



GP Carry and Waterfall Computation

Leverage a precise, transparent, and repeatable way to compute GP compensation for both realized and hypothetical events. 3forge brings the business logic, the data, and the user interface into one cohesive environment that eliminates spreadsheet fragility and reduces operational risk.

Overview of Current Distribution & Carry Breakdown

LTD Carried Interest Earned	\$11,122,072
LTD Carried Interest Paid	\$7,462,946
Current Distribution	\$40,000,000
Capital Distribution	\$36,340,874
Carried Interest Distribution to GP	\$3,659,126

Investment Overview

Carried Interest Status Bar			
Catch up	Split/Full carry	See Calculation ↗	
Pref.	Catch up	Split/Full carry	See Calculation ↗
Pref.	Catch up	Split/Full carry	See Calculation ↗
GP	Split/Full carry	See Calculation ↗	
GP	Split/Full carry	See Calculation ↗	
GP	Split/Full carry	See Calculation ↗	

THE PROBLEM

Carried interest calculations are one of the most complex, audit-sensitive, and business-critical workflows in private equity and venture capital. Yet most firms still rely on fragile, manual processes.

- **Each fund has unique economics:** different fee structures, preferred return terms, expense rules, and carry splits that evolve from vintage to vintage.
- **Realization events must consider the fund's complete transaction history,** including capital calls, distributions, expenses, and prior partial dispositions, making accuracy dependent on granular, historical data.
- **Traditional spreadsheets and BI tools** break under this complexity. They can't enforce modeling rules, separate logic from data, or scale as funds mature, resulting in duplicated models, version drift, and difficult audits.

As a result, teams spend significant time reconciling numbers, resolving edge cases, and validating outputs before each distribution, increasing operational risk for both GP compensation and investor reporting.

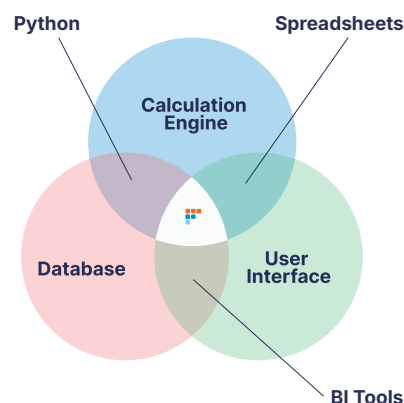
THE SOLUTION

3forge delivers the three pillars of a modern carry engine:

- A **configurable calculation engine** capable of representing the fund's true economics, not an approximation based on preset templates.
- A **centralized data model** for events, histories, and traceable intermediate results.
- A **transparent user interface** for reviewing inputs, validating logic, and approving outcomes.

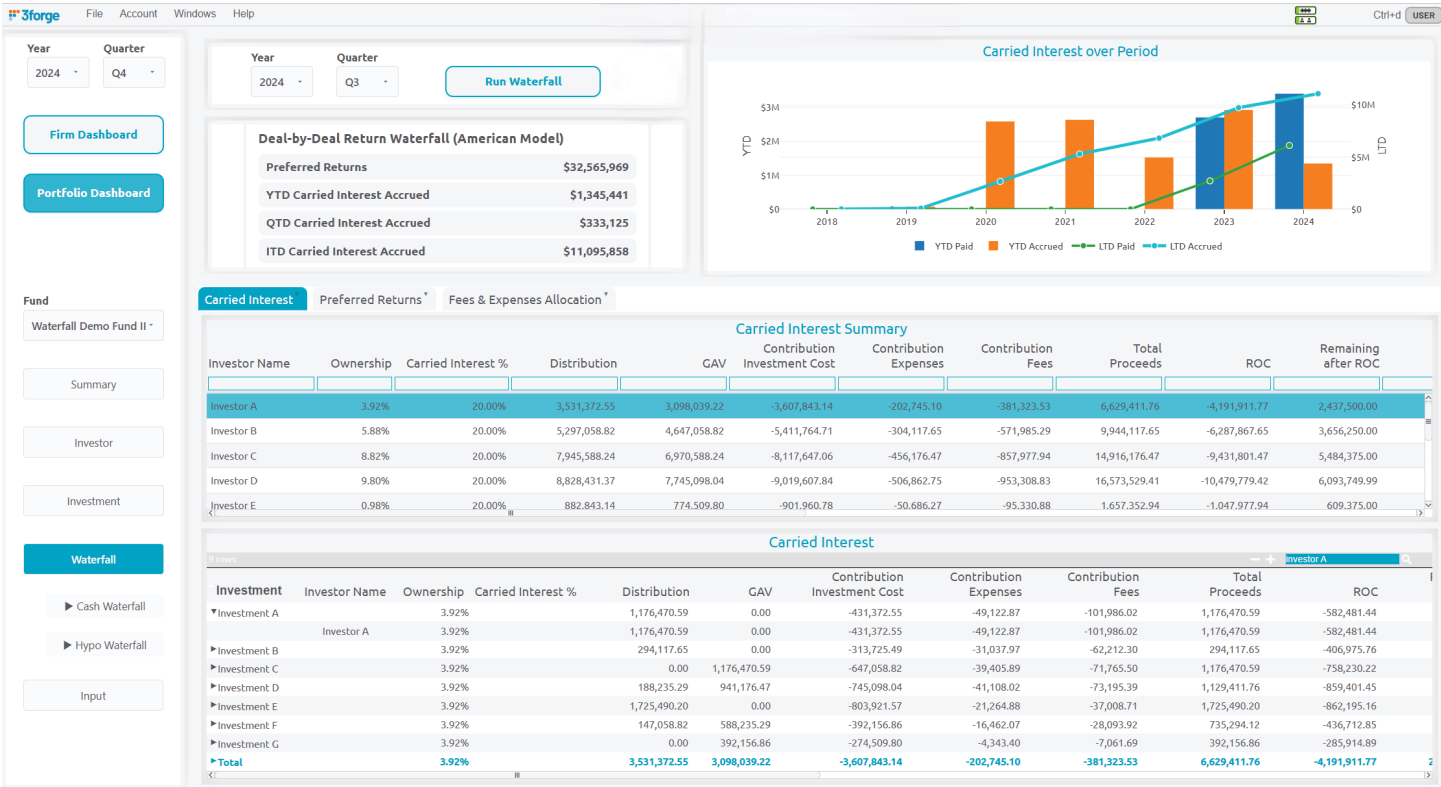
Where established waterfall systems optimize for out-of-the-box coverage, 3forge optimizes for precision and adaptability. Funds with bespoke waterfall terms, custom allocation rules, or legacy structures can be supported exactly, without compromises or expensive product customization.

3forge combines calculation, data, and validation into a single engine that delivers precise results for any fund structure.



The result is a carry solution that moves as fast as your fund evolves, while maintaining **complete auditability and control**.

HOW IT WORKS



The waterfall model can be delivered as part of a suite of firm-level, portfolio-level, and fund-level application screens which provide in-depth analytics and functionality, as well as integration into other models powered by 3force, like the the carry-participant distribution mode.

WHY 3FORCE

Structured & auditable business logic

The model is expressed as clear, centralized code that captures even the most complex fund rules and eliminates spreadsheet ambiguity.

Accurate handling of historical dependencies

All prior events are stored in the database and used consistently during calculations, ensuring correct outcomes across multiple realizations.

Integrated calculation, data, and UI

The full workflow lives in one environment, so teams do not need to stitch together spreadsheets, BI tools, and databases.

Focus on business logic, not infrastructure code

3force takes care of all underlying UI components, connectivity, and persistence, so the entire development focuses on ensuring accurate business logic, with an accelerated delivery timeline and iterative enhancements.

End-to-end workflow for GP & employee-level carry

After computing the carried-interest waterfall, the system flows directly into the carry-participant distribution model: allocating amounts by employee, applying holdbacks and tax offsets, and producing clear distribution reports for each participant.

Industry-grade and fund-specific

3forge models the full GP compensation process across both cash and hypothetical scenarios.



Covers multiple models

For realized events, the cash waterfall engine captures for all rules defined in fund documents, including **fees, expenses, preferred returns, clawbacks, and any GP catchup** provisions.

For hypothetical or planning scenarios, the solution projects GP compensation using the fund's **fair market value marks**, giving operations teams a reliable view of current economics for internal planning, carry accruals, and investor communication.



Well-built and sustainable

The business logic is centralized and written as code, not scattered across worksheets. This allows teams to **maintain a single source of truth** that is easy to validate, easy to modify, and resistant to manual errors.

Since the logic is separated from the data, historical events are stored in the **master security database** and referenced automatically during each run. Complex dependencies between past and present transactions are handled correctly without additional reconciliation work.



Integrated into workflows

Once GP-level carried interest results are produced, the **workflow continues seamlessly** into the carry-participant distribution model. The system allocates amounts to employees based on the firm's compensation rules, applies holdbacks and tax offsets, and generates individualized distribution reports for each carry participant.

This creates a **complete end-to-end process** inside one platform that supports review, approval, recalculation, and audit without switching tools or rebuilding logic.

When financial workflows require transparency and specificity, you can rely on 3forge.



About 3forge

3forge is the leading enterprise software provider specializing in real-time data integration, visualization, and high-performance application development. Since 2011, we have helped global investment banks, hedge funds, and asset managers build bespoke, mission-critical applications —faster and more efficiently than traditional development methods.

Unlike fragmented solutions, 3forge provides a **fully integrated** platform tailored to the needs of financial institutions. Whether managing risk, optimizing trade execution, or processing vast amounts of real-time data, our platform delivers **unparalleled speed, reliability, and security** — helping you turn complexity into a competitive advantage.

For more information, contact info@3forge.com