

Setter

The 20 Most Sought-After Managers

European 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 20 Most Sought-After Managers on the Secondary Market

Strategy: European 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	—	1 CVC Europe	Excellent	114	1996	9	CVC European Equity Partners VII CVC European Equity Partners VI	USD EUR	16,000 10,910	2017 2013
2	▲	3 EQT (Flagship LBO Funds)	Excellent	98	1995	9	EQT VII EQT VI	EUR EUR	6,750 4,820	2015 2011
3	▼	2 Apax Europe	Excellent	97	1987	10	Apax Europe VIII Apax Europe VII	EUR EUR	5,800 11,200	2012 2007
4	—	4 BC Partners	Excellent	92	1987	9	BC European Capital IX BC European Capital VIII	EUR EUR	6,680 5,880	2011 2005
5	—	5 Charterhouse Capital Partners CCP (UK)	Excellent	91	1989	6	Charterhouse Capital Partners X Charterhouse Capital Partners IX	EUR EUR	2,300 4,000	2016 2009
6	▲	7 Nordic Capital	Excellent	85	1990	9	Nordic Capital Fund VIII Nordic Capital Fund VII	EUR EUR	3,500 4,300	2013 2008
7	▼	6 Cinven	Excellent	82	1996	6	Cinven VI Cinven V	USD EUR	7,800 5,000	2015 2012
8	—	8 Permira	Excellent	78	1985	19	Permira VI Permira Europe V	USD EUR	6,900 5,300	2016 2013
9	▲	12 PAI Europe	Excellent	75	1998	5	PAI Europe VI PAI Europe V	EUR EUR	3,290 3,660	2015 2008
10	▲	11 Altor	Excellent	73	2003	4	Altor Fund IV Altor Fund III	EUR EUR	2,000 2,000	2013 2008
11	▼	10 Carlyle Europe Partners	Excellent	71	1998	5	Carlyle Europe Partners IV Carlyle Europe Partners III	EUR EUR	4,100 5,300	2015 2007
12	▼	9 Bridgepoint Europe	Excellent	70	1998	5	Bridgepoint Europe V Bridgepoint Europe IV	EUR EUR	4,000 4,840	2014 2008
13	—	13 Industri Kapital (IK)	Excellent	66	1989	9	IK VIII Fund IK Small-Cap Fund	EUR EUR	1,850 277	2016 2015
14	—	14 HgCapital (PE funds)	Excellent	64	1989	8	HgCapital 8 HgCapital 7	GBP GBP	2,500 2,000	2017 2013

The Top 20


Rank	Prior Rank	Fund Family	Setter Liquidity Rating	Prime Buyers	First Vintage	Funds in Fund Family	Latest Closed funds	Currency	Fund Size	Vintage
15	▲ 16	Triton	Excellent	59	1999	4	Triton Fund IV Triton Fund III	EUR	3,500	2013
16	▼ 15	Bain Capital Europe	Excellent	52	2000	4	Bain Capital Europe IV Bain Capital Europe III	EUR	3,500	2014
17	— 17	KKR Europe	Excellent	46	1999	6	KKR European Fund IV KKR European Fund III	EUR	3,600	2014
18	— 18	TDR Capital	Very Good	50	2002	3	TDR Capital III TDR Capital II	EUR	2,100	2013
19	— 19	Lion Capital	Very Good	48	2000	5	Lion Capital Fund IV Lion Capital Fund III	EUR	2,000	2015
20	— 20	Montagu Private Equity	Very Good	39	1994	10	Montagu V Montagu IV	EUR	2,750	2015
								EUR	2,550	2011

▲ ▼ — 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.

Most Sought-After Managers Currently Fundraising

Fund Being Raised	Currency	Target Size	Fund Family	Setter Liquidity Rating	Prime Buyers
1 CVC Strategic Opportunities	USD		CVC Europe	Excellent	114
2 BC European Capital X	EUR	7000	BC Partners	Excellent	92
3 Nordic Capital Fund IX	USD		Nordic Capital	Excellent	85
4 Montagu V East Town Co-Invest	EUR	60	Montagu Private Equity	Very Good	39

 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?

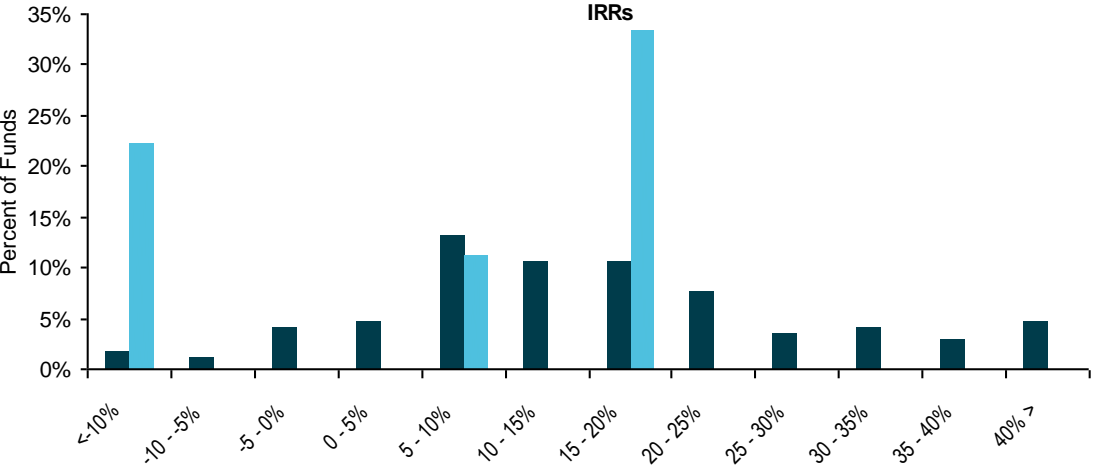
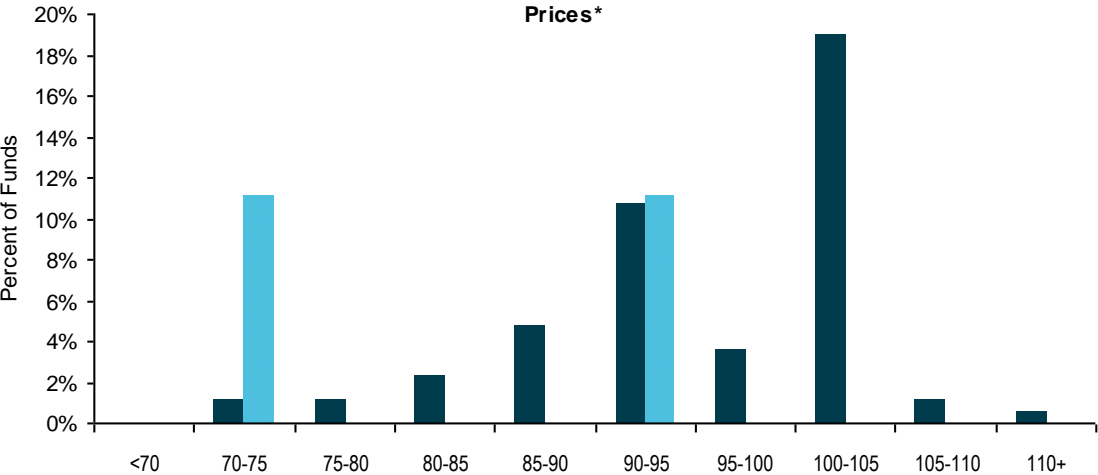
Strong secondary market demand suggests a fund is popular among LPs and may be an interesting primary candidate
 Low secondary market demand suggests additional liquidity risk in the future

 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: European 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 20: 73
- Avg. Number of Prime Buyers Unrated: 12

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

- Avg. Price TOP 20: 95.59% of NAV
- Avg. Price Unrated: 85.00% of NAV

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

- Avg. IRR TOP 20: 15.12%
- Avg. IRR Unrated: -4.82%

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 20: 2,493M
- Avg. Fund Size Unrated: 1,519M
- Avg. Number of Funds Raised TOP 20: 7
- 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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