



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 European Mid-Market LBO Managers whose most recent funds are greater than 500 million USD and less than 2 billion USD.

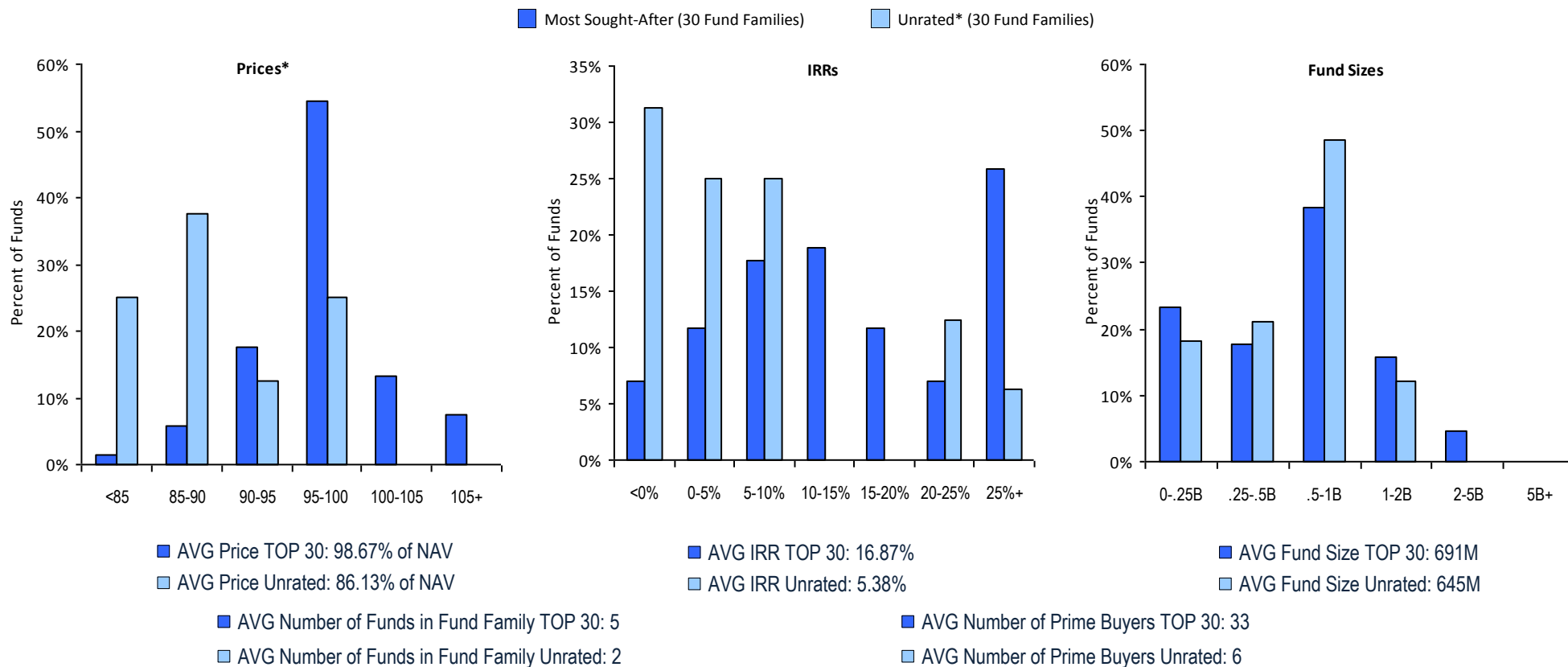
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How do the Most Sought-After Funds Compare to Less Saleable Funds?

Below is a comparison between the Most Sought-After European Mid-Market LBO Managers (which are listed on the following pages) and Unrated European 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 ~33, versus ~6 for the managers with a Setter Liquidity Rating of Unrated.
- Accordingly, the funds of Most Sought-After Managers price on average ~12.5% better than funds of the Unrated managers.
- Not surprisingly, the Most Sought-After Managers' funds have performed better than those of Unrated managers (~17% average IRR versus ~5% to date) and have raised more money (average fund size of \$691M versus \$645M).
- 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 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 30 Most Sought-After European Mid-Market 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	—	1 Industri Kapital (IK)	Excellent	54	1989	7	IK VII Fund	EUR	1,400	2012
							Industri Kapital 2007 Fund	EUR	1,675	2007
2	—	2 Graphite Capital	Excellent	48	1991	10	Graphite Capital Partners VIII	GBP	475	2013
							Graphite Capital Partners VIII Top Up Fund	GBP	449	2013
3	▲	13 Astorg Partners	Excellent	39	1999	4	Astorg V	EUR	1,050	2011
							Astorg IV	EUR	801	2008
4	▼	3 Segulah Management	Very Good	50	1997	5	Segulah V	SEK	1,560	2014
							Segulah IV	SEK	5,200	2008
5	—	5 Investindustrial	Very Good	45	2000	4	Investindustrial Fund V	EUR	1,250	2012
							Investindustrial Fund IV	EUR	1,000	2008
7	▼	4 Chequers Capital	Very Good	39	2002	3	Chequers Capital XVI	EUR	850	2011
							Chequers Capital XV	EUR	600	2006
7	▲	22 Waterland Private Equity	Very Good	39	2000	5	Waterland Private Equity Fund V	EUR	1,130	2011
							Waterland Private Equity Fund IV	EUR	816	2009
8	▲	25 Mid Europa Partners	Very Good	34	2005	3	Mid Europa Fund IV	EUR	800	2013
							Mid Europa Fund III	EUR	1,530	2007
9	▲	>30 DBAG Europe	Very Good	33	1990	5	Deutsche Beteiligungs AG VI	EUR	700	2012
							DBAG Expansion Capital Fund	EUR	242	2011
10	▼	9 Exponent Private Equity	Very Good	33	2005	3	Exponent Private Equity Partners III	GBP	1,000	2014
							Exponent Private Equity Partners II	GBP	805	2008
12	▼	6 Alpha Private Equity	Very Good	32	1993	6	Alpha Private Equity Fund 6	EUR	700	2011
							Alpha Private Equity Fund 5	EUR	720	2006
12	▼	8 Sovereign Capital	Very Good	32	1986	5	Sovereign Capital IV	GBP	395	2014
							Sovereign Capital III	GBP	230	2010
13	▲	17 Gilde Buy Out Partners	Very Good	32	1996	4	Gilde Buyout Fund IV	EUR	800	2011
							Gilde Buyout Fund III	EUR	600	2006
14	▲	15 Accent Equity Partners	Very Good	30	1986	8	Accent Equity 2012	SEK	3,800	2012
							Accent Equity 2008	EUR	380	2007

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15	▼ 12	Bencis	Very Good	30	1998	4	Bencis Buyout Fund IV Bencis Buyout Fund III	EUR	408	2011
16	▲ >30	FSN Capital	Very Good	28	2000	4	FSN Capital IV FSN Capital III	SEK	5,250	2013
17	▲ >30	Inflexion	Very Good	28	1999	11	Inflexion Partnership Capital Fund I Inflexion Private Equity IV	GBP	400	2014
18	▲ 29	Equistone Partners Europe (Barclays Private Equity)	Very Good	27	1987	11	Equistone Partners Europe Fund V Equistone European Fund IV	EUR	2,000	2014
19	▼ 7	Axcel	Very Good	24	1994	4	Axcel IV Axcel III	DKK	3,600	2011
20	▼ 14	Phoenix Equity	Very Good	24	1992	7	Phoenix Equity Partners 2010 Fund Phoenix Equity Partners 2006	GBP	450	2010
21	▼ 18	Egeria	Very Good	22	1997	3	Egeria Private Equity Fund IV Egeria Private Equity Fund III	EUR	600	2012
22	▲ 24	Vitruvian Partners	Very Good	21	2007	2	Vitruvian Investment Partnership II Vitruvian Investment Partnership I	GBP	1,600	2013
23	▲ 26	Lion Capital	Good	44	2004	3	Lion Capital Fund III Lion Capital Fund II	EUR	1,530	2010
24	▼ 20	Clessidra Capital Partners	Good	38	2005	2	Clessidra Capital Partners II Clessidra Capital Partners	EUR	1,410	2009
25	▼ 23	LBO France	Good	33	1998	13	Hexagone III White Knight VIII	EUR	154	2010
26	▲ >30	STAR Capital Partners	Good	30	2001	3	STAR II	USD	800	2006
27	▼ 10	Quadriga Capital	Good	28	1996	4	Quadriga Capital Private Equity Fund IV Quadriga Capital Private Equity Fund III	EUR	511	2011
28	▲ >30	NEBO (Northern European Buyout Team)	Good	28	2007	3	AAC Capital Benelux Fund III AAC Capital NEBO Fund II	EUR	300	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	▲ >30	LivingBridge (fka ISIS Equity)	Good	26	1999	5	LivingBridge V hhhh ISIS IV	GBP	353	2012
30	▼ 11	Riverside Europe	Good	26	1997	4	Riverside Europe Fund IV Riverside Europe Fund III	EUR	420	2009
								EUR	315	2005

New Managers That Made the Rankings

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

[DBAG Europe](#)

[FSN Capital](#)

[Inflexion](#)

[LivingBridge \(fka ISIS Equity\)](#)

[NEBO \(Northern European Buyout Team\)](#)

[STAR Capital Partners](#)

Managers That Didn't Make The Rankings

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

[Apax France](#)

[CBPE Capital](#)

[Duke Street Capital](#)

[ECI Partners](#)

[Gresham Private Equity \(UK\)](#)

[Summit Partners Europe](#)

* 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 Clessidra Capital Partners III	EUR	1400	Clessidra Capital Partners	Good	38
2 White Knight IX	EUR	1000	LBO France	Good	33
3 Riverside Europe Fund V	USD	600	Riverside Europe	Good	26

 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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