

## 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](http://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 North American & Global Large LBO managers whose most recent funds are greater than 2 billion USD.

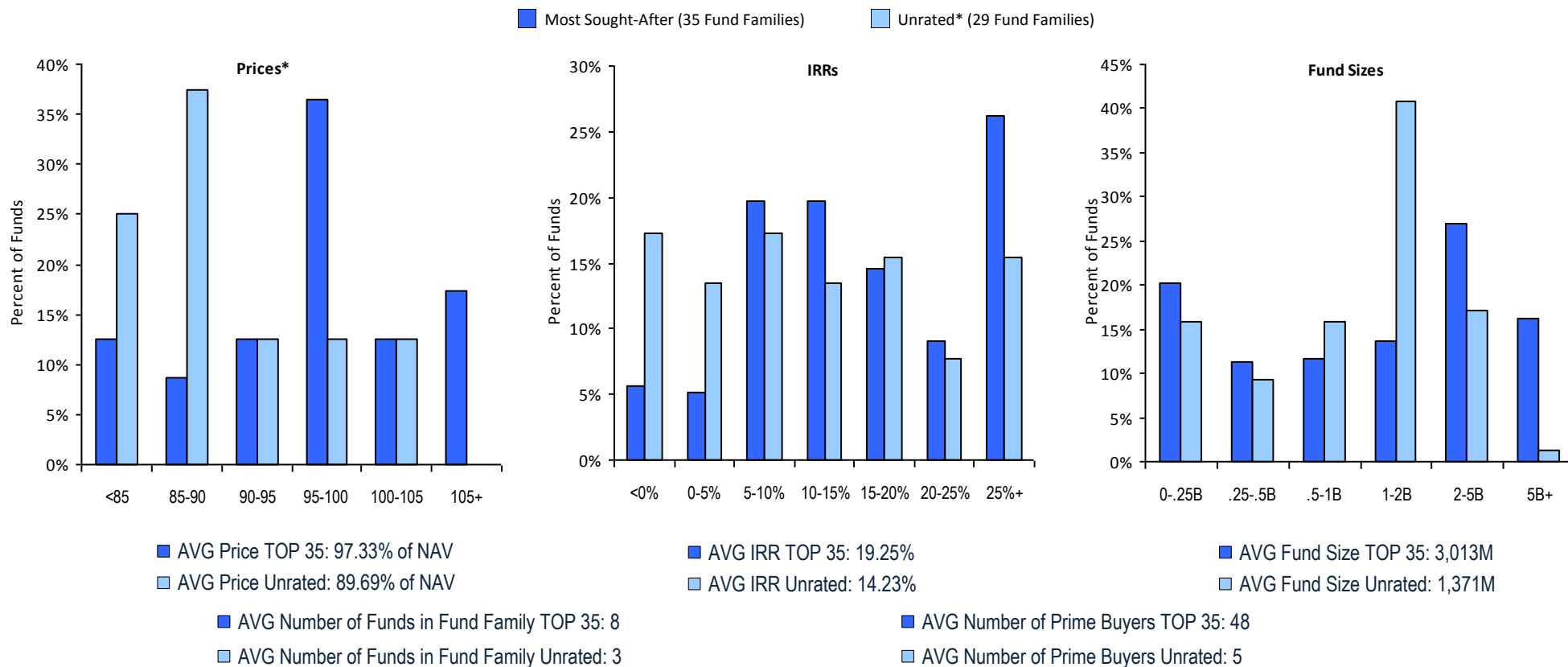
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## How do the Most Sought-After Funds Compare to Less Saleable Funds?

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



### Noteable Differences

- There is significantly more buyer demand for the Most Sought-After managers, with the average number of Prime Buyers\* being ~48, versus ~5 for the managers with a Setter Liquidity Rating of Unrated.
- Accordingly, the funds of Most Sought-After managers price on average 8% better than funds of the Unrated managers.
- Not surprisingly, the Most Sought-After managers' funds have performed better than those of Unrated managers (~19% average IRR versus ~14% to date) and have raised more money (average fund size of \$3,041M versus \$1,371M).
- The Most Sought-After managers also tend to have been around the longest - on average they have raised eight funds versus the Unrated managers who have raised five 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 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 6/30/14\*.

Rank	Prior Rank	Fund Family	Setter Liquidity Rating	Prime Buyers	First Vintage	Funds in Fund Family	Latest Closed funds	Currency	Fund Size	Vintage
1	—	<a href="#">Blackstone Capital Partners</a>	Excellent	92	1987	10	Blackstone Capital Partners V Co-Investment Blackstone Capital Partners VI	USD	2,920	2011
2	▲	<a href="#">Apollo Investment Fund (Flagship LBO Funds)</a>	Excellent	80	1992	11	Apollo Investment Fund VIII Apollo Overseas Partners VIII	USD	18,380	2013
3	▲	<a href="#">Bain Capital (Flagship LBO Funds)</a>	Excellent	78	1984	18	Bain Capital Fund XI Bain Capital Fund X	USD	7,300	2013
4	—	<a href="#">Advent International Global Private Equity</a>	Excellent	74	1987	13	Advent Global Private Equity VII Advent Global Private Equity VI	EUR	8,500	2012
5	▲	<a href="#">TPG (Texas Pacific Group)</a>	Excellent	69	1994	10	TPG Partners VI TPG Partners V	USD	18,873	2008
6	▼	<a href="#">Hellman &amp; Friedman</a>	Excellent	64	1984	8	Hellman & Friedman Capital Partners VIII Hellman & Friedman VII	USD	10,900	2014
7	▲	<a href="#">Sun Capital</a>	Excellent	64	1996	8	Sun Capital Partners VI Sun Capital Partners V	USD	2,100	2013
8	▼	<a href="#">Warburg Pincus Private Equity</a>	Excellent	63	1971	13	Warburg Pincus Private Equity XI Warburg Pincus Private Equity X	USD	11,210	2012
9	▼	<a href="#">Carlyle Partners (Flagship LBO Funds)</a>	Excellent	62	1990	10	Carlyle Partners VI Carlyle Partners V	USD	13,000	2013
10	▲	<a href="#">New Mountain Capital</a>	Excellent	60	2000	4	New Mountain Partners IV New Mountain Partners III	USD	4,000	2013
11	—	<a href="#">Thomas H Lee Partners</a>	Excellent	60	1984	5	Thomas H Lee VI Thomas H Lee V	USD	10,100	2006
12	▲	<a href="#">KKR (Flagship LBO Funds)</a>	Excellent	58	1977	11	KKR Millennium Fund II KKR Fund 2006	USD	10,000	2006
13	▲	<a href="#">CD&amp;R (Clayton Dubilier &amp; Rice)</a>	Excellent	58	1984	11	CD&R B&M Co-Investor Clayton Dubilier & Rice IX	USD	240	2013
14	▼	<a href="#">Silver Lake Partners</a>	Excellent	54	2000	4	Silver Lake Partners IV Silver Lake Partners III	USD	10,300	2013

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15	▼ 3	<a href="#">TA Associates</a>	Excellent	54	1969	22	TA Atlantic & Pacific VII TA XI	USD	1,410	2012
16	▼ 10	<a href="#">Berkshire Partners</a>	Excellent	51	1984	9	Berkshire Fund VIII Berkshire Fund VII	USD	4,500	2011
17	▼ 14	<a href="#">Providence Equity Partners</a>	Excellent	48	1992	8	Providence Equity Partners VII Providence Equity Partners VI	USD	5,000	2013
18	▼ 13	<a href="#">Summit Partners Private Equity</a>	Excellent	45	1984	10	Summit Partners Growth Equity Fund VIII Summit Partners Private Equity Fund VII	USD	2,700	2012
19	▼ 15	<a href="#">Madison Dearborn</a>	Excellent	44	1993	7	Madison Dearborn Capital Partners VI Madison Dearborn Capital Partners V	USD	4,100	2008
20	▲ 23	<a href="#">TowerBrook Capital Partners</a>	Excellent	42	2000	5	TowerBrook Investors IV TowerBrook Investors III	USD	3,500	2013
21	▲ 22	<a href="#">Green Equity Investors (Leonard Green &amp; Partners)</a>	Excellent	38	1990	6	Green Equity Investors VI Green Equity Investors V	USD	6,250	2012
22	▼ 18	<a href="#">Kelso &amp; Company</a>	Excellent	36	1980	7	Kelso Investment Associates VIII Kelso Investment Associates VII	USD	5,125	2007
23	▼ 17	<a href="#">Welsh Carson Anderson &amp; Stowe (WCAS)</a>	Excellent	33	1979	11	Welsh Carson Anderson & Stowe XI Welsh Carson Anderson & Stowe X	USD	3,850	2009
24	▲ >35	<a href="#">Francisco Partners</a>	Very Good	40	2000	3	Francisco Partners III Francisco Partners II	USD	2,000	2011
25	▲ 26	<a href="#">American Securities Partners</a>	Very Good	34	1994	7	American Securities Partners VII American Securities Partners VI	USD	5,000	2014
26	▲ 31	<a href="#">Trilantic Capital Partners</a>	Very Good	33	1989	9	Trilantic Capital Partners V North America Trilantic Capital Partners IV	USD	2,200	2013
27	▼ 24	<a href="#">Resolute Fund (Jordan)</a>	Very Good	32	2002	3	Jordan Resolute Fund III Jordan Resolute Fund II	USD	3,200	2013
28	▲ 29	<a href="#">CCMP Capital Advisors</a>	Very Good	30	1998	5	CCMP Capital Investors III CCMP Capital Investors II	USD	3,600	2013

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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
29	▲ 32	<a href="#">Court Square Capital Partners</a>	Very Good	30	2001	5	Court Square Capital Partners III Court Square Capital Partners II	USD	3,170	2012
30	▼ 28	<a href="#">Golden Gate</a>	Very Good	28	2001	5	Golden Gate Capital Fund III Golden Gate Capital Annex Fund II	USD	5,500	2008
31	▲ >35	<a href="#">AEA Investors</a>	Very Good	27	1991	10	AEA Asia Fund AEA Investors Fund V	USD	115	2012
32	▼ 30	<a href="#">Oak Hill Capital</a>	Very Good	26	1999	3	Oak Hill Capital Partners III Oak Hill Capital Partners II	USD	3,800	2007
33	▼ 25	<a href="#">Lindsay Goldberg</a>	Very Good	26	2002	5	Lindsay Goldberg - Fund III Lindsay Goldberg - Fund II	USD	4,680	2008
34	▼ 27	<a href="#">Golder Thoma Cressey Rauner (GTCR)</a>	Very Good	24	1980	13	Golder Thoma Cressey Rauner XI Golder Thoma Cressey Rauner X	USD	3,850	2013
35	▼ 34	<a href="#">Stone Point (Trident Funds)</a>	Very Good	24	1994	6	Trident Fund VI Trident Fund V	USD	4,500	2014

## New Managers That Made the Rankings

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

[AEA Investors](#)

[Francisco Partners](#)

## Managers That Didn't Make The Rankings

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

[Onex Partners](#)

[Platinum Equity Capital](#)

\* 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](http://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
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Search a fund's Liquidity Rating via the SecondaryLink fund screener: [www.SecondaryLink.com/funds](http://www.SecondaryLink.com/funds)

## Most Sought-After Managers Currently Fundraising

	<b>Fund Being Raised</b>	<b>Currency</b>	<b>Target Size</b>	<b>Fund Family</b>	<b>Setter Liquidity Rating</b>	<b>Prime Buyers</b>
1	<a href="#">TPG Partners VII</a>	USD	12000	TPG (Texas Pacific Group)	Excellent	69
2	<a href="#">Thomas H. Lee VII</a>	USD	3000	Thomas H Lee Partners	Excellent	60
3	<a href="#">Madison Dearborn Capital Partners VII</a>	USD	4000	Madison Dearborn	Excellent	44
4	<a href="#">Kelso Investment Associates IX</a>	USD	2500	Kelso & Company	Excellent	36
5	<a href="#">Welsh Carson Anderson &amp; Stowe XII</a>	USD	3000	Welsh Carson Anderson & Stowe (WCAS)	Excellent	33
6	<a href="#">Trilantic Energy Partners (North America)</a>	USD	500	Trilantic Capital Partners	Very Good	33
7	<a href="#">Oak Hill Capital Partners IV</a>	USD	3000	Oak Hill Capital	Very Good	26
8	<a href="#">Lindsay Goldberg - Fund IV</a>	USD	4000	Lindsay Goldberg	Very Good	26



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