



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 Small Western European LBO Managers whose most recent funds are less than 500 million USD.

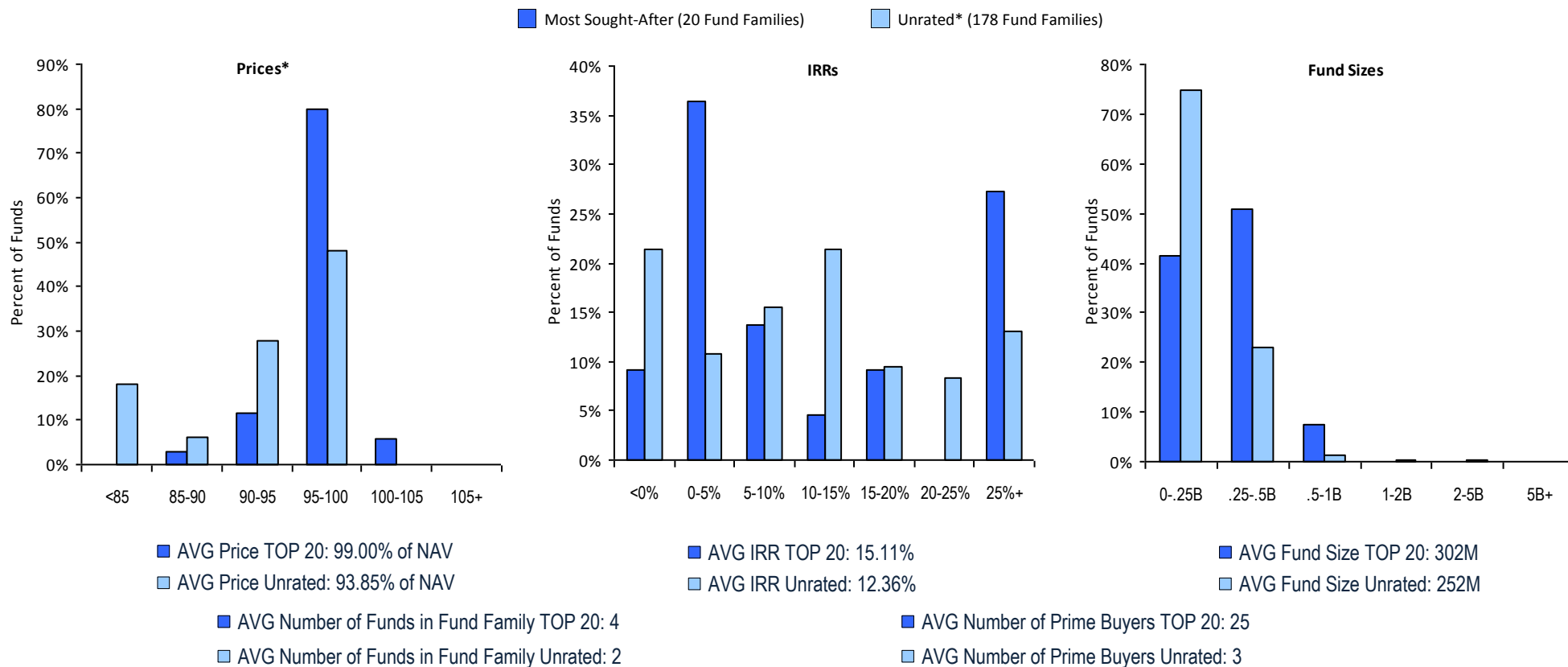
Setter Capital Inc.
77 Bloor Street West - Ste 1901
Toronto, Ontario
Canada - M5S 1M2
Phone: +1 (416) 964 9555

www.settercapital.com



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

Below is a comparison between the Most Sought-After Small Western European LBO Managers (which are listed on the following pages) and Unrated Small Western European 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 ~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 (~15% average IRR versus ~12% to date) and have raised more money (average fund size of \$302M versus \$252M).
- The Most Sought-After Managers also tend to have been around the longest - on average they have raised four 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 Small European LBO Managers on the Secondary Market™ - Q3 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 9/30/2014*.

Rank	Prior Rank	Fund Family	Setter Liquidity Rating	Prime Buyers	First Vintage	Funds in Fund Family	Latest Closed funds	Currency	Fund Size	Vintage
1	—	Herkules	Very Good	38	2004	4	Herkules Private Equity Fund IV Herkules Private Equity Fund III	NOK	2,500	2013
2	▲	Afinum	Very Good	22	2003	3	AFINUM VII	EUR	280	2013
3	▲	capiton AG	Good	34	2002	4	Capiton IV capiton III	EUR	350	2009
4	▲	MCH Iberian Capital	Good	32	1999	3	MCH Iberian Fund III MCH Iberian Fund II	EUR	250	2008
5	▲	Norvestor Equity AS	Good	30	1995	5	Norvestor VI Norvestor V	NOK	3,000	2012
6	▲	Polaris (Denmark)	Good	30	1999	3	Polaris III Polaris II	EUR	365	2009
7	▲	Lyceum Capital	Good	30	1999	4	Lyceum Capital Fund III Lyceum Capital Fund II	GBP	330	2013
8	▲	Stirling Square Capital	Good	27	2002	2	Stirling Square Capital Partners II Stirling Square Capital Partners I	EUR	375	2008
9	▲	Avedon Capital Partners	Good	27	2003	3	NIBC Growth Capital Fund II	EUR	190	2011
10	▼	21 Centrale Partners	Good	22	1999	8	21 Centrale Partners IV 21 Investimenti II	EUR	380	2009
11	▲	Reiten & Co	Good	22	1996	2	Reiten & Co Capital Partners VII Reiten & Co Capital Partners VI		250	2007
13	▲	Bowmark Capital	Good	22	2004	3	Bowmark Capital Partners V Bowmark Capital Partners IV	GBP	125	2004
13	▲	Halder	Good	22	1992	4	Halder-Gimv Germany II Halder-Gimv Germany Fund	EUR	375	2013
14	▲	Litorina Kapital	Good	21	1998	4	Litorina Kapital Fund IV Litorina Kapital Fund III	EUR	265	2008
15	▼	August Equity Partners	Good	21	1990	3	August Equity Partners III August Equity Partners II	SEK	325	2009
								GBP	155	2003
								SEK	2,500	2011
								SEK	1,400	2007
								GBP	200	2013
								GBP	155	2008

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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
16	▲ >20	ECM Equity Capital Management	Good	21	1999	3	German Equity Partners IV German Equity Partners III	EUR	230	2013
18	▲ >20	Activa Capital	Good	20	2003	3	Activa Capital Fund II Activa Capital Fund	EUR	320	2008
18	▼ 16	Dunedin Capital	Good	20	2001	5	Dunedin Buyout Fund III Dunedin Buyout Fund II	GBP	300	2012
19	▲ >20	Procuritas Partners	Good	19	1990	5	Procuritas Capital Investors V Procuritas Capital Investors IV	EUR	200	2012
20	▼ 10	H2 Equity Partners	Good	19	1991	3	H2 Equity Partners Fund IV H2 Equity Partners Fund III	EUR	300	2011

New Managers That Made the Rankings

(compared to the rankings on: 9/30/2014)*

[Activa Capital](#)
[Avedon Capital Partners](#)
[Bowmark Capital](#)
[ECM Equity Capital Management](#)
[Halder](#)
[Litorina Kapital](#)
[Norvestor Equity AS](#)
[Procuritas Partners](#)

Managers That Didn't Make The Rankings

(but were on the rankings on: 9/30/2014)*

[Alchemy Partners](#)
[Atria Capital Partenaires](#)
[Augur Capital](#)
[Ciclad](#)
[Finatem](#)
[Intera Partners](#)
[Palamon European Equity](#)
[Pragma](#)

* 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 AFINUM V	EUR	500	Afinum	Very Good	22
2 MCH Iberian Fund IV	EUR	300	MCH Iberian Capital	Good	32
3 Polaris Private Equity IV	EUR	365	Polaris (Denmark)	Good	30
4 Stirling Square Capital Partners III	EUR	500	Stirling Square Capital	Good	27
5 Reiten & Co Capital Partners VIII	EUR	250	Reiten & Co	Good	22
6 21 Concordia	EUR	150	21 Centrale Partners	Good	22
7 Litorina Kapital Fund V	SEK	2000	Litorina Kapital	Good	21
8 Activa Capital Fund III	EUR	320	Activa 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.

For further information:

Peter McGrath
Managing Director
Setter Capital Inc.
77 Bloor Street West
Suite 1901
Toronto, Ontario
Canada
+1 (416) 964-9555

peterm@settercap.com

www.settercapital.com



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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