



Why do primary investors look at secondary demand?

Strong secondary market demand suggests a fund is popular among LPs and may be an interesting primary candidate, while low secondary market demand suggests additional liquidity risk in the future.

How illiquid is your portfolio?

What percent of your portfolio is in Unrated funds? Excellent funds? How do your funds price?

Request a complimentary Setter Liquidity Report from Setter Capital.

Where can I find the Setter Liquidity Ratings and Rankings?

 www.SecondaryLink.com

The Most Sought After Manager Rankings are published by Setter Capital, across various types of funds and geographies. This report specifically ranks the Most Sought-After Western European Large LBO managers whose most recent funds are greater than \$2 billion USD.

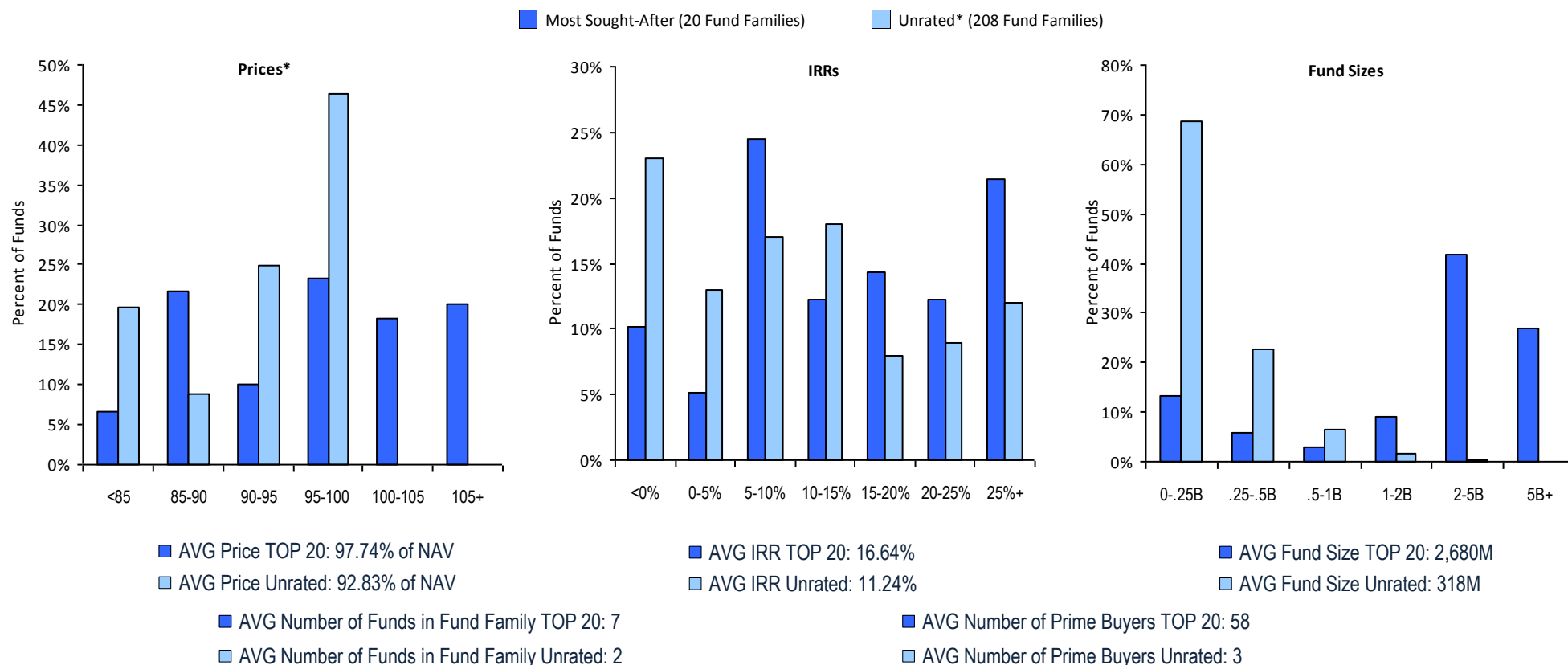
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How do the Most Sought-After Funds Compare to Less Saleable Funds?

Below is a comparison between the Most Sought-After Western European Large LBO managers (which are listed on the following pages) and all Unrated LBO managers that have funds that Setter has recently priced. Unfortunately, there are not enough Large Unrated LBO funds to meaningfully compare the two.



Noteable Differences

- There is significantly more buyer demand for the Most Sought-After managers, with the average number of Prime Buyers* being ~58, versus ~3 for the managers with a Setter Liquidity Rating of Unrated.
- Accordingly, the funds of Most Sought-After managers price on average ~5% better than funds of the Unrated managers.
- Not surprisingly, the Most Sought-After managers' funds have performed better than those of Unrated managers (~16.7% average IRR versus ~11.2% to date)
- The Most Sought-After managers also tend to have been around the longest - on average they have raised seven funds versus the Unrated managers who have raised two funds on average.

* Please see the last page for definitions and report limitations. This report should not be relied upon to make investment decisions. Pricing is subject to selection bias (e.g. it is more difficult to get pricing for Unrated funds, resulting in lower priced funds being underrepresented).

The 20 Most Sought-After European Large LBO Managers on the Secondary Market™ - Q2 2015



The rankings are based on the Setter Liquidity Ratings which rates fund families as Excellent, Very Good, Good and Unrated depending on how sought after and saleable they are on the secondary market. The Ratings are in large part determined by the collective shortlists of the 1300+ buyers Setter Capital covers, which are conveyed directly or via SecondaryLink. See the last page for more details and limitations of the Setter Liquidity Rating.

▲ ▼ — Indicate whether the manager has moved up, down or stayed the same rank relative to their rankings on 6/30/2014*.

Rank	Prior Rank	Fund Family	Setter Liquidity Rating	Prime Buyers	First Vintage	Funds in Fund Family	Latest Closed funds	Currency	Fund Size	Vintage
1	—	CVC Europe	Excellent	93	1996	7	CVC European Equity Partners VI CVC European Equity Partners V	EUR	10,910	2013
2	▲	Apax Europe	Excellent	81	1987	10	Apax Europe VIII Apax Europe VII	EUR	5,800	2012
3	▼	EQT (Flagship LBO Funds)	Excellent	81	1995	8	EQT VI EQT V	EUR	4,820	2011
4	▲	BC Partners	Excellent	76	1987	9	BC European Cap IX BC European Cap VIII	EUR	6,680	2011
5	▲	Cinven	Excellent	74	1996	5	Cinven V Cinven IV	EUR	5,000	2012
6	▼	Charterhouse Capital Partners CCP (UK)	Excellent	74	1994	5	Charterhouse Capital Partners IX Charterhouse Capital Partners VIII	EUR	4,000	2009
7	▲	Nordic Capital	Excellent	70	1990	9	Nordic Capital Fund VIII Nordic Capital Fund VII	EUR	3,500	2013
8	▲	Altor	Excellent	63	2003	4	Altor Fund IV Altor Fund III	EUR	2,000	2013
9	▲	PAI Europe	Excellent	62	1998	5	PAI Europe VI PAI Europe V	EUR	3,290	2015
10	▼	Permira	Excellent	62	1985	18	Permira Europe V Permira Europe IV	EUR	5,300	2013
11	▼	Bridgepoint Europe	Excellent	58	1998	5	Bridgepoint Europe IV Bridgepoint Europe III	EUR	4,840	2008
12	▼	Carlyle Europe Partners	Excellent	56	1998	5	Carlyle Europe Partners IV Carlyle Europe Partners III	EUR	4,100	2015
13	—	HgCapital (PE funds)	Excellent	51	1989	7	HgCapital Mercury TMT Fund HgCapital 7	GBP	380	2013
14	—	Bain Capital Europe	Excellent	42	2000	4	Bain Capital Europe IV Bain Capital Europe III	EUR	3,500	2014

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Rank	Prior Rank	Fund Family	Setter Liquidity Rating	Prime Buyers	First Vintage	Funds in Fund Family	Latest Closed funds	Currency	Fund Size	Vintage
15	—	15 KKR Europe	Excellent	33	1999	5	KKR European Fund III KKR European Fund II	USD	6,787	2008
16	▲	19 Triton	Very Good	46	1999	4	Triton Fund IV Triton Fund III	EUR	3,500	2013
17	▲	18 TDR Capital	Very Good	42	2002	3	TDR Capital III TDR Capital II	EUR	2,100	2013
18	▼	17 Doughty Hanson (LBO)	Very Good	39	1990	5	Doughty Hanson & Co V Doughty Hanson & Co IV	EUR	3,000	2007
19	▲	20 Montagu Private Equity	Very Good	22	1994	9	Montagu IV Montagu III	EUR	2,550	2011
20	▲	>20 Terra Firma Capital Partners	Good	35	1994	9	Terra Firma Capital Partners III Terra Firma Capital Partners II	EUR	5,380	2007

New Managers That Made the Rankings

(compared to the rankings on: 6/30/2014)*

[Terra Firma Capital Partners](#)

Managers That Didn't Make The Rankings

(but were on the rankings on: 6/30/2014)*

[3i Buyouts / Eurofund](#)

* Note: Only 5% of all managers receive a Setter Liquidity Rating of Good, Very Good or Excellent. Movement in the rankings does not necessarily mean a change in market sentiment towards the manager. Movement may also be caused because Setter Capital has more visibility on the number and quality of buyers that make up the number of Prime Buyers.



To see more Sought-After Funds use the SecondaryLink Fund Screener: www.SecondaryLink.com/funds



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Search a fund's Liquidity Rating via the SecondaryLink fund screener: www.SecondaryLink.com/funds

Most Sought-After Managers Currently Fundraising

Fund Being Raised	Currency	Target Size	Fund Family	Setter Liquidity Rating	Prime Buyers
1 Charterhouse Capital Partners X	EUR	3000	Charterhouse Capital Partners CCP (UK)	Excellent	74
2 KKR European Fund IV	EUR	3000	KKR Europe	Excellent	33



Search other Sought-After Managers that are fundraising via the SecondaryLink Fund Screener: www.SecondaryLink.com/funds



About Setter Capital

Established in 2006, Setter Capital is a leading independent advisory firm specializing in providing liquidity solutions for fund managers and institutional investors in the secondary market for alternative investments. We serve a diverse institutional client base including some of the world's largest pensions, endowments, investment consultants and fund managers. To date, Setter Capital has completed over 400 transactions, representing more than \$18 billion in liquidity across venture capital, private equity, infrastructure, real estate, real asset, and hedge fund investments.

Setter Capital's mission is to make the secondary market more transparent and efficient for all market participants. To this end, Setter provides the market with complimentary secondary market research and analytical tools such as:

[The Setter Liquidity Rating™](#)

A unique rating system that allows buyers, sellers and creditors to assess the relative liquidity of over 7000 different fund families.

[The Setter Volume Report™ and the Setter Price Report™](#)

Two semi-annual reports that provide the most comprehensive and accurate assessments of the secondary market. Data is based on pricing of over 1900 funds and a survey of over two thirds of the most active secondary buyers globally.

[SecondaryLink.com™](#)

A professional network where over 3600 institutional LPs and GPs connect on primary due diligence and the secondary market.

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Definitions

Exposure: NAV + Undrawn

Prime Buyers are buyers that are existing investors in the fund family, have it on their shortlist or have recently priced it. Other buyers, who have a general interest in buying this type of fund but not the fund specifically ("General Buyers"), are not included in the number of indicated prime buyers

The Setter Liquidity Rating (SLR) is a subjective measure of the relative liquidity of non-redeemable alternative investment funds and is not a measure of the investment merits or quality of a fund. The SLR and number of Prime Buyers are determined by Setter Capital and rely in part on subjective assessments of: the seriousness, capacity and number of interested buyers for a fund; and the ease of transfer. The SLR and number of Prime Buyers should not be relied upon to make any investment decision or to predict the future liquidity of a fund. Also, the SLR is not intended as a measure or indicator of the liquidity of a fund's underlying portfolio holdings. The SLR applies to an entire series of funds, or 'fund family', and individual funds within a fund family may be more or less illiquid than the SLR indicates. For instance, lightly funded funds or very old funds are often less liquid than funds that are greater than 30% funded or less than seven years old. Also, smaller interests and very large interests have fewer buyers with less liquidity. The liquidity of a fund and the SLR can change at any time, as demand for a fund family changes or transfer becomes more or less restrictive or Setter Capital re-evaluates or gains new insight into a fund's relative liquidity. See the article 'Setter Capital Liquidity Rating' for more details. The SLR is not provided as a service and Setter Capital, SecondaryLink and DiligenceLink therefore assume no responsibility for any losses alleged to be the result of the use of the SLR or for any purported reliance upon the rating. The SLR may be flawed and Setter Capital welcomes suggestions to improve its usefulness.

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