

Setter

The 35 Most Sought-After Managers

US Large LBO - 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 35 Most Sought-After Managers on the Secondary Market

Strategy: US Large LBO - 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	—	Blackstone Capital Partners	Excellent	99	1987	11	Blackstone Capital Partners VII Blackstone Capital Partners VI	USD USD	17,500 16,270	2015 2011
2	▲	Bain Capital (Flagship LBO Funds)	Excellent	97	1984	19	Bain Capital Fund XII Bain Capital Fund XI	USD USD	7,000 7,300	2017 2013
3	▲	Advent International Global Private Equity	Excellent	94	1987	15	Advent Global Private Equity VIII Advent Global Private Equity VII Co-Investment	USD USD	13,000 13,000	2015 2014
4	▼	Apollo Investment Fund (Flagship LBO Funds)	Excellent	86	1992	13	Apollo Investment Fund IX Apollo Investment Fund VIII	USD USD	24,600 18,380	2017 2013
5	▲	Carlyle Partners (Flagship LBO Funds)	Excellent	82	1990	10	Carlyle Partners VII Carlyle Partners VI	USD USD	4,200 13,000	2017 2013
6	—	Hellman & Friedman	Excellent	82	1984	8	Hellman & Friedman Capital Partners VIII Hellman & Friedman VII	USD USD	10,900 8,900	2014 2011
7	▲	New Mountain Capital	Excellent	79	2000	5	New Mountain Partners IV New Mountain Partners III	USD USD	4,000 5,120	2013 2007
8	▼	TPG (Texas Pacific Group)	Excellent	75	1994	10	TPG Partners VII TPG Partners VI	USD USD	10,500 18,873	2015 2008
9	▲	Silver Lake Partners	Excellent	75	2000	5	Silver Lake Partners V Silver Lake Partners IV	USD USD	150,000 10,300	2017 2013
10	▲	Warburg Pincus Private Equity	Excellent	74	1971	14	Warburg Pincus Private Equity XII Warburg Pincus Private Equity XI	USD USD	12,000 11,210	2015 2012
11	▼	Sun Capital	Excellent	74	1996	8	Sun Capital Partners VI Sun Capital Partners V	USD USD	2,100 5,000	2013 2007
12	▼	KKR North American Funds	Excellent	73	1977	13	KKR North American XI Fund KKR Fund 2006	USD USD	9,000 17,642	2012 2006
13	▼	Thomas H Lee Partners	Excellent	72	1984	6	Thomas H. Lee VII Thomas H Lee VI	USD USD	3,000 10,100	2016 2006
14	▲	CD&R (Clayton Dubilier & Rice)	Excellent	71	1984	12	Clayton Dubilier & Rice X Clayton Dubilier & Rice IX	USD USD	9,400 6,250	2017 2013

The Top 35

Rank	Prior Rank	Fund Family	Setter Liquidity Rating	Prime Buyers	First Vintage	Funds in Fund Family	Latest Closed funds	Currency	Fund Size	Vintage
15	▼ 14	TA Associates	Excellent	67	1969	21	TA XII TA Atlantic & Pacific VII	USD	4,850	2015
16	— 16	Berkshire Partners	Excellent	61	1984	10	Berkshire Fund IX Berkshire Fund VIII	USD	5,500	2015
17	▲ 18	Providence Equity Partners	Excellent	59	1992	8	Providence Equity Partners VII Providence Equity Partners VI	USD	5,000	2013
18	▼ 17	Madison Dearborn	Excellent	58	1993	7	Madison Dearborn Capital Partners VII Madison Dearborn Capital Partners VI	USD	4,400	2014
19	▲ 20	Green Equity Investors (Leonard Green & Partners)	Excellent	55	1990	7	Green Equity Investors VI Green Equity Investors V	USD	6,250	2012
20	▲ 21	TowerBrook Capital Partners	Excellent	55	2000	5	TowerBrook Investors IV TowerBrook Investors III	USD	3,500	2013
21	▼ 19	Summit Partners Private Equity	Excellent	53	1984	10	Summit Partners Growth Equity Fund IX Summit Partners Growth Equity Fund VIII	USD	3,300	2015
22	▲ 23	Welsh Carson Anderson & Stowe (WCAS)	Excellent	52	1979	12	Welsh Carson Anderson & Stowe XII Welsh Carson Anderson & Stowe XI	USD	3,330	2014
23	▼ 22	Court Square Capital Partners	Excellent	47	2001	3	Court Square Capital Partners III Court Square Capital Partners II	USD	3,170	2012
24	— 24	Genstar	Excellent	44	1988	7	Genstar Capital Partners VIII Genstar Capital Partners VII	USD	3,950	2017
25	▲ 35	Onex Partners	Excellent	38	2003	4	Onex Partners IV Onex Partners III	USD	5,150	2013
27	▲ 34	Vista Equity Partners	Very Good	49	2000	6	Vista Equity Partners Fund V Vista Foundation Fund II	USD	5,800	2014
27	— 27	Trilantic Capital Partners	Very Good	49	1989	8	Trilantic Energy Partners (North America) Trilantic Capital Partners V North America	USD	388	2014
28	▼ 25	Francisco Partners	Very Good	47	2000	4	Francisco Partners IV Francisco Partners III	USD	2,880	2014
29	▼ 26	American Securities Partners	Very Good	45	1994	7	American Securities Partners VII American Securities Partners VI	USD	5,000	2014
30	▼ 29	Resolute Fund (Jordan)	Very Good	43	2002	3	Jordan Resolute Fund III Jordan Resolute Fund II	USD	3,200	2013

The Top 35

Rank	Prior Rank	Fund Family	Setter Liquidity Rating	Prime Buyers	First Vintage	Funds in Fund Family	Latest Closed funds	Currency	Fund Size	Vintage
31	▼ 28	Kelso & Company	Very Good	43	1980	7	Kelso Investment Associates IX Kelso Investment Associates VIII	USD	2,560 5,125	2013 2007
32	— 32	Oak Hill Capital	Very Good	42	1999	4	Oak Hill Capital Partners IV Oak Hill Capital Partners III	USD	2,650 3,800	2015 2007
33	▼ 30	Golder Thoma Cressey Rauner (GTCR)	Very Good	38	1980	14	Thoma Bravo Fund XII Golder Thoma Cressey Rauner XI	USD	7,600 3,850	2016 2013
34	▲ >35	InSight Venture Partners	Very Good	38	1997	14	Insight Venture Partners Growth-Buyout Coinvestment Fund Insight Venture Partners Coinvestment Fund III	USD	1,460 510	2015 2014
35	▼ 33	CCMP Capital Advisors	Very Good	37	1998	6	CCMP Capital Investors III CCMP Capital Investors II	USD	3,600 3,380	2013 2006

▲ ▼ — 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)*

[InSight Venture Partners](#)

Managers That Didn't Make The Rankings

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

[Friedman Fleischer & Lowe](#)


* 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 New Mountain Partners V	USD		New Mountain Capital	Excellent	79
2 KKR North America Fund XII	USD	12000	KKR North American Funds	Excellent	73
3 Green Equity Investors VII	USD	7000	Green Equity Investors (Leonard Green & Partners)	Excellent	55
4 Onex Partners V	USD	6500	Onex Partners	Excellent	38
5 Vista Equity Partners VI	USD	8000	Vista Equity Partners	Very Good	49
6 Francisco Partners V	USD	3000	Francisco Partners	Very Good	47
7 Insight Venture Partners X			InSight Venture Partners	Very Good	38

 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?

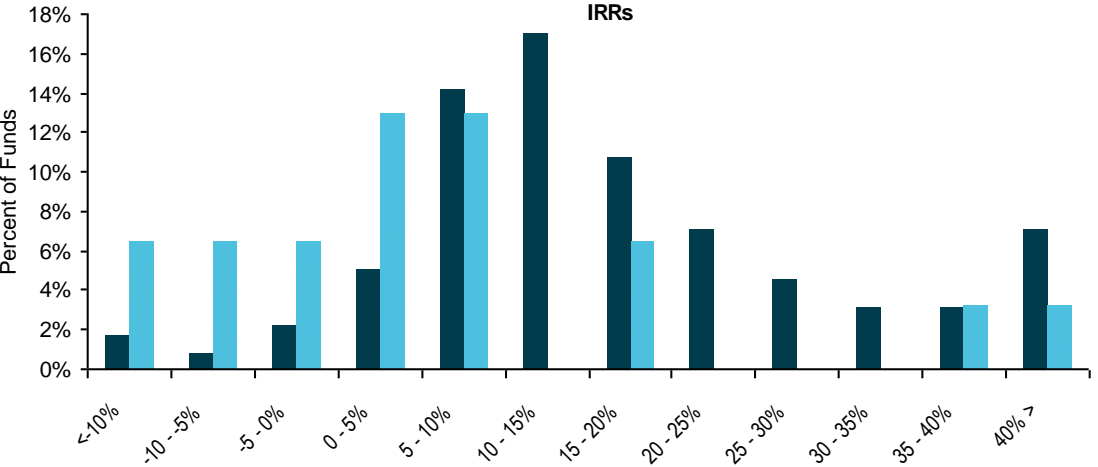
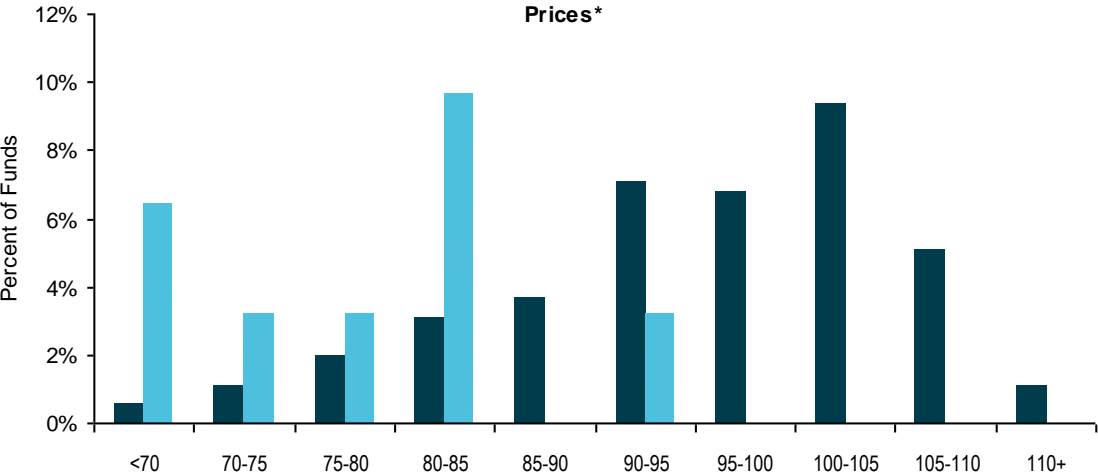
Strong secondary market demand suggests a fund is popular among LPs and may be an interesting primary candidate
 Low secondary market demand suggests additional liquidity risk in the future

 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: US Large LBO - 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 35: 62
- Avg. Number of Prime Buyers Unrated: 8

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

- Avg. Price TOP 35: 94.94% of NAV
- Avg. Price Unrated: 77.81% of NAV

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

- Avg. IRR TOP 35: 16.62%
- Avg. IRR Unrated: 5.55%

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 35: 3,230M
- Avg. Fund Size Unrated: 1,826M
- Avg. Number of Funds Raised TOP 35: 9
- Avg. Number of Funds in Raised Unrated: 4

* 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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