

Setter

The 25 Most Sought-After Managers

European 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 25 Most Sought-After Managers on the Secondary Market

Strategy: European 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	—	1 Graphite Capital	Excellent	55	1991	10	Graphite Capital Partners VIII Graphite Capital Partners VIII Top Up Fund	GBP	475	2013
2	▲	3 Waterland Private Equity	Excellent	54	2000	6	Waterland Private Equity Fund VI Waterland Private Equity Fund V	EUR	1,250	2015
3	▼	2 Chequers Capital	Excellent	50	2002	4	Chequers Capital XVI Chequers Capital XV	EUR	850	2011
4	—	4 Astorg Partners	Excellent	46	1999	4	Astorg V Astorg IV	EUR	1,050	2011
5	—	5 Investindustrial	Very Good	53	2000	4	Investindustrial Fund V Investindustrial Fund IV	EUR	1,250	2012
6	—	6 DBAG Europe	Very Good	52	1990	6	DBAG Fund VII Deutsche Beteiligungs AG VI	EUR	1,000	2016
7	▲	23 Clessidra Capital Partners	Very Good	44	2005	3	Clessidra Capital Partners III Clessidra Capital Partners II	EUR	670	2016
8	▲	10 Mid Europa Partners	Very Good	44	2005	3	Mid Europa Fund IV Mid Europa Fund III	EUR	800	2013
9	▲	24 Quadriga Capital	Very Good	43	1996	4	Quadriga Capital Private Equity Fund IV Quadriga Capital Private Equity Fund III	EUR	511	2011
10	▼	7 Exponent Private Equity	Very Good	42	2005	3	Exponent Private Equity Partners III Exponent Private Equity Partners II	GBP	1,000	2014
11	▲	15 Norvestor Equity AS	Very Good	40	1995	6	Norvestor VII Norvestor VI	EUR	510	2016
12	▼	8 LBO France	Very Good	40	1998	14	Hexagone III White Knight VIII	EUR	154	2010
13	—	13 Gilde Buy Out Partners	Very Good	40	1996	4	Gilde Buyout Fund IV Gilde Buyout Fund III	EUR	800	2011
14	—	14 Phoenix Equity	Very Good	40	1992	7	Phoenix Equity Partners 2010 Phoenix Equity Partners 2006	GBP	450	2010

The Top 25

Rank	Prior Rank	Fund Family	Setter Liquidity Rating	Prime Buyers	First Vintage	Funds in Fund Family	Latest Closed funds	Currency	Fund Size	Vintage
16	▲ 25	capiton AG	Very Good	39	2002	5	Capiton V Capiton IV	EUR	440	2015
16	▼ 12	FSN Capital	Very Good	39	2000	5	FSN Capital V FSN Capital IV	EUR	1,000	2016
17	— 17	LivingBridge (fka ISIS Equity)	Very Good	38	1999	7	LivingBridge VI Livingbridge Growth II	GBP	600	2016
18	▼ 11	Accent Equity Partners	Very Good	37	1986	8	Accent Equity 2012 Accent Equity 2008	SEK	3,800	2012
19	▼ 9	Sovereign Capital	Very Good	36	1986	5	Sovereign Capital IV Sovereign Capital III	GBP	395	2014
20	▼ 18	Bencis	Very Good	35	1998	6	Bencis Buyout Fund V Bencis Buyout Fund IV	EUR	425	2016
21	▼ 16	Alpha Private Equity	Very Good	34	1993	7	Alpha Private Equity Fund 7 Alpha Private Equity Fund 6	EUR	903	2017
22	▼ 19	Patron Capital	Very Good	34	1999	8	Patron Capital V Patron Capital Fund IV Deal Specific Pool	EUR	800	2015
23	▲ >25	ECI Partners	Very Good	32	1985	7	ECI 10 ECI 9	GBP	500	2013
24	▲ >25	CBPE Capital	Very Good	31	1988	11	CBPE Capital Fund IX Close Brothers Growth Capital III	GBP	459	2015
25	▼ 21	Axcel	Very Good	30	1994	5	Axcel IV Axcel III	DKK	3,600	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.

Who's In & Who's Out

New Managers That Made the Rankings

(compared to the rankings on: 8/31/16)*

[CBPE Capital](#)

[ECI Partners](#)

Managers That Didn't Make The Rankings

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

[Endless](#)

[Inflexion](#)


* 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 Waterland Private Equity VI Overflow Feeder	EUR		Waterland Private Equity	Excellent	54
2 Astorg VI	EUR	1500	Astorg Partners	Excellent	46
3 White Knight IX	EUR	1000	LBO France	Very Good	40
4 Axcel V			Axcel	Very Good	30

 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?

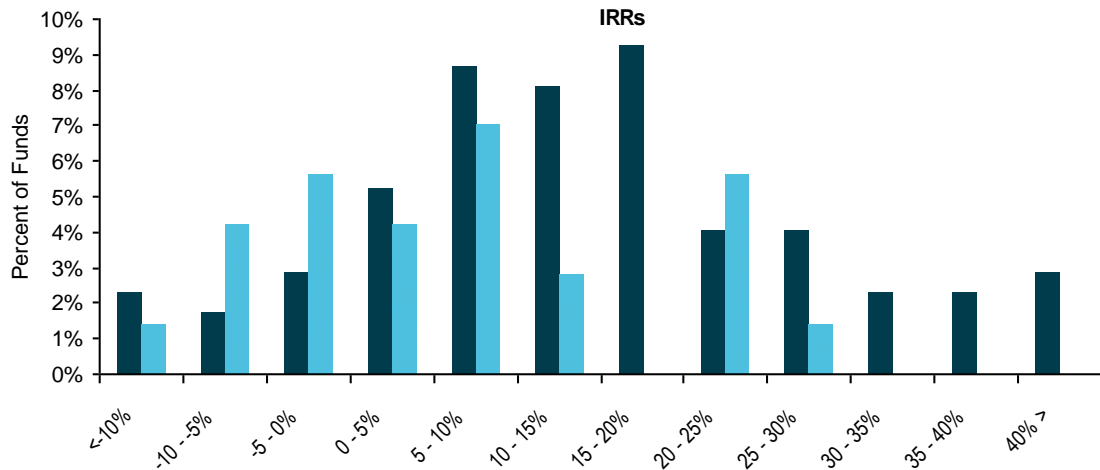
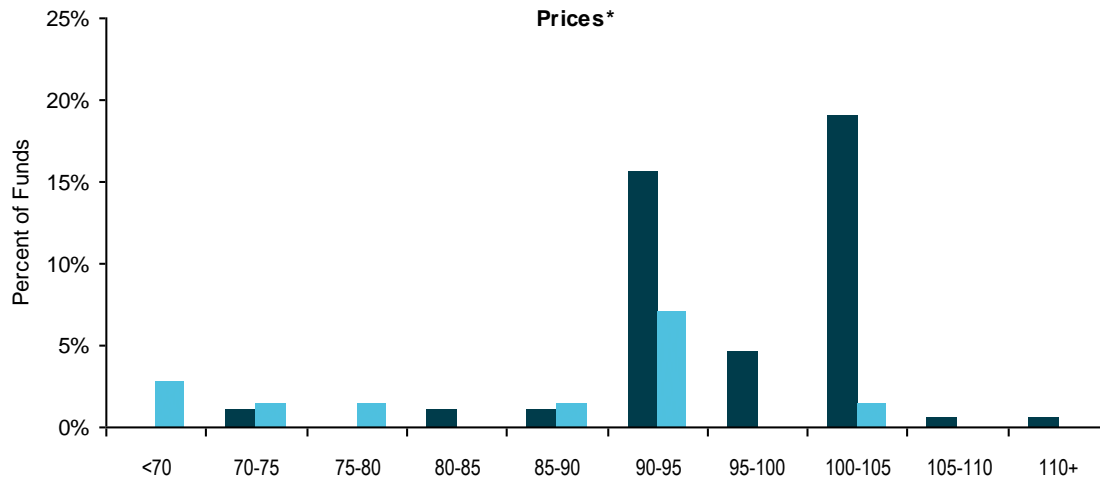
Strong secondary market demand suggests a fund is popular among LPs and may be an interesting primary candidate
 Low secondary market demand suggests additional liquidity risk in the future

 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 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 25: 41
- Avg. Number of Prime Buyers Unrated: 5

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

- Avg. Price TOP 25: 95.74% of NAV
- Avg. Price Unrated: 84.23% of NAV

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

- Avg. IRR TOP 25: 11.22%
- Avg. IRR Unrated: 5.07%

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 25: 560M
- Avg. Fund Size Unrated: 622M
- Avg. Number of Funds Raised TOP 25: 6
- 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.

Disclaimer

By accepting this document you agree to all the terms hereunder. This document has been provided to you by Setter Capital for information or discussion purposes only & is confidential and may not be copied or distributed, in whole or in part, to any third party without the prior written consent of Setter Capital. This document is not, & should not be construed as, marketing material for any investment opportunity, or an offer, solicitation or a recommendation to take any investment action, or participate in any investment strategy or sale of securities.

Actual price or results may differ materially from those indicated in this document. Return data, prices, benchmarks and performance information contained herein are not indicative of future results and may be out of date and/or inaccurate.

This document may contain opinions, estimates, prices, ratings & forward-looking statements which are subject to various risks, changes & uncertainties. Setter Capital undertakes no obligation to update or revise ratings, prices & other information contained herein.

This document has been prepared without taking into account any party's objectives, financial situation or needs. This document should not be construed as legal, tax or investment advice; any investment action with respect to any investment opportunity that may be referred to herein should be made only after appropriate and independent due diligence.

Setter Capital has not independently verified any information provided or available to Setter. No representation, warranty or guarantee, express or implied, is made as to the accuracy, reasonableness or completeness of the information, observations, opinions, ratings and conclusions contained in this document. Setter Capital and their respective directors, employees or representatives expressly disclaim any responsibility or liability relating to any losses alleged to be the result of the use of or purported reliance upon the Setter Liquidity Rating or any of the information contained herein.

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