

Setter

The 20 Most Sought-After Managers

US Lower Middle 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: US Lower Middle 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	▲ 3	Trivest Partners	Very Good	25	1990	5	Trivest Growth Investment Fund Trivest Fund V	USD USD	225 415	2016 2012
2	▼ 1	Graham Partners	Good	26	1999	4	Graham Partners IV Graham Partners Investments III	USD USD	327 515	2015 2009
3	▲ 5	Housatonic Partners	Good	23	2005	2	Housatonic Equity Investors V Housatonic Equity Investors IV	USD USD	325 250	2010 2007
4	▼ 2	WestView Capital	Good	22	2005	3	Westview Capital Partners III WestView Capital Partners II	USD USD	430 325	2013 2008
5	▼ 4	Tenex Capital Management	Good	21	2011	1	Tenex Capital Partners	USD	452	2011
6	— 6	Silver Lake Sumeru	Good	20	2007	2	Sumeru Equity Partners Fund Silver Lake Sumeru	USD USD	363 1,100	2015 2007
7	— 7	Blue Point Capital Partners	Good	19	2000	3	Blue Point Capital Partners III Blue Point Capital Partners II	USD USD	425 400	2013 2006
8	▲ 13	Huron Capital Partners	Good	19	2000	6	Huron Capital IV Huron Capital III	USD USD	500 350	2013 2008
9	▼ 8	Beecken, Petty & Co.	Good	19	1997	4	Beecken Petty O'Keefe IV Beecken Petty O'Keefe III	USD USD	385 650	2013 2008
10	▼ 9	VMG Partners	Good	18	2007	4	VMG Equity Partners IV VMG Equity Partners III	USD USD	550 500	2017 2015
11	▼ 10	Morgenthaler Partners	Good	18	1985	8	Morgenthaler Venture Partners IX Morgenthaler Venture Partners VIII	USD USD	402 450	2008 2005
12	▲ 20	Clearview Capital	Good	17	2002	3	Clearview Capital Fund III Clearview Capital Fund II	USD USD	325 250	2013 2006
13	▲ 19	Linsalata Capital Partners	Good	17	1983	5	Linsalata Capital Partners Fund VI Linsalata Capital Partners V	USD USD	427 425	2012 2005
14	▼ 11	Prophet Equity	Good	16	2009	2	Prophet Equity II Prophet Equity I	USD USD	345 300	2014 2009
15	▲ 17	Brynwood Partners	Good	14	1988	3	Brynwood Partners VII Brynwood Partners VI	USD USD	400 305	2013 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
17	▼ 15	DW Healthcare Partners	Good	12	2004	4	DW Healthcare IV DW Healthcare Partners III	USD USD	295 265	2016 2012
17	▼ 13	Sorenson Capital	Good	12	2004	3	West Rim Capital Partners II Sorenson Capital Partners II	USD USD	270 400	2008 2007
18	▼ 14	Industrial Opportunity Partners	Good	12	2007	3	Industrial Opportunity Partners III Industrial Opportunity Partners II	USD USD	450 275	2017 2012
19	▼ 16	Seidler Equity Partners	Good	11	2000	4	Seidler Equity Partners IV Seidler Equity Partners III	USD USD	125 260	2010 2006
20	▼ 18	Valor Equity Management	Good	11	2003	3	Valor Equity Partners Fund III Valor Equity Partners Fund II	USD USD	490 250	2013 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.

Most Sought-After Managers Currently Fundraising

Fund Being Raised	Currency	Target Size	Fund Family	Setter Liquidity Rating	Prime Buyers
1 Housatonic Equity Investors VI	USD	400	Housatonic Partners	Good	23
2 Huron Flex Equity	USD	100	Huron Capital Partners	Good	19
3 Morgenthaler Venture Partners X	USD	150	Morgenthaler Partners	Good	18
4 Sorenson Capital Partners III	USD	600	Sorenson Capital	Good	12

 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?

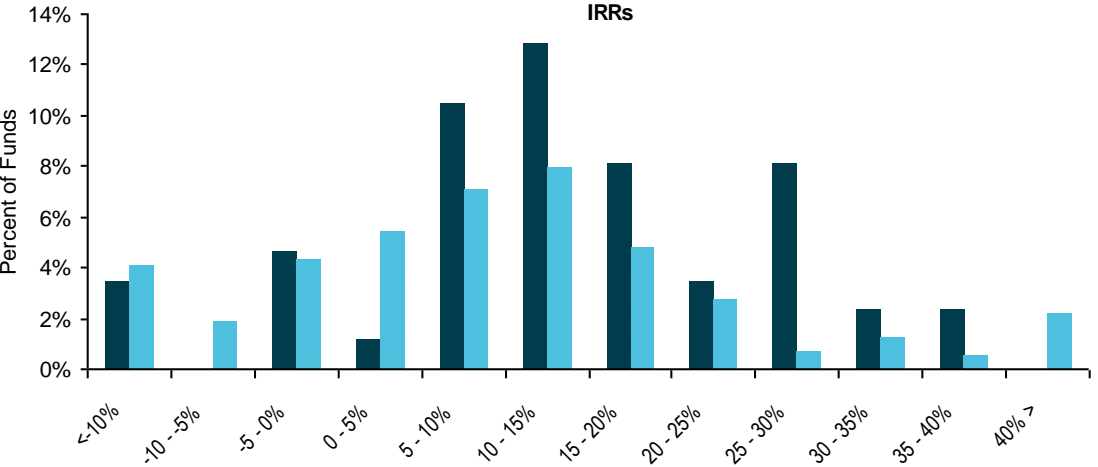
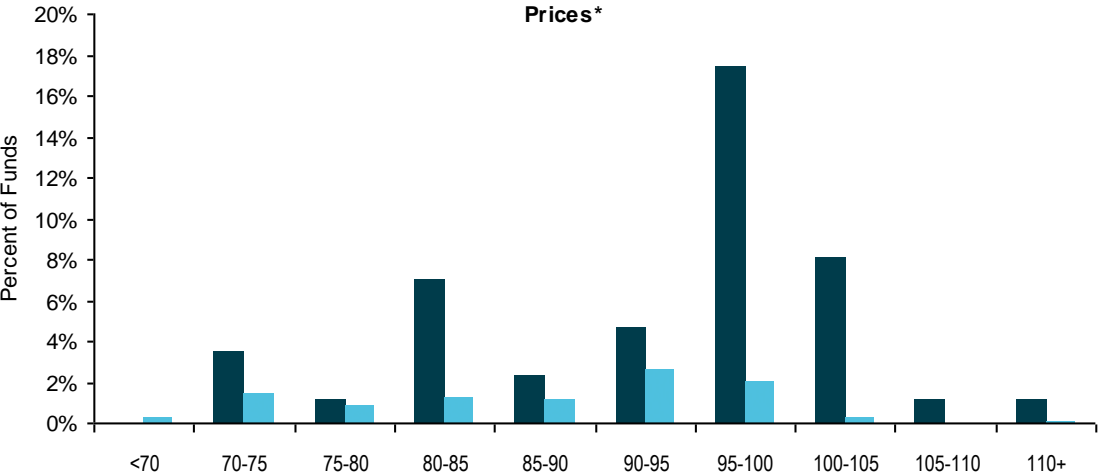
Strong secondary market demand suggests a fund is popular among LPs and may be an interesting primary candidate
 Low secondary market demand suggests additional liquidity risk in the future

 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?

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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: 18
- Avg. Number of Prime Buyers Unrated: 2

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

- Avg. Price TOP 20: 90.32% of NAV
- Avg. Price Unrated: 88.53% of NAV

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

- Avg. IRR TOP 20: 9.85%
- Avg. IRR Unrated: 9.34%

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: 277M
- Avg. Fund Size Unrated: 267M
- 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.

Setter Capital Inc.
77 Bloor Street W. Suite 1220
Toronto, Ontario, Canada
+1 (416) 964-9555

www.settercapital.com