effect leaves the ranking and the forecast close to base (0.93) and lifts the ceiling AUC to 0.895, which signals that readiness explains less of the outcome. A team can use the table as a diagnostic. A forecast that overshoots with falling rank agreement points to a tightening LP; one that undershoots with a weaker gate list points to waivers; a rising item correlation points to clustering; a lower rank agreement with a different LP mix points to a mix shift.

Table 12. Stress cases and their diagnostic signatures

Case	Entry rate	AUC, gate list	AUC, gap count	AUC, oracle	Forecast divided by observed entry rate	Entry rate among managers with a gate gap	Rank agreement of gap gains with base	Mean correlation among items	Spread of fitted coefficients, 240 managers
Base	26.7%	0.822	0.826	0.862	1.01	18.6%	1.00	0.15	0.32
Institutional tightening	23.0%	0.824	0.834	0.868	1.17	15.6%	0.92	0.15	0.36
Waivers granted	37.0%	0.786	0.805	0.835	0.73	30.2%	0.97	0.14	0.30
Clustered gaps	31.1%	0.868	0.866	0.892	0.94	17.2%	0.97	0.34	0.36
Wealth-heavy mix	28.3%	0.776	0.792	0.835	0.95	21.9%	0.87	0.14	0.33
Quality dominates	29.2%	0.827	0.839	0.895	0.93	21.0%	1.00	0.14	0.33

MatchPoint analysis of the constructed pool. Model output under stated inputs; not an observed result. The forecast is the base-case entry rate by number of gate gaps.

Figure 5. Forecast ratio and AUC across stress cases



MatchPoint analysis of the constructed pool. Model output under stated inputs; not an observed result.

19. A record of 40 managers cannot learn the weights, and a fixed register is safer than a fitted model until about 240

A placement team holds a small number of managers. Table 13 reports 300 replications at each of five training sizes. With 40 managers the fitted logistic scores 0.791 on average against 0.820 for the untrained gate list, with a 5th to 95th percentile range of 0.740 to 0.827. The fitted model beats the gate list in 11% of samples. At 120 managers the mean is 0.818 and the fitted model wins in 51% of samples. At 600 managers the mean is 0.840, the range narrows to 0.833 to 0.844 and the fitted model wins in 100% of samples.

The weights are harder to learn than the ranking. The model's recovery of the three items with the largest closing gains averages 1.4 of three at 40 managers, 1.7 at 120 and 2.4 at 600. A team of 120 managers can match a fixed score and cannot reliably say which three gaps matter most. Measurement of the entry rate itself is also coarse. With 60 managers the 95% interval for a rate

of 27.1% is about plus or minus 11 points, and a comparison of two groups of 30 has an interval of up to about plus or minus 25 points.

The consequence for practice is that a single placement team should not publish or act on fitted weights from its own history. A fixed register, applied consistently and recorded for every manager, provides the data that a pooled study would use later. Pooling across advisers or across mandates, with consent, is the only route to a training record of several hundred managers.

Table 13. Fitted weights against fixed scores by training sample size

Managers in the training record	Mean AUC, fitted weights	5th to 95th percentile	AUC, gate list (no training)	AUC, gap count (no training)	Share of samples in which fitted weights beat the gate list	Mean number of the true top three gaps recovered
40	0.791	0.740 to 0.827	0.820	0.823	11%	1.4
80	0.809	0.769 to 0.834	0.820	0.823	33%	1.5
120	0.818	0.789 to 0.837	0.820	0.823	51%	1.7
240	0.830	0.816 to 0.840	0.820	0.823	91%	2.1
600	0.840	0.833 to 0.844	0.820	0.823	100%	2.4

MatchPoint analysis of the constructed pool. Model output under stated inputs; not an observed result. 300 replications per size; holdout of 12,000 managers.

20. The controls pass and establish internal consistency, not validity

The model asserts 43 identities and boundary conditions. The simulated entry rate matches the analytic mean of equation 2b. Shares sum to one, probabilities lie in the unit interval, gate-gap groups partition the pool and group means reconcile to the pool mean. The rank-based AUC equals the pairwise definition on a subsample. Random order scores 0.500. The oracle sits above every other score. Closing a gap never lowers the entry probability, and full credit for new evidence is at least as large as partial credit. Table 14 lists the principal controls.

These checks establish that the arithmetic is internally consistent. They do not establish that the world is realistic, that the gate list is the right one, or that any LP behaves as modelled. Every number in the paper that is not drawn from a cited source comes from the model and is attributed to MatchPoint analysis of the constructed pool. The base seed is 1385, and the model is deterministic for that seed.

Table 14. Reproducibility controls

Control	Result
Assertions in the model	43 passed
Simulated entry rate against exact analytic mean	27.14% against 27.12%
LP shares and gate probabilities	Shares sum to one; all probabilities in [0, 1]
Mean first meetings	4.99 against 5.00 specified
Gate-gap groups	Partition the pool exactly; group means reconcile to the pool mean
Rank-based AUC	Equals the pairwise definition on a 1,500-manager subsample
Random order	AUC 0.500
Oracle ceiling	Weakly above every other score
Logistic estimation	Score equations below 0.0001 at the optimum
Closing a gap	Never lowers the entry probability; full credit weakly above partial credit
Remediation strategies	Time and spend rise from gate items to every gap; approach now independent of decay
Break-even decay	Solved by bisection; strategy values equal at the solution
Replications	300 training samples at each of five sample sizes; seed 1385

MatchPoint analysis. Controls report internal consistency of the constructed model; they are not validation against observed data.

21. A consented study needs timestamped events, a pre-registered register and a slice of managers that all LPs may see

A real study would log, for each manager and each LP, the dated sequence from first contact to formal diligence entry or refusal, with a baseline evidence register taken before outreach. Record events for each manager-LP approach; aggregate to the manager level for the primary rate in Section 2. Record refusals and their reasons where provided, preserve nonresponses in the approach log, and follow each manager to the pre-specified cutoff. The study should agree participation terms with managers and LPs and assess the lawful basis for processing any personal data about identifiable representatives. The individual, rather than the institution, is the data subject. Where the controller relies on consent under the DIFC Data Protection Law, Article 12 requires a freely given, clear affirmative act and requires the controller to be able to demonstrate that consent. [13]

Three design features address the problems seen in the model. First, an independent reviewer records the evidence available before outreach for every enrolled manager, including managers who later receive no reply. Record items without enough evidence to assess as missing, and apply a pre-specified rule for missing baseline values. Second, a randomised slice of managers is approached in the order of a coin flip within strata of the register, regardless of the adviser's preference, to reduce selection driven by the adviser's choice of whom to approach first. Selection may still arise from the study frame, refusal to participate or later attrition. Third, remediation timing is recorded, so that managers that close a gap during the study contribute to the estimated closing gain, with a note of when the evidence became visible.

The analysis plan should be fixed in advance: the outcome, the register, the primary contrast between managers with and without gate gaps, and the estimation of closing gains by comparing managers that remediate with similar managers that do not. A pooled sample of several hundred managers is needed before fitted weights beat a fixed rule reliably, by the model's own sample-size results. A single sponsor will not reach that scale alone, so a pooled design with common definitions is the realistic route.

22. Report readiness to the client and the committee as a register, a gate profile and a dated plan

A readiness report should show the register with each item marked present, absent or in progress, and with the evidence file listed. It should state the gate profile, the number of gate items missing, and the entry rate that the base calibration associates with that profile, with the interval that the sample supports. For a manager with two gate gaps, the model's central figure is 16.2%, against 70.4% with none. The report should say that these numbers are model output and that a real calibration would replace them.

The plan should list the items to close in order of gain per month, the time and cost of each, and the date at which the manager is ready to approach. The model's central comparison for the average manager is that closing the gate items first takes about 4.4 months and raises the expected number of LPs entering diligence by 36%. The report should state the decay in the meeting flow that would reverse the conclusion, here 26.7% a month, and invite the client to say whether it believes its own market decays faster.

To an investment committee or an LP advisory board, the report should separate what is a fact about the manager, the register, from what is a forecast, the entry rate and the closing gain. It should state that newly built evidence is credited at a fraction of the effect in the model, and that LPs may discount it in practice. An independent administrator appointed in the week before a raise is a file; the history that gives it weight takes time.

23. Use data and AI to keep the register current, with a human decision on every gate

A register of twelve items lends itself to maintenance by software. Documents can be classified against the questionnaire sections, gaps flagged, and the remaining time and cost updated as work proceeds. A language model can draft answers to questionnaire sections from the manager's own documents and flag statements that no document supports. The ILPA questionnaire's own overview notes that customised questionnaires have created an administrative burden for LPs, GPs and placement agents, and that the standard form aims to reduce it. [2]

The permitted uses should be bounded. A model should not decide whether an item is present, because presence is a matter of evidence that a person with authority must sign. It should not produce a track record, because the Marketing Rule and the SEC staff observations make the adviser responsible for the accuracy and support of performance claims. [3, 4] Any use of inferred preferences about identifiable individuals needs a documented lawful basis under the applicable data protection rules. A controller relying on consent under the DIFC law must be able to demonstrate that consent. [13]

Evaluation of any AI tool in this setting would use the outcome defined in Section 2 and the randomised slice described in Section 21. The paper reports no trained model and no measured benefit from AI. The point is narrower: the register, once it exists and is logged consistently, is the data on which any later model would be trained and tested, and the discipline of logging comes before the model.

24. Limitations and the next decision: replace the authored effects with a pooled, consented record

The experiment is authored. The register, the LP types, the stop probabilities, the weights, the remediation times and the credit for new evidence are inputs. The outcomes follow from them, so the experiment shows how each method behaves if its premise holds. It does not show that the twelve items are the right ones, that the gate probabilities are close to LP practice, or that any manager would benefit from remediation. The closing gains are model results; they assume that newly built evidence is seen and credited as stated.

Several features of real fundraising are absent. Relationships and referrals shape who meets whom. LPs hold calendars and pacing constraints. Mandates exclude managers regardless of readiness. Markets move. Sources reviewed for the Gulf are limited to one regulator's module, and the ADGM and Saudi texts were not reviewed. The literature on operational risk concerns hedge funds, and the evidence on LP heterogeneity comes from US data. [7, 10, 11]

The decision that follows is specific. A manager with two or more of the four gate items missing should, on the model's logic, close its gaps before approaching institutions, unless it has evidence that its meeting flow decays faster than about 26.7% a month; in the model, closing every gap yields 0.48 expected LP entries for such a manager against 0.29 from the gate items alone. The gate list itself is an authored judgement that ranks no better than a plain gap count, and the advantage of preparing rests on the assumed 0.7 credit for new evidence. A manager with no gate gap should approach now and close the remaining items alongside. Before any manager acts on the numbers in this paper, a team should record the register for every approach it makes for the next two quarters and compare. That record is worth more than any score built before it exists.

Frequently Asked Questions

Does the paper show that closing evidence gaps raises the chance of entering diligence?

It shows what follows if gaps affect LP decisions in the stated way. The outcomes are generated from the same items the scores use, so the experiment demonstrates how each method behaves when its premise holds. It does not demonstrate that the premise holds in the market. The gain from closing the gate items first, and the decay of 26.7% a month at which it disappears, also depend on the authored assumption that LPs credit newly built evidence at 0.7 of long-standing evidence; a lower credit narrows the advantage. The sources establish that LPs ask for these items. They do not measure how often a missing item stops a process.

Which gaps matter most?

In the constructed pool the largest closing gains are for the documented regulatory perimeter, the deal-level attribution file and the net performance presentation, and the best gain per month is for the references, attribution and performance files. These are results of authored inputs, and a manager facing different LPs would find a different order.

Is a score needed to decide whether a manager is ready?

A simple count of items present ranks managers nearly as well as any alternative in the pool, and a fixed gate list adds nothing to the ranking. The score is useful for tracking progress, not for finding the right items to fix. A fitted model needs several hundred managers to beat a fixed rule reliably.

Why not rely on the pattern in a placement adviser's own history?

Such a history contains only the managers the adviser accepted. In the pool, the logged record overstates the entry rate by about 12.9 points, and weighting on recorded items repairs most of the overstatement only because the items proxy the adviser's judgement. A pooled study with consent and randomised outreach order can reduce selection driven by the adviser's choice of whom to approach first. Selection can still arise from the study frame, refusal to participate or later attrition.

Does the paper say that independent administration or audit is a legal requirement?

No, except in the narrow case reviewed: the DFSA Collective Investment Rules require an administrator or trustee for certain external fund managers and a registered auditor for Domestic Funds. Elsewhere the paper treats these items as LP expectations. The US rule that would have required annual audits of private funds was vacated in June 2024.

Does the paper offer investment advice or predict fundraising outcomes?

No. It describes a decision framework and a constructed experiment. It reports no observed fundraising result, makes no claim about any manager, LP or fund, and does not recommend an investment or a placement.

References

[1] Institutional Limited Partners Association. ILPA Principles 3.0: Fostering Transparency, Governance and Alignment of Interests for General and Limited Partners. 2019. Voluntary industry best practice. https://ilpa.org/wp-content/uploads/2019/06/ILPA-Principles-3.0_2019.pdf

[2] Institutional Limited Partners Association. Due Diligence Questionnaire 2.0. Updated November 2021. Voluntary standard questionnaire; sections 1, 3, 13 to 15 and Appendices A to C reviewed. https://ilpa.org/wp-content/uploads/2021/11/ILPA-DDQ-2.0.pdf

[3] U.S. Securities and Exchange Commission, Division of Examinations. Observations from Examinations of Private Fund Advisers. Risk alert, 27 January 2022. Staff views; not a rule. https://www.sec.gov/files/private-fund-risk-alert-pt-2.pdf

[4] U.S. Securities and Exchange Commission. Investment Adviser Marketing, 17 CFR 275.206(4)-1, current text of paragraphs (a) and (d) read on 14 October 2026. https://www.ecfr.gov/current/title-17/chapter-II/part-275/section-275.206(4)-1

[5] U.S. Securities and Exchange Commission. Announcement regarding private fund advisers rules, 31 October 2024, recording the opinion of the Fifth Circuit of 5 June 2024 in National Association of Private Fund Managers v. SEC, No. 23-60471. https://www.sec.gov/announcement-regarding-private-fund-advisers-rules

[6] Dubai Financial Services Authority. DFSA Rulebook, Collective Investment Rules (CIR), version CIR/VER40/01-26, chapters 5, 6, 9 and 13. Binding within its perimeter. https://dfsaen.thomsonreuters.com/node/11821

[7] Brown, S., Goetzmann, W., Liang, B. and Schwarz, C. Estimating Operational Risk for Hedge Funds: The Omega-Score. Working paper, May 2008; published in Financial Analysts Journal 65(1), 2009. Hedge funds, not private equity. https://www.ou.edu/dam/price/Finance/CFS/paper/pdf/Brown_Goetzman_Lian_2.pdf

[8] Brown, S., Goetzmann, W., Liang, B. and Schwarz, C. Mandatory Disclosure and Operational Risk: Evidence from Hedge Fund Registration. Working paper version of a Journal of Finance article; abstract and introduction reviewed. https://archive.nyu.edu/jspui/bitstream/2451/27400/2/FIN-07-031.pdf

[9] Barber, B. and Yasuda, A. Interim Fund Performance and Fundraising in Private Equity. NBER conference paper, 29 October 2015; published in Journal of Financial Economics 124(1), 2017. https://conference.nber.org/conf_papers/f82479/f82479.pdf

[10] Lerner, J., Schoar, A. and Wong, W. Smart Institutions, Foolish Choices? The Limited Partner Performance Puzzle. NBER Working Paper 11136, February 2005; published as Lerner, J., Schoar, A. and Wongsunwai, W., Journal of Finance 62(2), 2007, 731 to 764, whose abstract reports nearly 21% for endowments. https://www.nber.org/system/files/working_papers/w11136/w11136.pdf

[11] Da Rin, M. and Phalippou, L. The Importance of Size in Private Equity: Evidence from a Survey of Limited Partners. ECGI Finance Working Paper 408/2014; Journal of Financial Intermediation 31, 2017. Abstract reviewed. https://www.ecgi.global/publications/working-papers/the-importance-of-size-in-private-equity-evidence-from-a-survey-of-0

[12] Preqin. Fundraising in 2023: A guide for first-time fund managers. Undated page with data to 2021; one qualitative statement used. https://www.preqin.com/our-clients/fundraising-for-first-time-funds

[13] Dubai International Financial Centre. Data Protection Law, DIFC Law No. 5 of 2020, consolidated version of July 2025, Article 12. Binding within the DIFC. https://assets.difc.com/v1/media/edge/images/dubaiintern0078-difcexperie96c5-production-3253/media/project/difcexperiences/difc/difcwebsite/documents/laws--regulations/data-protection-law.pdf

About the Author

Chennakeshav (CK) is a corporate finance and investment banking executive with 25+ years of global experience in deal origination, structuring and execution across M&A, growth capital and corporate strategy. He has led value-creation mandates for founders, corporates and funds — bridging the boardroom view to hands-on execution and close.

His career spans Morgan Stanley, HSBC, Lloyds Banking Group, EWEC, ADQ portfolio companies and Emirates Growth Fund, across TMT, real estate, fintech, deeptech, cleantech, infrastructure and energy. He has partnered with C-suite leaders, private equity and venture funds, sovereign wealth funds and family offices to finance complex fund raises and scale-up ventures, and has led M&A due diligence, post-merger integration and business-transformation initiatives to create value.

At Matchpoint Partners he is Managing Partner, leading the firm's corporate finance, M&A and capital-raising practice. He holds an MBA from London Business School, an engineering degree from VTU and a Master of Laws (LLM, in progress) from UCL London.

An active start-up mentor, CK mentors at Techstars, DIFC FinTech Hive, Startup Grind, Founder Institute and IN5, serves as Entrepreneur Mentor in Residence (EMiR) at London Business School, and judges the Entrepreneurship World Cup.

https://www.linkedin.com/in/ckadya/

https://www.matchpoint-partners.com/team/ck-adya.html

Disclaimer

This paper is part of a continuing series on the structure of private and alternative markets. The views expressed are the author's own. The paper is for information only, describes market structure in general terms, and does not constitute investment, legal, tax or regulatory advice or a recommendation in respect of any security, vehicle or counterparty.