



## 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 US Mid-Market LBO managers whose most recent funds are greater than \$500 million USD and less than \$2 billion USD.

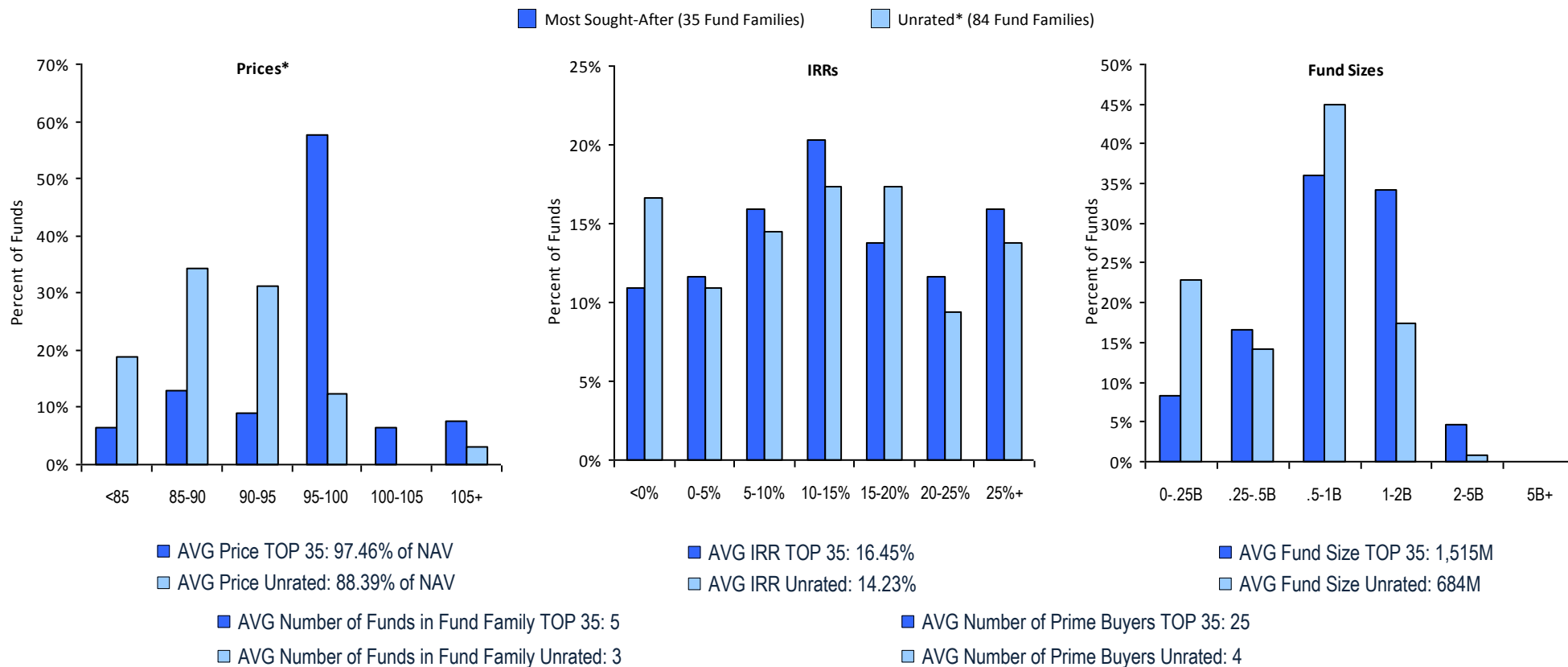
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## How do the Most Sought-After Funds Compare to Less Saleable Funds?

Below is a comparison between the Most Sought-After US mid-market LBO managers (which are listed on the following pages) and Unrated US 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 ~25, versus ~4 for the managers with a Setter Liquidity Rating of Unrated.
- Accordingly, the funds of Most Sought-After managers price on average ~9% better than funds of the Unrated managers.
- Not surprisingly, the Most Sought-After managers' funds have performed better than those of Unrated managers (~16% average IRR versus ~14% to date) and have raised more money (average fund size of \$1,515M versus \$684M).
- 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 three 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 Mid-Market 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    | ▲ 2        | <a href="#">ABRY</a>                                       | Excellent               | 57           | 1989          | 12                   | ABRY Partners VIII<br>ABRY Senior Equity IV   | USD      | 1,900     | 2014    |
| 2    | ▼ 1        | <a href="#">HIG Capital</a>                                | Excellent               | 38           | 1993          | 7                    | H.I.G. Middle Market LBO Fund II<br>HIG Capital Partners V                                      | USD      | 1,750     | 2014    |
| 4    | ▲ >35      | <a href="#">Friedman Fleischer &amp; Lowe</a>              | Very Good               | 32           | 1999          | 4                    | Friedman Fleischer & Lowe Capital Partners IV<br>Friedman Fleischer & Lowe Capital Partners III | USD      | 2,000     | 2014    |
| 4    | ▲ 7        | <a href="#">Genstar</a>                                    | Very Good               | 32           | 2001          | 4                    | Genstar Capital Partners VI<br>Genstar Capital Partners V                                       | USD      | 900       | 2012    |
| 5    | ▲ 22       | <a href="#">JLL Partners</a>                               | Very Good               | 29           | 1991          | 7                    | JLL Partners Fund VI<br>JLL Partners Fund V   | USD      | 807       | 2009    |
| 6    | ▲ 9        | <a href="#">Audax Private Equity</a>                       | Very Good               | 28           | 2000          | 6                    | Audax Private Equity Fund IV<br>Audax Private Equity Fund III                                   | USD      | 1,250     | 2013    |
| 7    | ▼ 3        | <a href="#">Riverside Capital Appreciation Fund (RCAF)</a> | Very Good               | 28           | 1995          | 9                    | Riverside Micro-Cap Fund III<br>2012 Riverside Capital Appreciation Fund VI                     | USD      | 350       | 2014    |
| 8    | ▼ 4        | <a href="#">Charlesbank Capital Partners</a>               | Very Good               | 27           | 1998          | 5                    | Charlesbank Equity Fund VIII<br>Charlesbank Equity Partners VII                                 | USD      | 1,750     | 2014    |
| 9    | ▲ 16       | <a href="#">Accel-KKR Capital Partners</a>                 | Very Good               | 26           | 2000          | 6                    | Accel-KKR Structured Capital Partners II<br>Accel-KKR Capital Partners IV                       | USD      | 325       | 2014    |
| 10   | ▲ 28       | <a href="#">Littlejohn &amp; Co.</a>                       | Very Good               | 24           | 1997          | 6                    | Littlejohn Fund V<br>Littlejohn Fund IV   | USD      | 2,000     | 2013    |
| 11   | ▲ 14       | <a href="#">Water Street Capital</a>                       | Very Good               | 23           | 2006          | 3                    | Water Street Healthcare Partners III<br>Water Street Capital Partners II                        | USD      | 753       | 2013    |
| 12   | ▲ >35      | <a href="#">Marlin Equity Partners</a>                     | Very Good               | 22           | 2005          | 5                    | Marlin Heritage, LP<br>Marlin Equity Partners IV  | USD      | 412       | 2014    |
| 13   | ▼ 12       | <a href="#">Odyssey Investment Partners</a>                | Very Good               | 22           | 1991          | 5                    | Odyssey Investment Partners Fund V<br>Odyssey Investment Partners Fund IV                       | USD      | 2,000     | 2014    |
| 14   | ▲ 17       | <a href="#">Catterton Partners</a>                         | Very Good               | 21           | 1989          | 7                    | Catterton Partners VII<br>Catterton Partners VI-B   | USD      | 1,600     | 2013    |

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|------|------------|---|-------------------------|--------------|---------------|----------------------|--|----------|----------------|--------------|
| 15   | ▼ 5        | <a href="#">Avista Capital Partners</a>       | Good                    | 32           | 2006          | 3                    | Avista Capital Partners III<br>Avista Capital Partners II                    | USD      | 816<br>1,770   | 2011<br>2008 |
| 17   | ▲ 26       | <a href="#">MidOcean Partners</a>             | Good                    | 30           | 1999          | 4                    | MidOcean Partners Fund III<br>MidOcean Partners Fund II                      | USD      | 1,250<br>450   | 2007<br>2005 |
| 17   | ▼ 10       | <a href="#">Wellspring Capital Management</a> | Good                    | 30           | 1996          | 5                    | Wellspring Capital Partners V<br>Wellspring Capital Partners IV              | USD      | 1,200<br>1,010 | 2011<br>2006 |
| 18   | ▲ 33       | <a href="#">Lightyear Capital</a>             | Good                    | 24           | 2001          | 3                    | Lightyear Fund III<br>Lightyear Fund II                                      | USD      | 954<br>850     | 2011<br>2006 |
| 19   | ▲ 23       | <a href="#">Graham Partners</a>               | Good                    | 23           | 1999          | 3                    | Graham Partners Investments III<br>Graham Partners Investments II            | USD      | 515<br>465     | 2009<br>2005 |
| 20   | ▼ 15       | <a href="#">Sterling Group Partners</a>       | Good                    | 22           | 2001          | 3                    | Sterling Group Partners III<br>Sterling Group Partners II                    | USD      | 820<br>470     | 2010<br>2005 |
| 21   | ▼ 7        | <a href="#">Sterling Partners</a>             | Good                    | 22           | 2002          | 5                    | Sterling Capital Partners IV<br>Sterling Partners - Small Market Growth 2009 | USD      | 917<br>254     | 2012<br>2009 |
| 22   | ▼ 11       | <a href="#">Spectrum Equity Investors</a>     | Good                    | 21           | 1994          | 7                    | Spectrum Equity Investors VII<br>Spectrum Equity Investors VI                | USD      | 1,000<br>680   | 2014<br>2010 |
| 23   | ▲ >35      | <a href="#">Snow Phipps Group (SPG)</a>       | Good                    | 21           | 2005          | 2                    | Snow Phipps Fund II<br>Snow Phipps Fund I                                    | USD      | 844<br>620     | 2010<br>2005 |
| 24   | ▲ >35      | <a href="#">LLR Partners</a>                  | Good                    | 21           | 2000          | 4                    | LLR Equity Partners IV<br>LLR Equity Partners III                            | USD      | 950<br>800     | 2013<br>2008 |
| 25   | ▲ 34       | <a href="#">Kohlberg &amp; Company</a>        | Good                    | 21           | 1988          | 7                    | Kohlberg Investors VII<br>Kohlberg Investors VI                              | USD      | 1,600<br>1,500 | 2012<br>2007 |
| 26   | ▲ >35      | <a href="#">Nautic Partners</a>               | Good                    | 21           | 2000          | 3                    | Nautic Partners VI<br>Nautic Partners V                                      | USD      | 780<br>1,100   | 2007<br>2000 |
| 27   | ▲ 30       | <a href="#">Sentinel Capital Partners</a>     | Good                    | 20           | 1995          | 5                    | Sentinel Capital Partners V<br>Sentinel Capital Partners IV                  | USD      | 1,300<br>765   | 2013<br>2009 |
| 28   | ▲ >35      | <a href="#">TSG Consumer Partners</a>         | Good                    | 20           | 1990          | 8                    | TSG 6<br>TSG 5   | USD      | 1,300<br>897   | 2012<br>2007 |

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|------|------------|------------------------------------|-------------------------|--------------|---------------|----------------------|---|----------|-----------|---------|
| 32   | ▼ 31       | <a href="#">Greenbriar Equity</a>  | Good                    | 20           | 2001          | 3                    | Greenbriar Equity Fund III<br>Greenbriar Equity Fund II | USD      | 1,090     | 2013    |
| 32   | ▼ 18       | <a href="#">Silver Lake Sumeru</a> | Good                    | 20           | 2007          | 1                    | Silver Lake Sumeru                                      | USD      | 1,100     | 2007    |
| 32   | ▼ 20       | <a href="#">Vestar</a>             | Good                    | 20           | 1988          | 6                    | Vestar Capital Partners VI<br>Vestar Capital Partners V | USD      | 804       | 2013    |
| 32   | ▲ >35      | <a href="#">Riverside Partners</a> | Good                    | 20           | 2000          | 3                    | Riverside Partners V<br>Riverside Partners IV           | USD      | 561       | 2013    |
| 33   | ▼ 13       | <a href="#">KRG Capital</a>        | Good                    | 20           | 1999          | 4                    | KRG Capital Fund IV<br>KRG Capital Fund III             | USD      | 1,960     | 2008    |
| 34   | ▲ >35      | <a href="#">Cressey &amp; Co.</a>  | Good                    | 20           | 2010          | 2                    | Cressey & Co Fund V<br>Cressey & Co. Fund IV            | USD      | 615       | 2014    |
| 35   | ▼ 27       | <a href="#">Weston Presidio</a>    | Good                    | 20           | 1992          | 5                    | Weston Presidio V<br>Weston Presidio IV                 | USD      | 1,000     | 2005    |

## New Managers That Made the Rankings

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

[Cressey & Co.](#)  
[Friedman Fleischer & Lowe](#)  
[LLR Partners](#)  
[Marlin Equity Partners](#)  
[Nautic Partners](#)  
[Riverside Partners](#)  
[Snow Phipps Group \(SPG\)](#)  
[TSG Consumer Partners](#)

## Managers That Didn't Make The Rankings

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

[American Industrial Partners \(AIP\)](#)  
[Apax US](#)  
[Calera Capital](#)  
[Elevation Partners](#)  
[Great Hill Equity Partners](#)  
[Huntsman Gay](#)  
[Quad-C](#)  
[RoundTable Health Care 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](http://www.SecondaryLink.com/funds)



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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

| Fund Being Raised                       | Currency | Target Size | Fund Family     | Setter Liquidity Rating | Prime Buyers |
|---|----------|-------------|-----------------|-------------------------|--------------|
| 1 <a href="#">JLL Partners Fund VII</a> | USD      | 1000        | JLL Partners    | Very Good               | 29           |
| 2 <a href="#">Nautic Partners VII</a>   | USD      | 600         | Nautic Partners | Good                    | 21           |
| 3 <a href="#">KRG Capital Fund V</a>    | USD      | 500         | KRG Capital     | Good                    | 20           |



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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