

Setter

The 20 Most Sought-After Managers

European Lower Mid-Market 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 Lower Mid-Market 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	▲ 2	Herkules	Very Good	44	2004	4	Herkules Private Equity Fund IV Herkules Private Equity Fund III	NOK NOK	2,500 6,000	2013 2008
2	▲ 5	Lyceum Capital	Good	38	2000	3	Lyceum Capital Fund III Lyceum Capital Fund II	GBP GBP	330 255	2013 2008
3	▲ 4	Polaris (Denmark)	Good	37	1999	4	Polaris IV Polaris III	EUR EUR	300 365	2014 2009
4	▼ 3	MCH Iberian Capital	Good	36	1999	3	MCH Iberian Fund III MCH Iberian Fund II	EUR EUR	250 160	2008 2004
5	▼ 1	Segulah Management	Good	33	1997	5	Segulah V Segulah IV	SEK SEK	2,400 5,200	2015 2008
6	▲ 7	Reiten & Co	Good	32	1996	3	Reiten & Co Capital Partners VII Reiten & Co Capital Partners VI	EUR EUR	250 125	2007 2004
7	▼ 6	21 Centrale Partners	Good	29	1999	9	21 Centrale Partners IV 21 Investimenti II	EUR EUR	380 283	2009 2007
8	▲ 9	Bowmark Capital	Good	28	2004	3	Bowmark Capital Partners V Bowmark Capital Partners IV	GBP GBP	375 265	2013 2008
9	▲ 12	Halder	Good	27	1992	4	Halder-Gimv Germany II Halder-Gimv Germany Fund	EUR EUR	325 155	2009 2003
10	▼ 8	Avedon Capital Partners	Good	27	2003	4	Avedon Fund II NIBC Growth Capital Fund II	 EUR	300 190	2017 2011
11	▲ 15	Litorina Kapital	Good	26	1998	4	Litorina Kapital Fund IV Litorina Kapital Fund III	SEK SEK	2,500 1,400	2011 2007
12	▲ 13	Activa Capital	Good	26	2003	3	Activa Capital Fund III Activa Capital Fund II	EUR EUR	205 320	2013 2008
13	▼ 10	Dunedin Capital	Good	25	2001	5	Dunedin Buyout Fund III Dunedin Buyout Fund II	GBP GBP	300 250	2012 2006
14	▼ 12	August Equity Partners	Good	25	1990	4	August Equity Partners IV August Equity Partners III	GBP GBP	224 200	2017 2013
15	▲ 20	ABENEX Capital	Good	25	2002	2	Abenex IV	EUR	295	2010

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
16	▼ 14	Afinum	Good	22	2003	4	AFINUM VII AFINUM III	EUR USD	280 119	2013 2003
17	▼ 16	Finatem	Good	22	2000	3	Finatem III Finatem II	EUR EUR	135 120	2010 2004
18	▲ >20	Procuritas Partners	Good	20	1990	6	Procuritas Capital Investors V Procuritas Capital Investors IV	EUR EUR	200 139	2012 2008
19	▲ >20	CapMan Buyout	Good	20	1990	11	CapMan Buyout IX CapMan Buyout VIII	EUR EUR	295 440	2009 2006
20	▼ 18	H2 Equity Partners	Good	20	1991	3	H2 Equity Partners Fund IV H2 Equity Partners Fund III	EUR EUR	300 180	2011 2007

▲ ▼ — 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)*

[CapMan Buyout](#)

[Procuritas Partners](#)

Managers That Didn't Make The Rankings

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

[ECM Equity Capital Management](#)

[Primary 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

Most Sought-After Managers Currently Fundraising

Fund Being Raised	Currency	Target Size	Fund Family	Setter Liquidity Rating	Prime Buyers
1 Reiten & Co Capital Partners VIII	EUR	250	Reiten & Co	Good	32
2 21 Centrale Partners V	EUR	400	21 Centrale Partners	Good	29
3 21 Investimenti III	EUR		21 Centrale Partners	Good	29
4 21 Concordia	EUR	150	21 Centrale Partners	Good	29
5 Litorina Kapital Fund V	SEK	2000	Litorina Kapital	Good	26
6 AFINUM V	EUR	500	Afinum	Good	22
7 CapMan Buyout X	EUR	400	CapMan Buyout	Good	20

 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?

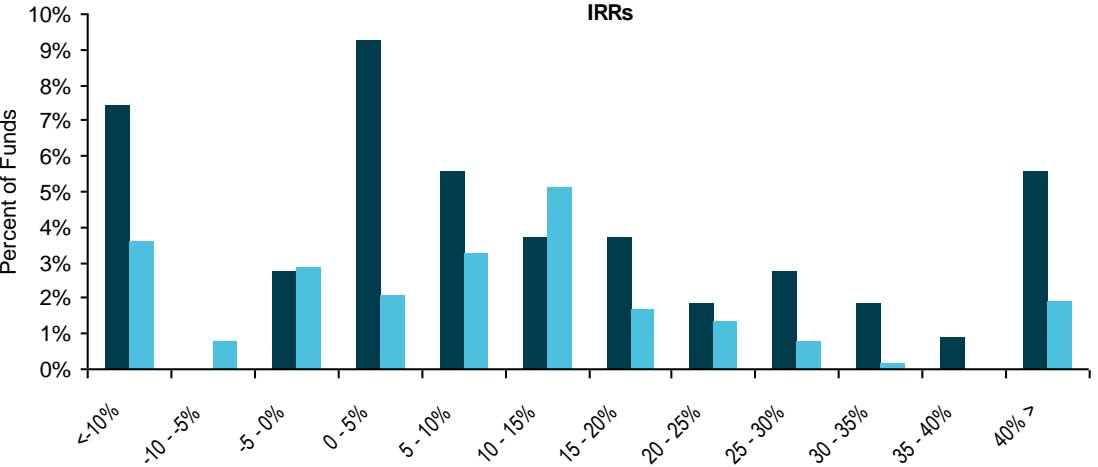
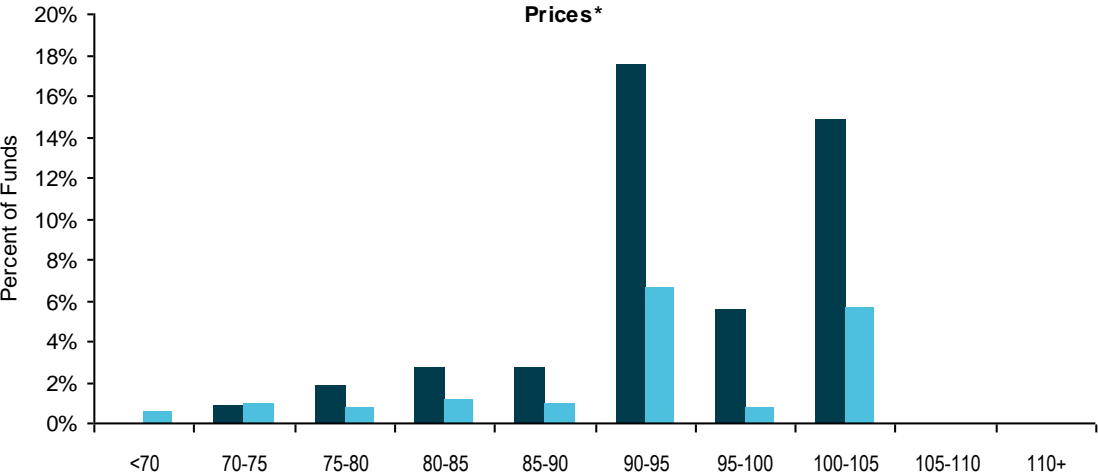
Strong secondary market demand suggests a fund is popular among LPs and may be an interesting primary candidate
 Low secondary market demand suggests additional liquidity risk in the future

 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 Lower Mid-Market 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: 28
- Avg. Number of Prime Buyers Unrated: 4

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

- Avg. Price TOP 20: 94.87% of NAV
- Avg. Price Unrated: 93.49% of NAV

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

- Avg. IRR TOP 20: 9.63%
- Avg. IRR Unrated: 8.22%

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: 269M
- Avg. Fund Size Unrated: 271M
- Avg. Number of Funds Raised TOP 20: 4
- Avg. Number of Funds in Raised Unrated: 2

* 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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