

## Client Alert

### California Puts Disclosure Pressure on Fund Managers

October 11, 2016 – Under newly enacted [California legislation](#), every California public pension plan invested in hedge funds, private equity funds and other alternative investment vehicles is required to obtain from fund managers and disclose to the public detailed information regarding an array of metrics, including the amount invested by the plan, its return on investment, the amount of management fees, carried interest and expenses charged or allocated to the pension plan by each alternative investment vehicle and related persons, and its pro rata shares of fees and expenses paid by portfolio companies to the asset manager. The new requirements apply to new investment contracts (such as subscription agreements) entered into, and to existing contracts pursuant to which the pension plan makes a new capital commitment, on or after January 1, 2017, but existing pension plan investors are required to use reasonable efforts to obtain from the manager and disclose to the public the same information.

By imposing the requirement on pension plans, the law counteracts typical confidentiality agreement limitations often included in fund subscription agreements, thereby entitling pension plans to demand access to the same level of information as other investors.

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