

Setter

The 25 Most Sought-After Managers

Energy - Q3 2017

First in the Secondary Market.

Introduction

The 'Most Sought-After Manager Rankings' are published by Setter on a quarterly and semi-annual basis to capture the ebb and flow of secondary demand across various fund strategies and geographies.

The rankings are largely based on the Setter Liquidity Rating, which assigns funds a rating of Excellent, Very Good, Good or Unrated depending on the number of secondary buyers that want to buy and/or have recently priced a given fund. Please see Definitions at the end of this report for more details.

The number of interested buyers for a given fund are determined by Setter's team of professionals who passionately track the ever changing shortlists and demand of over 1300 secondary buyers both directly and via SecondaryLink.com, where buyers can enter their shortlists and connect with agents and access deals through the Deal Section.

From a primary perspective, the 'Most Sought-After Manager Rankings' provide a unique perspective as strong secondary market demand suggests a fund manager is popular among LPs and low secondary market demand may signal diminishing market sentiment and additional future liquidity risk.

We hope you enjoy!

The 25 Most Sought-After Managers on the Secondary Market

Strategy: Energy - Q3 2017

Rank	Prior Rank	Fund Family	Setter Liquidity Rating	Prime Buyers	First Vintage	Funds in Fund Family	Latest Closed funds	Currency	Fund Size	Vintage
1	—	1 Riverstone Global Energy and Power Funds	Excellent	74	2001	15	Riverstone Energy Credit Fund Riverstone Global Energy and Power Fund V	USD	500 7,710	2016 2012
2	—	2 Energy Capital Partners (ECP)	Excellent	70	2006	6	Energy Capital Partners III Energy Capital Partners II Co-Investment	USD USD	5,040 560	2014 2013
3	—	3 EnCap	Excellent	62	1989	14	EnCap Energy Capital Fund X EnCap Energy Capital Fund IX	USD USD	6,500 5,150	2015 2013
4	▲	5 HitecVision	Excellent	52	2002	7	NJ/HitecVision Co-Investment Fund HitecVision Private Equity VII	USD USD	150 1,900	2015 2014
5	▼	4 Natural Gas Partners (NGP)	Excellent	48	1988	13	Natural Gas Partners XI Natural Gas Partners X	USD USD	4,370 3,590	2014 2012
6	▲	7 US Power	Very Good	62	1989	14	United States Power Fund IV United States Power Fund III	USD USD	1,690 1,350	2011 2007
7	▼	6 Arclight Capital Partners	Very Good	60	2002	6	ArcLight Energy Partners Fund VI ArcLight Energy Partners Fund V	USD USD	5,570 3,300	2014 2009
8	—	8 Quantum Energy Partners	Very Good	47	1998	6	Quantum Energy Partners VI Quantum Energy Partners V	USD USD	4,450 2,500	2014 2008
9	—	9 LS Power	Very Good	43	2005	3	LS Power Equity Partners III LS Power Equity Partners II	USD USD	2,000 3,100	2014 2007
10	—	10 Kayne Anderson Energy Fund	Very Good	34	1998	11	Kayne Anderson Energy Fund VII Kayne Anderson Energy Fund VI	USD USD	2,000 1,600	2016 2012
11	▲	18 Energy & Minerals Group (EMG)	Very Good	32	2007	9	Energy & Minerals Group Fund IV EMG AENO Co-Investment	USD USD	4,000 124	2016 2014
12	—	12 Yorktown Energy Partners	Very Good	32	1995	11	YTM4 Co Investment Partners Yorktown Energy Partners X	USD USD	109 1,500	2013 2013
13	▼	11 White Deer Management	Very Good	31	2010	2	White Deer Energy II White Deer Energy I	USD USD	1,390 822	2013 2010
14	▲	25 KKR Energy & Infrastructure	Very Good	17	2010	4	KKR Infrastructure Fund KKR Global Infrastructure Investors	USD USD	1,044 1,000	2011 2010

The Top 25

Rank	Prior Rank	Fund Family	Setter Liquidity Rating	Prime Buyers	First Vintage	Funds in Fund Family	Latest Closed funds	Currency	Fund Size	Vintage
15	▼ 13	First Reserve	Good	48	1981	9	First Reserve Fund XIII First Reserve Fund XII	USD USD	3,400 8,820	2013 2008
16	▼ 14	Lime Rock	Good	41	1998	13	Lime Rock Resources IV Lime Rock Partners VII	USD USD	754 750	2016 2015
17	▼ 16	EIG Global Energy Partners (TCW Energy)	Good	38	2003	5	EIG Energy Fund XVI EIG Pelican Spillover Fund	USD USD	6,060 375	2013 2012
18	▼ 17	Denham Capital Management	Good	35	2000	8	DCPF VI Oil & Gas Coinvestment Fund Denham Commodity Partners Fund VI	USD USD	614 3,050	2013 2012
19	▼ 15	Merit Energy	Good	33	1992	12	Merit Energy Partners X Merit Energy Partners J	USD USD	933 790	2016 2016
20	▼ 19	Enervest	Good	32	1994	16	EnerVest Energy Institutional Fund XIV EnerVest Energy Institutional Fund XIII	USD USD	2,250 2,000	2015 2013
21	▲ >25	Starwood Energy and Infrastructure Fund	Good	27	2008	3	Starwood Energy Infrastructure Fund II - coinvestment Starwood Energy Infrastructure Fund II	USD USD	550 983	2013 2013
22	▼ 21	Tenaska Power Fund (TPF)	Good	23	2005	2	Tenaska Power Fund II Tenaska Power Fund	USD USD	2,400 838	2008 2005
23	▼ 20	Quintana Capital Group	Good	23	2006	3	Quintana Energy Partners II Quintana Capital I	USD USD	344 650	2008 2006
24	▼ 22	NGP Energy Technology Partners	Good	22	2005	2	NGP Energy Technology Partners II NGP Energy Technology Partners	USD USD	348 148	2008 2005
25	▲ >25	Sentient Group	Good	21	2002	4	Sentient Global Resources Fund IV Sentient Global Resources Fund III	USD USD	1,330 816	2011 2009

▲ ▼ — Indicate whether the manager has moved up, down or stayed the same rank relative to their rankings on 8/31/16*.

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.

Who's In & Who's Out

New Managers That Made the Rankings

(compared to the rankings on: 8/31/16)*

[Sentient Group](#)

[Starwood Energy and Infrastructure Fund](#)

Managers That Didn't Make The Rankings

(but were on the rankings on: 8/31/16)*

[Energy Spectrum Capital](#)

[Sheridan Production 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


Most Sought-After Managers Currently Fundraising

Fund Being Raised	Currency	Target Size	Fund Family	Setter Liquidity Rating	Prime Buyers
1 Riverstone Credit Partners			Riverstone Global Energy and Power Funds	Excellent	74
2 Energy Capital Partners Mezzanine (Southcross Co-Inve	USD	10	Energy Capital Partners (ECP)	Excellent	70
3 Energy Capital Partners III (Sendero Co-Invest)	USD	190	Energy Capital Partners (ECP)	Excellent	70
4 Energy Capital Partners III (Granite Co-Invest)	USD	85	Energy Capital Partners (ECP)	Excellent	70
5 EnCap Energy Capital Fund XI	USD	6500	EnCap	Excellent	62
6 Quantum Energy Partners VII			Quantum Energy Partners	Very Good	47
7 Kayne Private Energy Income Fund	USD	1500	Kayne Anderson Energy Fund	Very Good	34
8 EMG AE Permian Co-Investment	USD	420	Energy & Minerals Group (EMG)	Very Good	32
9 Sophomore Infrastructure Fund			KKR Energy & Infrastructure	Very Good	17
10 KKR Global Infrastructure Investors II	USD	2000	KKR Energy & Infrastructure	Very Good	17
11 Lime Rock Partners VIII	USD		Lime Rock	Good	41
12 EIG Triloma Energy Debt Fund 2015	USD	500	EIG Global Energy Partners (TCW Energy)	Good	38
13 Denham Oil & Gas Fund	USD	2000	Denham Capital Management	Good	35
14 Denham International Power Fund	USD	1000	Denham Capital Management	Good	35

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

Why do primary investors look at secondary demand?

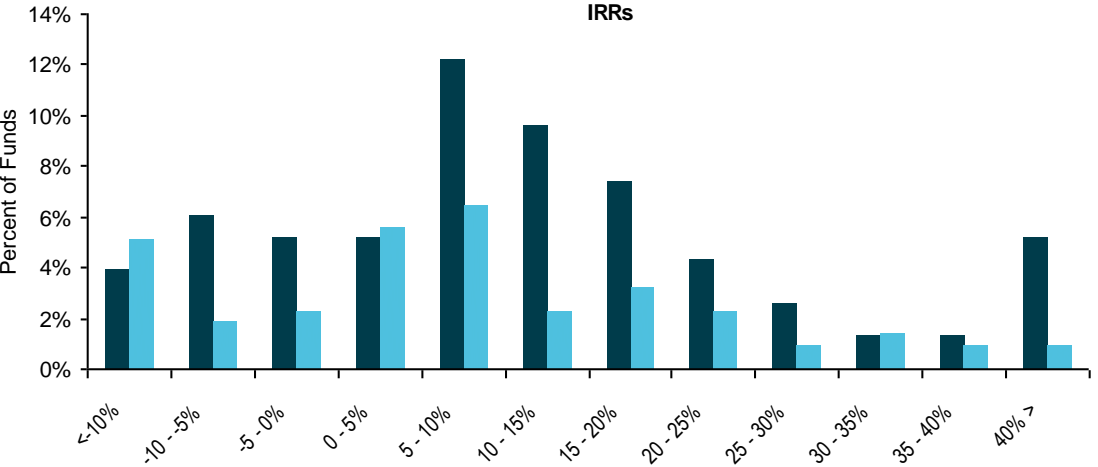
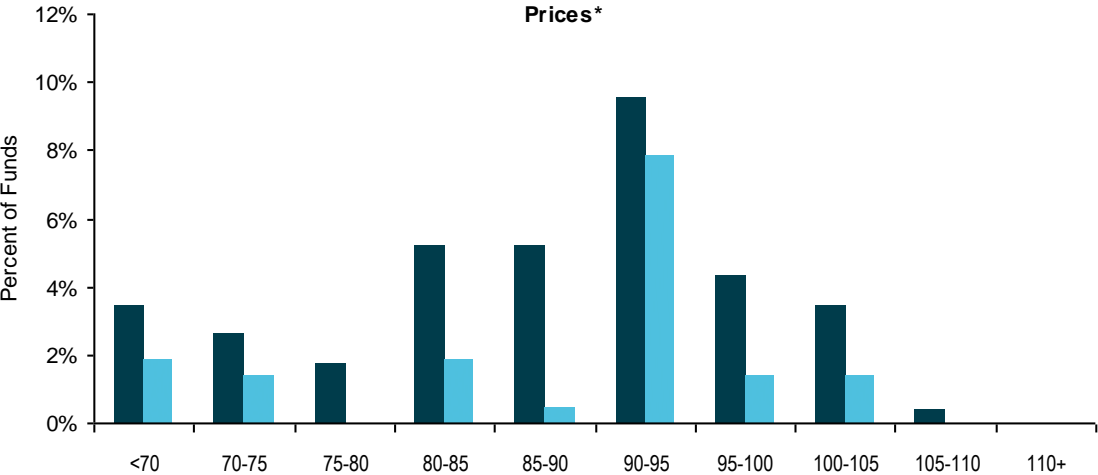
Strong secondary market demand suggests a fund is popular among LPs and may be an interesting primary candidate
 Low secondary market demand suggests additional liquidity risk in the future

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

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

Strategy: Energy - Q3 2017

Below is a comparison between the funds of the Most Sought-After managers (which are listed on the previous pages) and funds of Unrated managers.



Noteable Differences

With respect to buyer demand, there are significantly more Prime Buyers* for the Most Sought-After Managers than for the managers with a Setter Liquidity Rating of Unrated:

- Avg. Number of Prime Buyers TOP 25: 40
- Avg. Number of Prime Buyers Unrated: 3

Accordingly, the funds of Most Sought-After Managers price better than funds of Unrated managers:

- Avg. Price TOP 25: 87.96% of NAV
- Avg. Price Unrated: 87.99% of NAV

Not surprisingly, the Most Sought-After Managers' funds have performed better than those of Unrated managers:

- Avg. IRR TOP 25: 10.56%
- Avg. IRR Unrated: 6.58%

The Most Sought-After Managers also tend to have raised the most capital - on average they have raised more funds and larger funds than Unrated managers:

- Avg. Fund Size TOP 25: 1,027M
- Avg. Fund Size Unrated: 455M
- Avg. Number of Funds Raised TOP 25: 8
- Avg. Number of Funds in Raised Unrated: 2

* 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).

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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About Setter

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 5000 transactions, representing more than \$25 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 5000 institutional LPs and GPs connect on primary due diligence and the secondary market.

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