

ETON AXIS™

Case Study

Accurate and Efficient Management Fee

& Carry Calculations

The Critical Need for Accurate Fee & Carry Management

In private equity, management fees and carried interest (carry) are key components of fund remuneration - crucial for aligning interests between General Partners (GPs) and Limited Partners (LPs). However, manual calculations using Excel sheets, compounded by complex fee structures and multiple fund layers, often lead to inaccuracies, delays, and compliance risks.

Errors in fee and carry calculations can trigger audit issues, regulatory penalties, or LP disputes. As the industry demands more transparency and regulatory oversight intensifies, GPs require a reliable, automated solution that offers accuracy, consistency, and auditability.

EtonAxis provides an integrated, templated approach to manage these calculations seamlessly, eliminating manual effort and reducing error.

The Challenges of Manual Fee & Carry Calculations

Traditional approaches involve:

- **Manual Excel spreadsheets:** labor-intensive, especially with multiple fee tiers, waterfall structures, and performance benchmarks.
- **Data transfer errors:** copying data between systems and spreadsheets often leads to mistakes.
- **Lack of automation & audit trail:** difficulty verifying calculations for audits or LP inquiries.
- **Time-consuming updates:** recalculating fees each period delays reporting and regulatory filing.

These issues threaten compliance, accuracy, and operational efficiency - hindering a firm's ability to scale and respond swiftly.



How EtonAxis Ensures Precision & Efficiency

EtonAxis addresses these pain points with comprehensive, automated tools that embed best practices for fee & carry calculations:

1. Built-in Fund Accounting Templates
Pre-configured templates incorporate industry-standard waterfall and fee calculation methodologies, with flexibility for custom fee structures. These templates are designed for transparency and accuracy, based on firm-specific rules.

2. Integrated Data & Auto-Population
Data inputs - such as fund positions, performance metrics, and capital account balances - are automatically imported from the platform's core accounting modules. This eliminates manual data entry and reduces errors.

3. Automation of Calculations
The system automatically computes management fees based on committed or invested capital, time-based fees, or other agreed formulas. Similarly, carry calculations - such as preferred return, hurdle rates, and carried interest - are executed precisely according to the defined waterfall structure.

4. Full Audit Trail & Compliance Support
Every calculation, data input, and adjustment is logged with timestamps and user details. Reports generated are fully auditable, supporting regulatory compliance and LP transparency.

5. Periodic Recalculation & Reporting
At each period-end - quarterly, semi-annual, or annual - fees are recalculated automatically, factoring in capital account movements, performance, and agreed benchmarks, then integrated into investor reports.

6. Seamless Integration with Core Systems
Management and carry calculations are linked with broader fund accounting, investor relations, and reporting modules - for a consistent, end-to-end workflow.

Benefits for GPs & Fund Managers

Benefit	Impact
Enhanced Accuracy	Built-in templates reduce manual errors and ensure calculations conform to industry standards and regulatory requirements.
Operational Efficiency	Automation replaces laborious manual recalculations, saving time and reducing resource costs.
Auditability & Transparency	Every adjustment and calculation is logged, supporting regulatory compliance and LP queries.
Flexibility & Customization	Templates are adaptable to complex fee structures, hurdle rates, and performance metrics.
Faster Turnaround	Period-end fee and carry calculations are automated, enabling quicker reporting and regulatory submissions.

Real-World Application: Simplifying Fee & Carry Calculations at a Major PE Firm

A top-tier private equity firm managing multiple funds and complex waterfall structures faced ongoing issues with manual fee and carry calculations. Their processes relied heavily on Excel spreadsheets, which were manually updated each period. This led to frequent errors - such as misallocated fees and incorrect carry calculations - causing delays in reporting and LP disputes.

Their compliance team also faced difficulties during audits, as manual calculations posed significant risk of inconsistency and lack of transparency.

Solution with EtonAxis:

- They implemented the platform's pre-built, customizable fund accounting templates for management fees and carry.
- Data - from capital account movements, valuation changes, and performance metrics - was automatically imported and validated.
- The system performed calculations automatically, based on firm-specific waterfall rules and fee structures.
- Every calculation was logged with a detailed audit trail, ensuring compliance and transparency.
- The platform generated real-time reports for management, investors, and regulators, supporting faster, more accurate disclosures.

Outcome:

- **Elimination of manual errors** - errors in fee and carry calculations dropped by over 90%.
- **Significant time savings** - monthly reporting cycles were shortened from days to hours.
- **Enhanced compliance** - full audit trails simplified regulatory reviews.
- **Increased LP confidence** - accurate, timely, and transparent fee calculations fostered strong investor relationships.
- **Operational resilience** - the firm scaled effortlessly, confident that calculations were precise and defensible.



Conclusion: Unlock Accuracy and Speed with EtonAxis

Accurate management fee and carry calculations are fundamental to trust, compliance, and operational efficiency in private equity. Manual spreadsheets and disconnected processes create risks that can damage LP relationships and result in costly audit failures.

EtonAxis revolutionizes this process - automating complex calculations, ensuring compliance, and facilitating transparent reporting. Its integrated templates, ongoing data validation, and audit trails empower GPs to deliver precise, timely, and verifiable results every period.

In today's competitive landscape, speed and accuracy aren't optional - they're essential. With EtonAxis as your partner, you transform manual, error-prone processes into a reliable, efficient engine for fee and carry management, freeing your team to focus on strategic growth and value creation.

PROBLEM STATEMENT

Most of our GP clients struggle in calculating management fees and carry fees:

- Manual Excel files were maintained to calculate fees.
- Errors in data transition from allocation files to management and carry fees calculations.
- Significant operational inefficiency in maintaining and updating Excel formulas every month.
- Resulting in queries from SEC during the audit because of incorrect calculations of fees.

SOLUTION

AtlasFive® uses:

- Built-in fund accounting templates to calculate management fees and carry fees.
- Integrated fund accounting templates to avoid the need of copy pasting data into multiple files.
- Fund accounting templates which are linked with CRM and general ledgers (GL).
- Fully integrated process with a full audit trail.

BENEFITS

- Automation of the entire process resulting in increased efficiency and reduced cost.
- Avoids calculation and data transfer errors, thereby mitigating future compliance issues.
- Resulting in a fully integrated and efficient process.

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About Eton Solutions

Eton Solutions is the leading provider of integrated fund management platforms for private equity and venture capital firms, dedicated to transforming operations for long-term value creation.

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