



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 US Mid-Market LBO managers whose most recent funds are greater than \$500 million USD and less than \$2 billion USD.

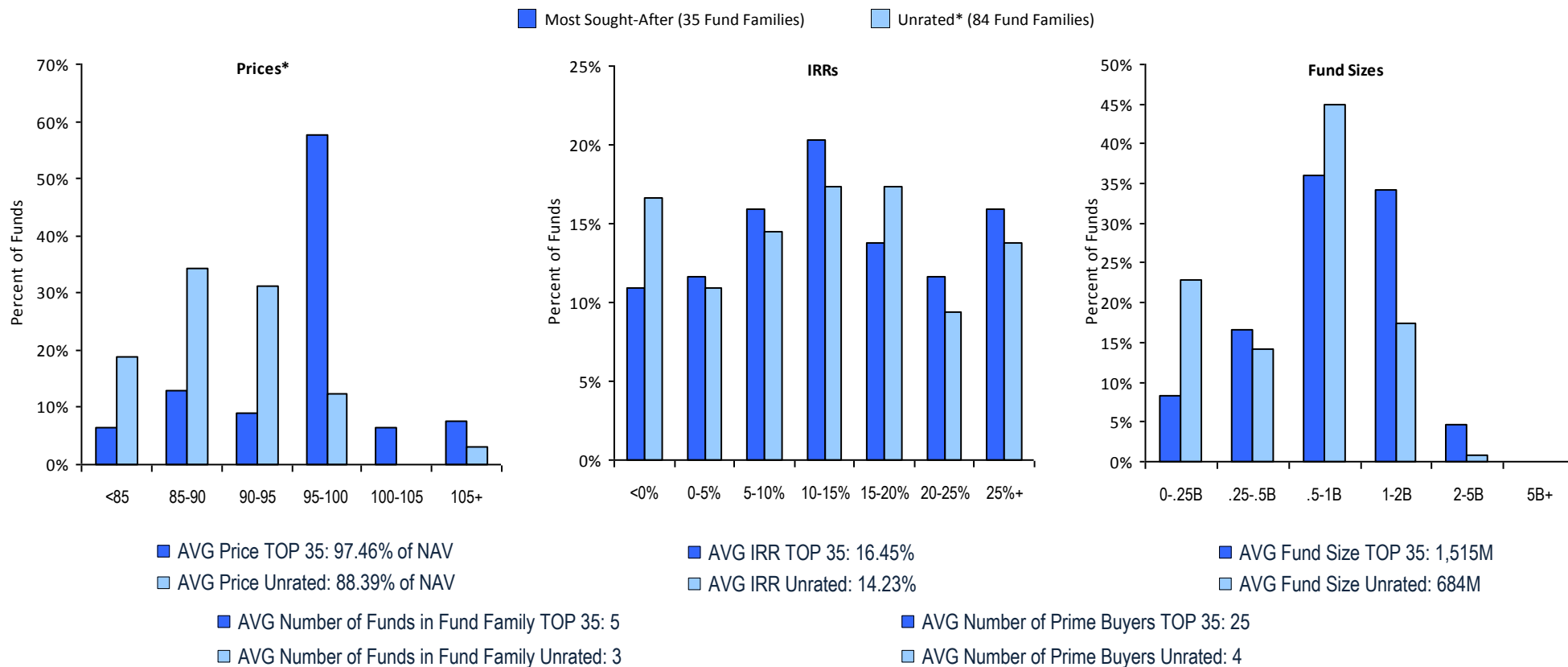
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How do the Most Sought-After Funds Compare to Less Saleable Funds?

Below is a comparison between the Most Sought-After US mid-market LBO managers (which are listed on the following pages) and Unrated US mid-market LBO managers.



Noteable Differences

- There is significantly more buyer demand for the Most Sought-After managers, with the average number of Prime Buyers* being ~25, versus ~4 for the managers with a Setter Liquidity Rating of Unrated.
- Accordingly, the funds of Most Sought-After managers price on average ~9% better than funds of the Unrated managers.
- Not surprisingly, the Most Sought-After managers' funds have performed better than those of Unrated managers (~16% average IRR versus ~14% to date) and have raised more money (average fund size of \$1,515M versus \$684M).
- The Most Sought-After managers also tend to have been around the longest - on average they have raised five funds versus the Unrated managers who have raised three 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 35 Most Sought-After US Mid-Market 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 6/30/14*.

Rank	Prior Rank	Fund Family	Setter Liquidity Rating	Prime Buyers	First Vintage	Funds in Fund Family	Latest Closed funds	Currency	Fund Size	Vintage
1	▲ 2	ABRY	Excellent	57	1989	12	ABRY Partners VIII ABRY Senior Equity IV	USD	1,900	2014
2	▼ 1	HIG Capital	Excellent	38	1993	7	H.I.G. Middle Market LBO Fund II HIG Capital Partners V	USD	1,750	2014
4	▲ >35	Friedman Fleischer & Lowe	Very Good	32	1999	4	Friedman Fleischer & Lowe Capital Partners IV Friedman Fleischer & Lowe Capital Partners III	USD	2,000	2014
4	▲ 7	Genstar	Very Good	32	2001	4	Genstar Capital Partners VI Genstar Capital Partners V	USD	900	2012
5	▲ 22	JLL Partners	Very Good	29	1991	7	JLL Partners Fund VI JLL Partners Fund V	USD	807	2009
6	▲ 9	Audax Private Equity	Very Good	28	2000	6	Audax Private Equity Fund IV Audax Private Equity Fund III	USD	1,250	2013
7	▼ 3	Riverside Capital Appreciation Fund (RCAF)	Very Good	28	1995	9	Riverside Micro-Cap Fund III 2012 Riverside Capital Appreciation Fund VI	USD	350	2014
8	▼ 4	Charlesbank Capital Partners	Very Good	27	1998	5	Charlesbank Equity Fund VIII Charlesbank Equity Partners VII	USD	1,750	2014
9	▲ 16	Accel-KKR Capital Partners	Very Good	26	2000	6	Accel-KKR Structured Capital Partners II Accel-KKR Capital Partners IV	USD	325	2014
10	▲ 28	Littlejohn & Co.	Very Good	24	1997	6	Littlejohn Fund V Littlejohn Fund IV	USD	2,000	2013
11	▲ 14	Water Street Capital	Very Good	23	2006	3	Water Street Healthcare Partners III Water Street Capital Partners II	USD	753	2013
12	▲ >35	Marlin Equity Partners	Very Good	22	2005	5	Marlin Heritage, LP Marlin Equity Partners IV	USD	412	2014
13	▼ 12	Odyssey Investment Partners	Very Good	22	1991	5	Odyssey Investment Partners Fund V Odyssey Investment Partners Fund IV	USD	2,000	2014
14	▲ 17	Catterton Partners	Very Good	21	1989	7	Catterton Partners VII Catterton Partners VI-B	USD	1,600	2013

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15	▼ 5	Avista Capital Partners	Good	32	2006	3	Avista Capital Partners III Avista Capital Partners II	USD	816 1,770	2011 2008
17	▲ 26	MidOcean Partners	Good	30	1999	4	MidOcean Partners Fund III MidOcean Partners Fund II	USD	1,250 450	2007 2005
17	▼ 10	Wellspring Capital Management	Good	30	1996	5	Wellspring Capital Partners V Wellspring Capital Partners IV	USD	1,200 1,010	2011 2006
18	▲ 33	Lightyear Capital	Good	24	2001	3	Lightyear Fund III Lightyear Fund II	USD	954 850	2011 2006
19	▲ 23	Graham Partners	Good	23	1999	3	Graham Partners Investments III Graham Partners Investments II	USD	515 465	2009 2005
20	▼ 15	Sterling Group Partners	Good	22	2001	3	Sterling Group Partners III Sterling Group Partners II	USD	820 470	2010 2005
21	▼ 7	Sterling Partners	Good	22	2002	5	Sterling Capital Partners IV Sterling Partners - Small Market Growth 2009	USD	917 254	2012 2009
22	▼ 11	Spectrum Equity Investors	Good	21	1994	7	Spectrum Equity Investors VII Spectrum Equity Investors VI	USD	1,000 680	2014 2010
23	▲ >35	Snow Phipps Group (SPG)	Good	21	2005	2	Snow Phipps Fund II Snow Phipps Fund I	USD	844 620	2010 2005
24	▲ >35	LLR Partners	Good	21	2000	4	LLR Equity Partners IV LLR Equity Partners III	USD	950 800	2013 2008
25	▲ 34	Kohlberg & Company	Good	21	1988	7	Kohlberg Investors VII Kohlberg Investors VI	USD	1,600 1,500	2012 2007
26	▲ >35	Nautic Partners	Good	21	2000	3	Nautic Partners VI Nautic Partners V	USD	780 1,100	2007 2000
27	▲ 30	Sentinel Capital Partners	Good	20	1995	5	Sentinel Capital Partners V Sentinel Capital Partners IV	USD	1,300 765	2013 2009
28	▲ >35	TSG Consumer Partners	Good	20	1990	8	TSG 6 TSG 5	USD	1,300 897	2012 2007

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32	▼ 31	Greenbriar Equity	Good	20	2001	3	Greenbriar Equity Fund III Greenbriar Equity Fund II	USD	1,090	2013
32	▼ 18	Silver Lake Sumeru	Good	20	2007	1	Silver Lake Sumeru	USD	1,100	2007
32	▼ 20	Vestar	Good	20	1988	6	Vestar Capital Partners VI Vestar Capital Partners V	USD	804	2013
32	▲ >35	Riverside Partners	Good	20	2000	3	Riverside Partners V Riverside Partners IV	USD	561	2013
33	▼ 13	KRG Capital	Good	20	1999	4	KRG Capital Fund IV KRG Capital Fund III	USD	1,960	2008
34	▲ >35	Cressey & Co.	Good	20	2010	2	Cressey & Co Fund V Cressey & Co. Fund IV	USD	615	2014
35	▼ 27	Weston Presidio	Good	20	1992	5	Weston Presidio V Weston Presidio IV	USD	1,000	2005

New Managers That Made the Rankings

(compared to the rankings on: 6/30/14)*

[Cressey & Co.](#)
[Friedman Fleischer & Lowe](#)
[LLR Partners](#)
[Marlin Equity Partners](#)
[Nautic Partners](#)
[Riverside Partners](#)
[Snow Phipps Group \(SPG\)](#)
[TSG Consumer Partners](#)

Managers That Didn't Make The Rankings

(but were on the rankings on: 6/30/14)*

[American Industrial Partners \(AIP\)](#)
[Apax US](#)
[Calera Capital](#)
[Elevation Partners](#)
[Great Hill Equity Partners](#)
[Huntsman Gay](#)
[Quad-C](#)
[RoundTable Health Care Partners](#)

* 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 JLL Partners Fund VII	USD	1000	JLL Partners	Very Good	29
2 Nautic Partners VII	USD	600	Nautic Partners	Good	21
3 KRG Capital Fund V	USD	500	KRG Capital	Good	20



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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