

3RD EDITION

EMERGING MANAGER REPORT

PUBLISHED BY BUYOUTS INSIDER IN PARTNERSHIP
WITH GEN II FUND SERVICES, LLC

THE ESSENTIAL TOOL FOR NEW PRIVATE EQUITY AND VENTURE CAPITAL FIRMS

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ARE YOU
EXPERIENCED?**

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PE/VC EMERGING
MANAGERS**

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INTRODUCTION

Emerging managers have lately benefitted from a healthy fundraising environment but choppy waters look to be on the horizon.

Nearly half of fund managers believe there will be a market correction or downturn within the next 18 months. Similarly, more than half of investors believe the correction or downturn will come between the next 12 months to 18 months.

And thanks to the third edition of a surveying partnership between publisher Buyouts Insider and fund administrator Gen II Fund Services, LLC, emerging managers now have a benchmark to help navigate the storms that lie ahead.

How long should fundraising take? The average is 14 months, according to a survey of 85 emerging managers conducted this spring, which also revealed that more than a third of emerging managers currently with a fund in the market enhance their efforts by using a placement agent. What percentage of emerging managers take on an anchor investor with more favorable economic terms? It's 44 percent, and in more than half of those cases the anchor investor received a discount on management fees.

This report, which analyzes the survey results, also answers another question of special interest to emerging managers: What incentives do they offer to entice early investors to make a commitment? Nearly 80 percent of those participating in the survey offered discounted management fees based on commitment size. More than half offered contractual co-investment rights and positions on the limited partner advisory committee. About a third offered an investment in the general partner or management committee.

And this is just a sampling of the many questions answered in this report about both emerging managers and the investors that back them. As with our previous two editions, we expect that both groups will find this to be a useful benchmarking tool. Let us know at the email addresses below how well we've succeeded—and how we can make future editions of the report even more valuable.



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ARE YOU EXPERIENCED?

BY JEFF GENDEL, PRINCIPAL — BUSINESS DEVELOPMENT, GEN II FUND SERVICES, LLC

Emerging managers continue to rate relevant experience as the most important factor when picking a service provider.

The Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC, for the third consecutive year found that nearly 90 percent of the respondents cited “proven expertise and experience with funds like mine” as an “extremely important” or “very important” factor in choosing service providers. This attribute is clearly the most important consideration when contemplating the choice of fund administrators, accountants, attorneys and other consultants. By comparison, only slightly more than a third of respondents cited “a prior relationship with the provider” as a crucial factor in that decision. The consistency across the three years of emerging manager surveys

underscores the importance for managers to investigate the relevant experience and track record of their service partners.

Among the other findings is the emerging manager GP’s belief that co-investment rights are of high importance to LPs. There is a similar view of the importance of co-investment on behalf of investors. Accordingly, we have seen a large increase in the number of emerging manager GPs that include co-investment entities alongside their main fund. Add to that the specific structuring sensitivities of a global LP base, and the previously simple fund organizational chart has expanded into a far more elaborate structure. These factors are just two of the items that add to the

complexity of fund operations, which further underscores the importance of selecting a provider that has experience with these situations.

In serving emerging managers for over 25 years, we've found there's no substitute for prior experience. Given the increased complexity of fund structures and importance of the administrator's role servicing private equity funds and investors, it's vital that emerging managers partner with a provider that can demonstrate exceptional experience, understands the fund's unique needs and challenges, can seamlessly meet today's investor requirements, has long standing relationships and dialogue with the industry's leading LPs, and can provide expert guidance to the management company and GP entities. And the best path to ensuring your service provider understands these needs is to know that they have extensive experience working with similar emerging managers.

By their very nature, newly forming private equity firms tend to run lean and multi-task, and that requires partnering with experts that can free the principals up to focus on raising and deploying capital and managing the firm. An administrator that has a long-standing track record of working with emerging managers to help them navigate the opportunities and challenges of private equity entrepreneurship provides a critical edge for the members of the GP.

At Gen II, we've helped launch over 55 emerging managers. We intimately understand the pace, tension and requirements of that debut fund and of the firm and its principals. We act as a trusted partner offering independent and valuable guidance for our clients, over and above the fund administration services we provide. In addition to our vast experience with fund vehicles of all levels of complexity, Gen II's expertise extends to administration of management company and topco entities. This valuable service enables the emerging manager to gain the insight of our 27 years of working with founders and entrepreneurs on the management of their private equity firm. Our partnership approach to our business relationships is an important differentiator for the emerging managers on Gen II's platform.

For managers investigating an administrator for their fund, it is imperative to look for several specific operational qualifications in addition to the requisite experience. The administrator should have an SSAE 18 (Service Organization Control Type 2 [SOC 1] Statement on Standards for Attestation Engagements No. 18) issued by the American Institute of Certified Public Accountants. This certification marks the passage of a crucial independent examination of the administrator's control environment, and is a must-have for sponsors and their institutional LPs. Both LPs and GPs want to know that the administrator has certified processes

and procedures to do the work that's required. In fact, every prospective investor in an operational due diligence meeting that we participate in asks about the SSAE 18.

Any potential service provider should also be in compliance with the SEC's cybersecurity recommendations and GDPR regulations, as cyber risk and the security of investor data is top of mind these days among LPs and GPs.

The bottom line for any emerging manager is evident: Your fund administrator should enable the sponsor to be able to unconditionally "check all the boxes" that relate to investor operational due diligence.

Emerging managers should also expect the administrator to be able to evidence that client facing items are error-free. Gen II has met this requirement through the establishment of an internal quality control department, in order to be sure that there is an extra set of eyes reviewing all sensitive and client-facing transactions.

Focusing on the theme of relevant experience, the GP should review lists of the service provider's current GP clients to see if there are firms which the GP considers as peer organizations. As the survey indicates, requisite experience with funds similar to those of the sponsor is the most vital consideration. Exceptionally experienced fund administrators will also be able to provide the sponsor with timely market intelligence and benchmarking data from their past work with similar firms. The ability to offer insight into industry best practices is also extremely helpful for those GPs who are new to the principal and firm leadership role.

So, while it is crucial for the service provider to evidence deep experience through working with like firms in order to merit consideration, these other highly value-added services provide the important differentiation across service provider sectors.

In the overall analysis, an unwavering focus on private equity fund administration, senior team continuity, client retention rates, proven performance and in-depth industry knowledge are all key considerations, in addition to prior experience, when choosing a fund administrator. These attributes have been long established at Gen II – and they are primary reasons why more emerging managers look to Gen II for their fund administration needs than anyone else in the industry.

At Gen II, we know that extensive fund administration experience, expert teams, a customized approach to each client, SSAE 18 certification, cutting edge technology, robust cybersecurity and data protection and respect and visibility across the LP community are what emerging managers seek.

Ultimately, as the survey indicates for the third year in a row, relevant experience is at the top of the list. Emerging managers will want to put that experience to work.

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Managing Principal

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Chief Client Officer

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Description of services

Gen II Fund Services, LLC (“Gen II”) is the largest independent private equity fund administrator, covering over \$250B of private capital and reporting to over 10,000 LPs on behalf of our clients. Gen II has helped launch over 55 emerging managers and spin-out groups. Our experience with emerging managers is unmatched, enabling them to evidence institutional grade operations and infrastructure, as required by the private equity industry’s limited partners. Gen II offers private equity sponsors the best-in-class combination of people, process and technology, enabling GPs to most effectively manage their operational infrastructure, financial reporting and investor communications. Over the past 3 years, Gen II is the #1 fund administrator for emerging managers.*

*Source: Preqin

Administering over
\$250B
in private fund
capital

99%
client retention
rate

Over
130
sponsors

27
years of
fund administration
experience

Helped over
55
Emerging Managers
and Spin-out Groups
successfully launch

Service
Organization
Controls Compliant
(SSAE-16 SOC 1,
Type 2)

Servicing over
2,800
fund entities

Dedicated service
team, led by a
Partner

Over
290
professionals

Servicing over
10,000
investors for our
clients

Enabling Emerging Manager Success.

Gen II has unparalleled experience working with emerging managers, spin out groups and first time funds. Gen II's clients leverage our deep relationships with LPs, LP consultants, and our 27 years of experience in firm and fund formation. We enable our clients to evidence best-in-class operations to investors, with the support of the fund administration industry's most experienced, best performing and longest tenured team.

Since 2010, our team has assisted over 55 emerging managers and spin-out groups, helping them to raise over \$40 Billion.

Over the past 3 years, Gen II is the #1 fund administrator for emerging managers.*

**Source: Preqin*

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Proven Experts.
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CO-INVESTMENT RIGHTS ARE THE MOST POPULAR OFFERING TO POTENTIAL LPS

BY CHRISTOPHER WITKOWSKY, PRIVATE EQUITY EDITOR, BUYOUTS INSIDER

Limited partners these days love co-investing. And GPs are responding to that desire.

Especially emerging managers. The most popular term emerging managers offer limited partners is co-investment rights, according to fresh research from Buyouts Insider and fund administrator Gen II Fund Services, LLC.

The survey found that 70 percent of respondents offered contractual co-investment rights to LPs. LPs use co-investing to gain direct exposure to deals, while still leaving the burden of managing the investments to their GPs.

Co-investments also give LPs a closer view into how a GP works an investment. They are seen overall as a sort of fee break -- an equity stake in a company that comes without fees or carried interest.

For emerging managers, co-investing rights can be a powerful incentive to attract investors to a fund. With enough co-investing interest, an early manager can conceivably raise a smaller fund but still stretch to do larger deals in preparation for raising larger funds in the future.

The common complaint is that every LP says they want co-investment rights, but when a deal is offered, many can't make a decision. It's important for an emerging manager to understand its LP base and whether it truly makes sense to offer everyone co-investment, or identify those groups who are likely to participate.

The second most popular term, which 46 percent of respondents offer to their LPs, is discounted management fees based on commitment size. A close third, at 43 percent, is giving an investor participation in the limited partner advisory committee.

Less popular terms including allowing investment in the GP or management company (26 percent); and opt-outs on certain investments (15 percent).

Emerging managers, especially first-time funds, need to strike a balance between collecting enough fees to keep the lights on, but offering interesting terms to investors who may need a little nudge to invest in an early fund.

Investors who back early funds usually agree that young firms need to collect enough fees, and so don't put too much pressure on such teams to offer management fee breaks. But these investors usually want something in exchange for taking the risk of backing a young firm.

The survey found that 74 percent did not feel pressure from their investors on fees. In terms of fee levels, 70 percent said they charge a management fee in the range of 2.1 percent to 2.5 percent. 19 percent said they charge in the range of 1 percent to 1.5 percent, the survey found.

Raising early funds is not easy, even as institutional investors show interest in backing early funds as a way to get in at the beginning of what could become the next big private equity superstar.

Some young teams anticipating a long fundraising slog before they even get to start investing and showing off their skills, choose to enter even tighter relationships with certain investors.

Around 44 percent of respondents reported having an anchor investor with more favorable terms, the survey found.

For those with anchor investor arrangements, 53 percent of respondents said they offered discounted management fees; 42 percent said they offered discounted carry; 39 percent offered co-investment rights; 33 percent offered an ownership stake in the GP; and 11 percent offered discounted fees or carry in subsequent funds.

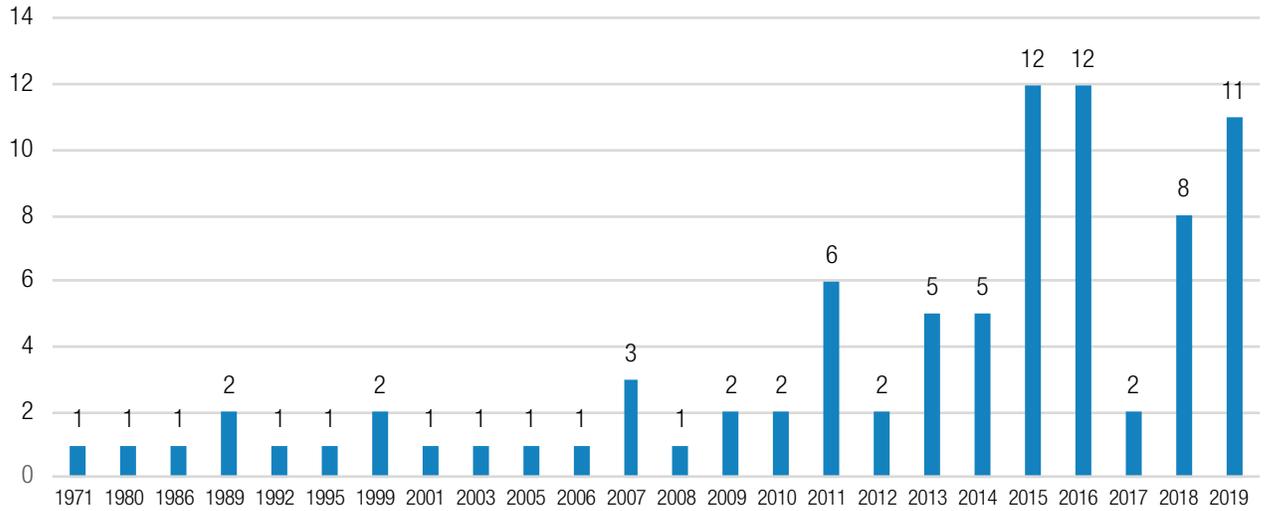
Firms have cropped up in recent years focused only on buying stakes in the management companies of spinouts or first-time funds. Such groups also generally require some form of revenue sharing, ownership stake, co-investment rights or other economic terms in exchange for various levels of support.

It's not the path every emerging manager needs to take, so new managers should explore carefully the options available and what makes sense for them. The life of an emerging manager is not an easy one, but it can be rewarding for those who are able to translate their vision into reality.

PE/VC EMERGING MANAGER SURVEY

Figure 1

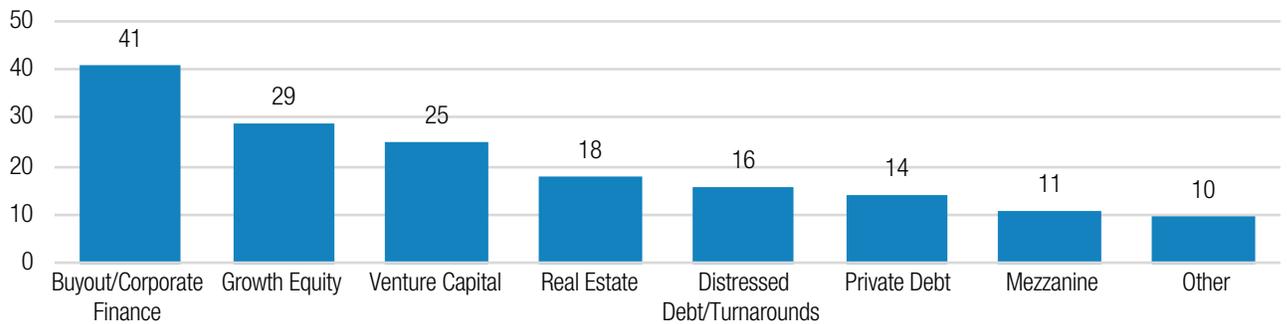
What year was your firm founded?



Source: Buyouts Insider/Gen II Emerging Manager Survey; all firms

Figure 2

What kind of investment strategy does your firm pursue? * (Multiple responses were allowed)



Source: Buyouts Insider/Gen II Emerging Manager Survey * Note that for the purposes of the rest of the survey, the buyout/corporate finance category includes distressed debt/turnarounds, mezzanine, private debt, real estate and related categories

Figure 3

How many investment professionals work at your firm?				
	Average	Bottom Quartile	Median	Upper Quartile
All	6	3	5	6
Buyouts/Corporate Finance	6	4	5	7
Venture Capital	4	2	3	4

Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC

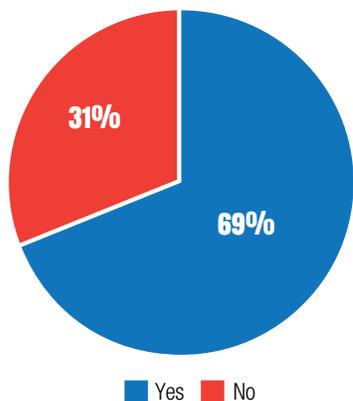
Figure 4

How many total people work for your firm?				
	Average	Bottom Quartile	Median	Upper Quartile
All	16	5	7	11
Buyouts/Corporate Finance	18	5	9	12
Venture Capital	6	4	4	6

Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC; in cases where averages exceed upper quartile, large numbers toward the end of the range raised the averages

Figure 5a

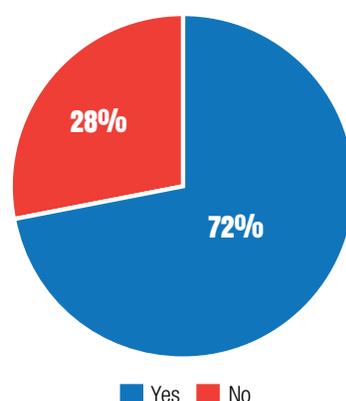
Venture Firms: Do you plan to hire additional staff over the next 12 months?



Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC

Figure 5b

Buyout/Corporate Finance Firms: Do you plan to hire additional staff over the next 12 months?



Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC

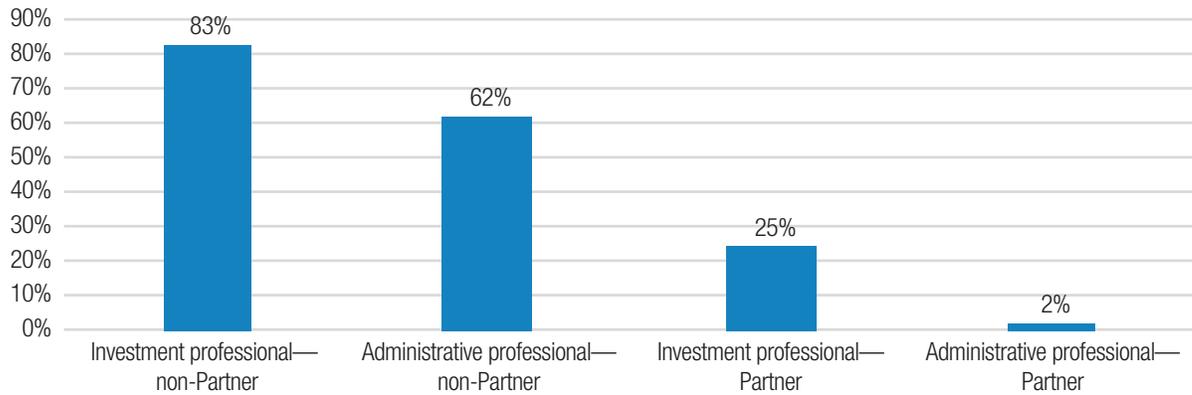
Figure 6

If so, how many staffers do you plan to add?				
	Average	Bottom Quartile	Median	Upper Quartile
All	2	1	2	3
Buyouts/Corporate Finance	2	1	2	3
Venture Capital	2	1	2	2

Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC

Figure 7

If you plan to add staff, please note at what level (Multiple responses were allowed)



Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC

Figure 8

What is the total committed capital to all your active funds? (\$mln)

	Average	Bottom Quartile	Median	Upper Quartile
All	259	21	91	330
Buyouts/Corporate Finance	304	38	118	406
Venture Capital	84	4	24	95

Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC

Figure 9

How many active portfolio companies do you have?

	Average	Bottom Quartile	Median	Upper Quartile
All	12	3	5	14
Buyouts/Corporate Finance	9	3	5	10
Venture Capital	27	4	16	47

Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC

Figure 10

How many new platform investments do you anticipate making over the next year?

	Average	Bottom Quartile	Median	Upper Quartile
All	4	2	3	5
Buyouts/Corporate Finance	4	2	3	4
Venture Capital	5	0	4	9

Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC

Figure 11

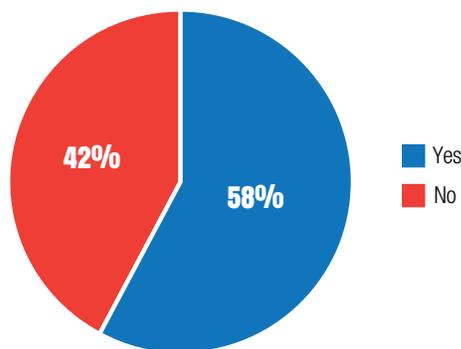
How many new add-on investments do you anticipate making over the next year?

	Average	Bottom Quartile	Median	Upper Quartile
All	4	2	2	5
Buyouts/Corporate Finance	4	2	2	4
Venture Capital	7	0	3	9

Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC; in cases where averages exceed upper quartile, large numbers toward the end of the range raised the averages

Figure 12

Are you currently in the market with a fund?

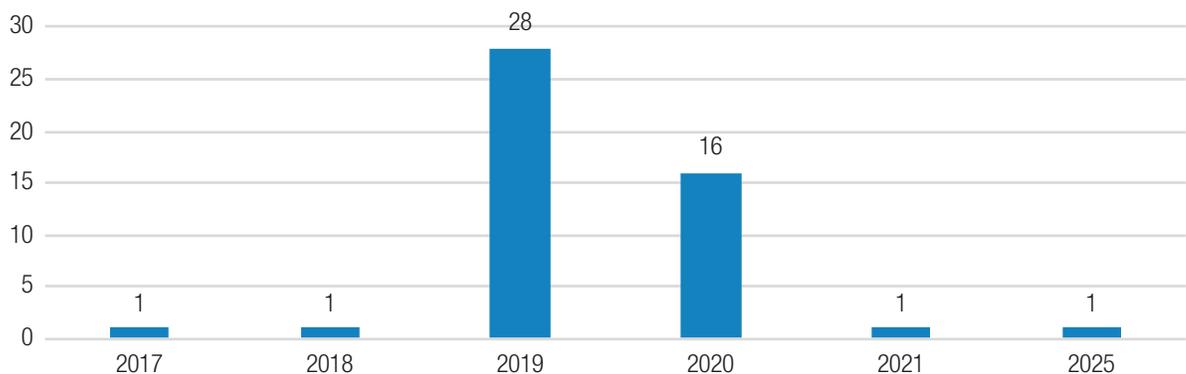


Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC

FUNDS IN MARKET:

Figure 13

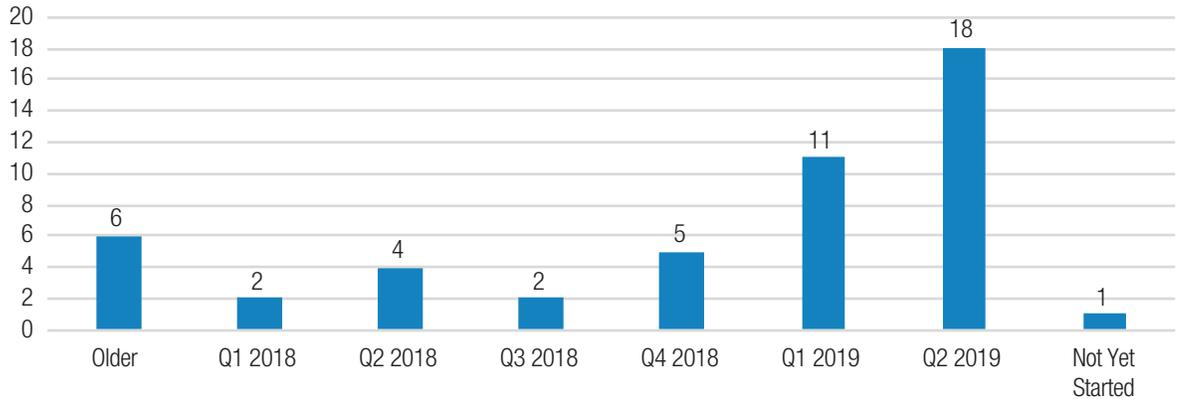
For those funds in market, what do you anticipate its vintage year will be?



Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC

Figure 14

What month/year did you start marketing the fund?



Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC

Figure 15

What was the target of the fund? (\$mln)

	Average	Bottom Quartile	Median	Upper Quartile
All	272	100	250	300
Buyouts/Corporate Finance	290	138	250	325
Venture Capital	130	75	100	150

Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC

Figure 16

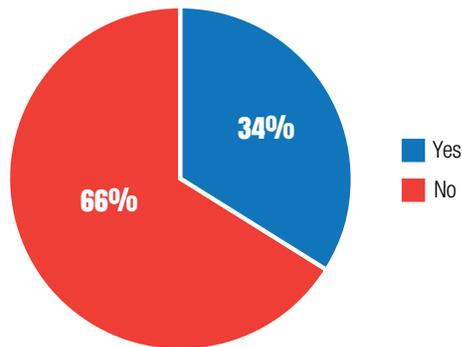
How much money have you raised so far? (\$mln)

	Average	Bottom Quartile	Median	Upper Quartile
All	49	0	20	50
Buyouts/Corporate Finance	54	2	25	50
Venture Capital	24	0	8	19

Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC; in cases where averages exceed upper quartile, large numbers toward the end of the range raised the averages

Figure 17

Are you using a placement agent?

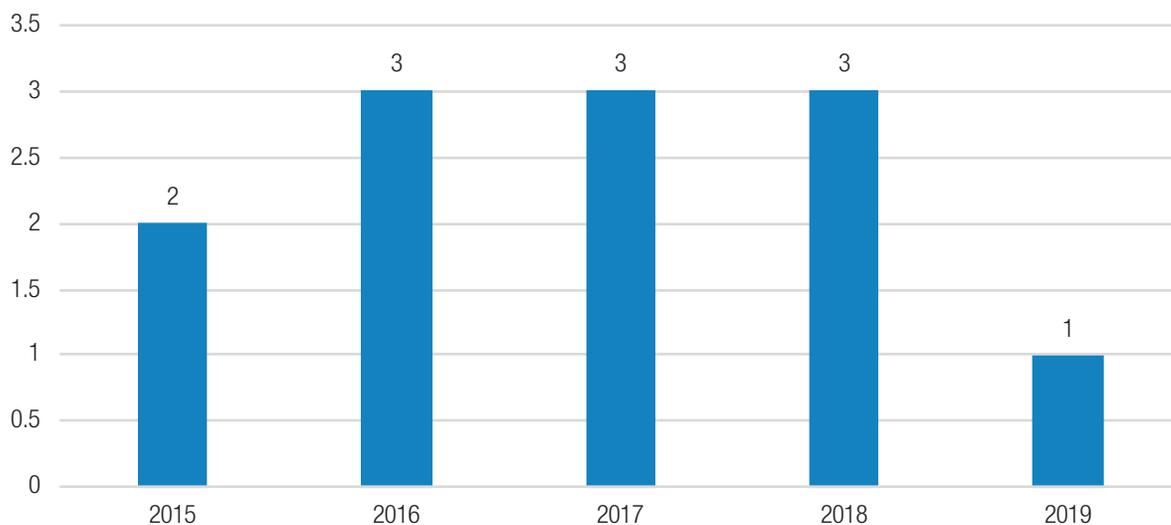


Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC

CLOSED FUNDS:

Figure 18

What was the vintage year?



Source: Buyouts Insider/Gen II Emerging Manager Survey; firms with closed funds

Figure 19

What was the target of the fund? (\$mln)

	Average	Bottom Quartile	Median	Upper Quartile
All	258	200	238	314
Buyouts/Corporate Finance	281	225	250	341
Venture Capital	143	114	143	171

Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC

Figure 20

What is the size of the fund? (\$mln)

	Average	Bottom Quartile	Median	Upper Quartile
All	257	195	250	350
Buyouts/Corporate Finance	276	213	265	353
Venture Capital	153	124	153	181

Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC

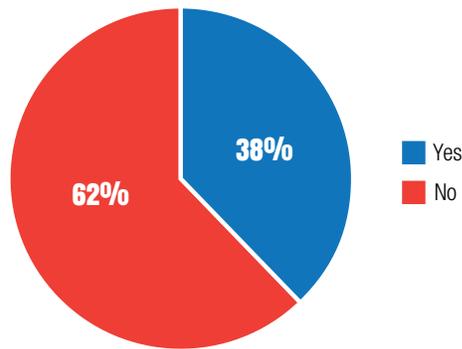
Figure 21

How many months did it take to raise the fund?

	Average	Bottom Quartile	Median	Upper Quartile
All	14	6	12	22

Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC

Figure 22

Did you use a placement agent?

Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC

Figure 23

How many prospective investors did you meet with?

	Average	First Quartile	Median	Upper Quartile
All	103	34	63	98
Buyouts/Corporate Finance	80	36	63	84
Venture Capital	215	123	215	308

Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC; in cases where averages exceed upper quartile, large numbers toward the end of the range raised the averages

Figure 24

For investors who ultimately committed, how many meetings (including conference calls) did you have with them on average?

	Average	First Quartile	Median	Upper Quartile
All	4	3	4	4
Buyouts/Corporate Finance	4	3	4	5
Venture Capital	4	3	4	4

Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC; in cases where averages exceed upper quartile, large numbers toward the end of the range raised the averages

Figure 25

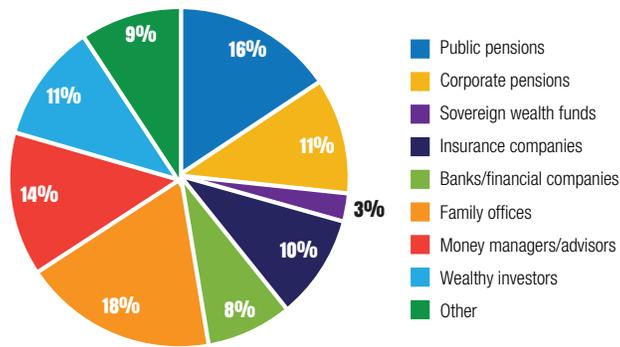
How many limited partners do you have?

	Average	First Quartile	Median	Upper Quartile
All	59	15	40	80
Buyouts/Corporate Finance	57	15	40	69
Venture Capital	67	41	67	92

Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC

Figure 26

What percentage of capital came from the following sources?

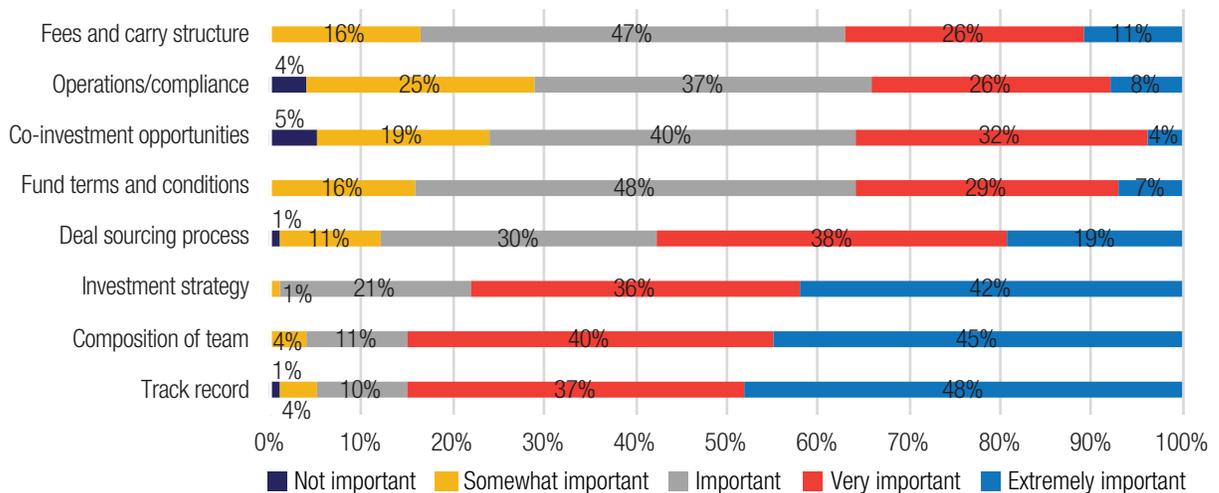


Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC

FOR ALL FUNDS:

Figure 27

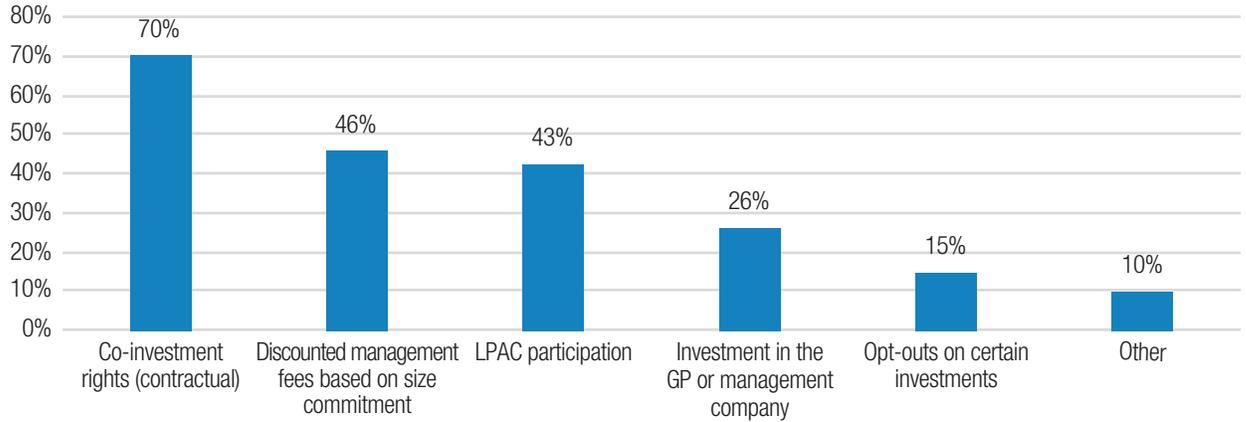
How important do you believe the following factors are for LPs evaluating your fund:



Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC

Figure 28

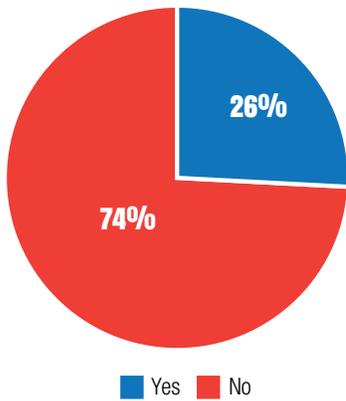
Which of the following terms did you offer/provide to investors: (Multiple responses were allowed)



Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC

Figure 29

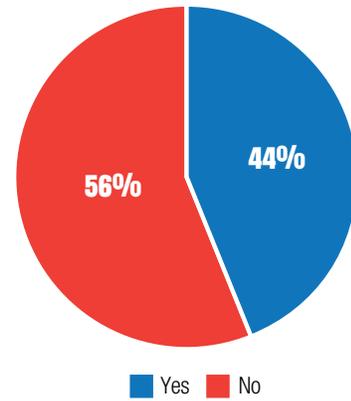
Do you receive pressure from investors regarding fees?



Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC

Figure 30

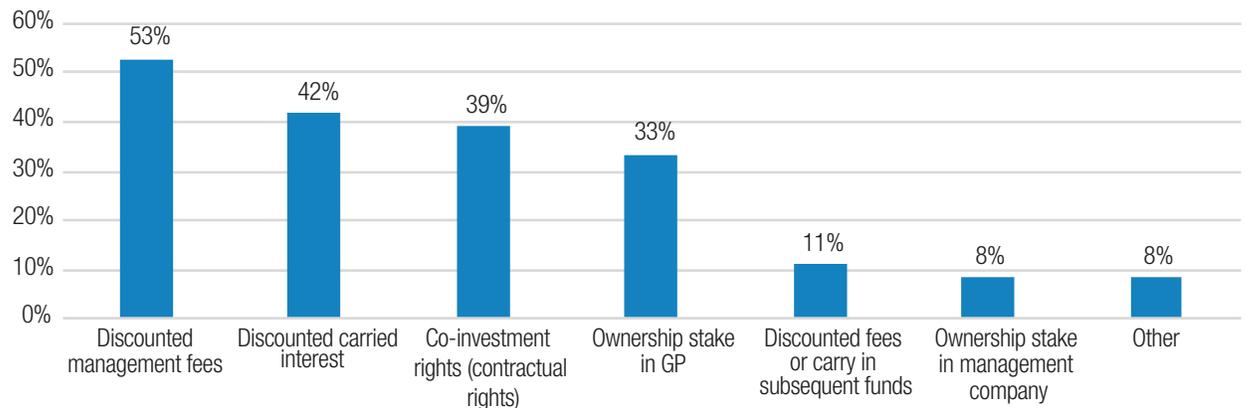
Did you have an anchor investor with more favorable economic terms?



Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC

Figure 31

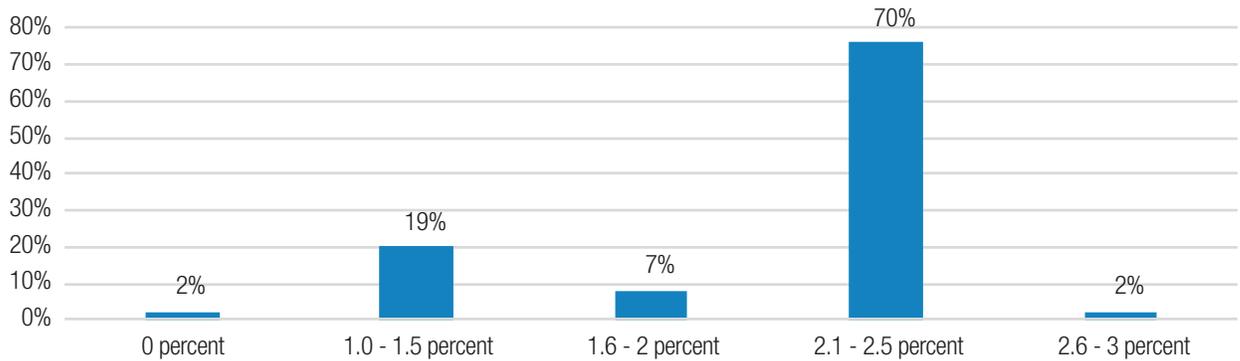
If so, what terms did the anchor investor receive? (Multiple responses were allowed)



Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC

Figure 32

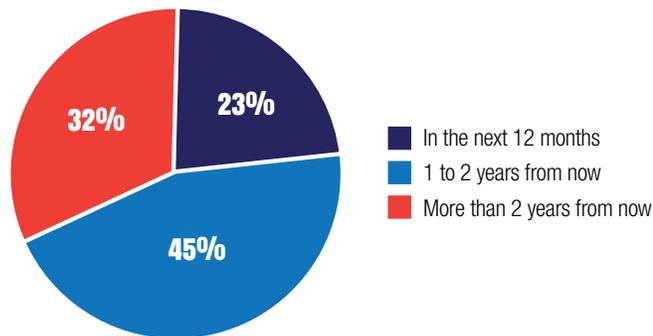
What management fee as a percentage have you asked for in your fund?



Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC

Figure 33

When do you plan to start marketing your next fund?



Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC

Figure 34

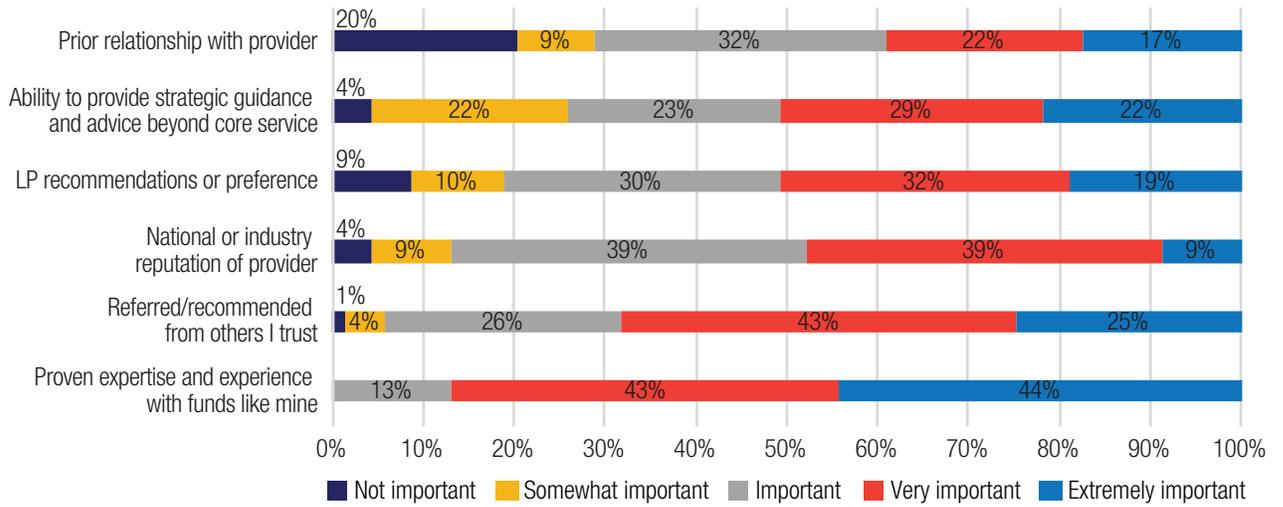
How many months in advance of the first closing did you engage with (or do you anticipate engaging with) the following professional services firms:

	Average	First Quartile	Median	Upper Quartile
All	6	2	6	8
Fund administrators	6	2	6	6
Compliance consultants	4	1	3	6
Law firms	8	3	6	12
Placement Agents	5	0	6	6

Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC

Figure 35

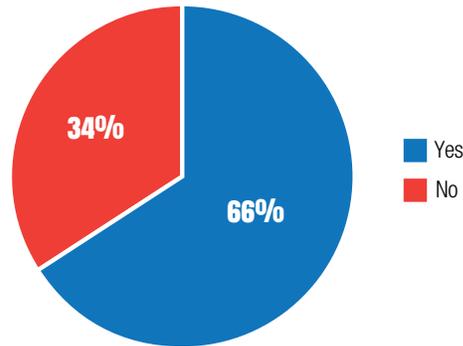
How important are the following factors in choosing service providers?



Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC

Figure 36

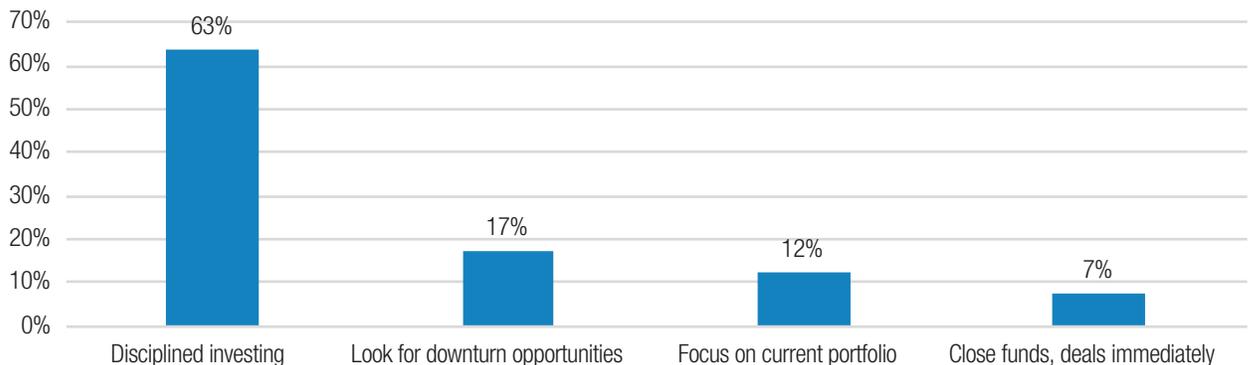
Do you believe there will be a market correction or downturn within the next 18 months?



Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC

Figure 37

How are you preparing for a market downturn?



Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC

withum

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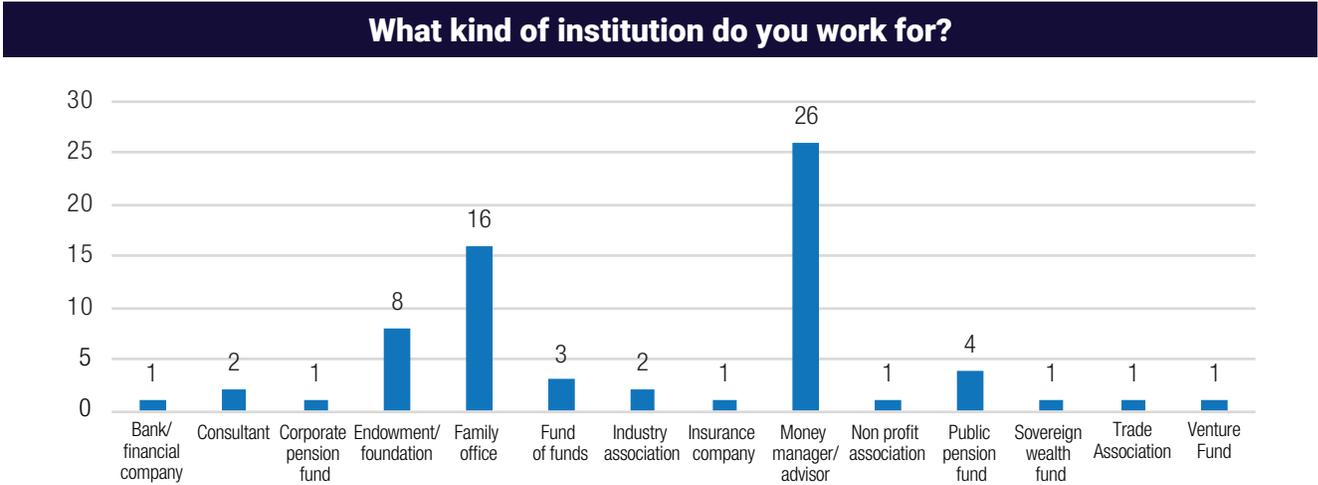
Tom Angell, CPA, Partner, Practice Leader

BE IN A POSITION OF STRENGTH

SURVEY OF INSTITUTIONAL INVESTORS WITH AN APPETITE FOR EMERGING MANAGERS

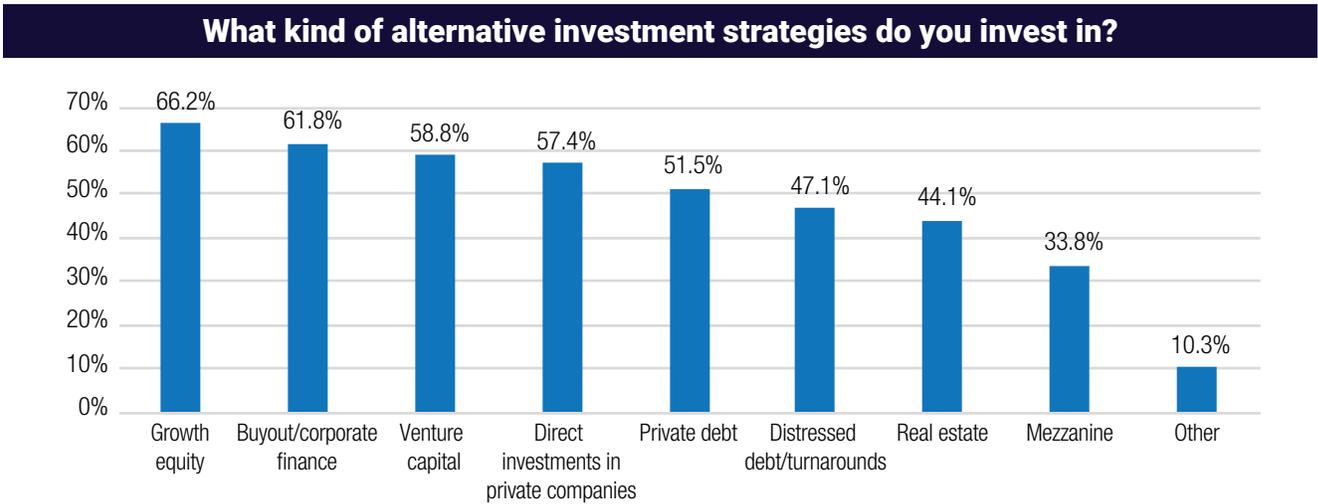
Small Investors: those that commit less than \$100M/year to PE/VC
 Big Investors: those that commit \$100M/year or more to PE/VC

Figure 38



Source: Survey of emerging manager investors by Buyouts Insider in partnership with Gen II Fund Services LLC

Figure 39



Source: Survey of emerging manager investors by Buyouts Insider in partnership with Gen II Fund Services LLC

Figure 40

What are your organization's total assets under management? (\$mln)

	Average	First Quartile	Median	Upper Quartile
All	10,387	350	1,500	5,125
Small	2,742	188	400	2,075
Large	18,542	1,500	4,950	10,137

Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC; in cases where averages exceed upper quartile, large numbers toward the end of the range raised the averages

Figure 41

What is your target allocation to PE/VC, as a percentage?				
	Average	First Quartile	Median	Upper Quartile
All	49	12	40	100
Small	45	14	38	63
Large	53	12	50	100

Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC; in cases where averages exceed upper quartile, large numbers toward the end of the range raised the averages

Figure 42

What is the value of your overall PE/VC portfolio? (\$mIn)				
	Average	First Quartile	Median	Upper Quartile
All	4,785	150	400	1,400
Small	8,223	65	150	200
Large	2,302	425	675	2,285

Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC; in cases where averages exceed upper quartile, large numbers toward the end of the range raised the averages

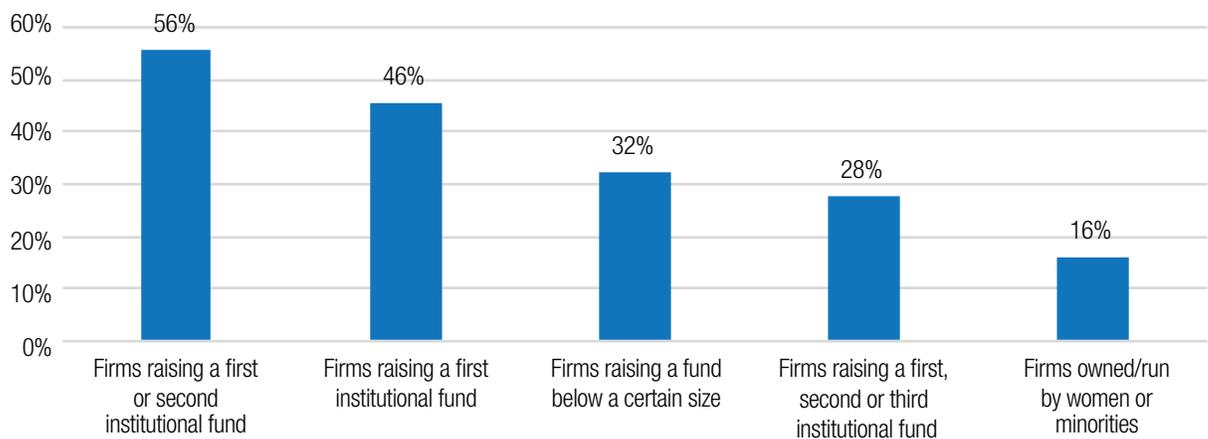
Figure 43

How much capital do you commit to PE/VC funds per year on average? (\$mIn)				
	Average	First Quartile	Median	Upper Quartile
All	150	30	100	138
Small	32	20	30	50
Large	262	101	138	375

Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC; in cases where averages exceed upper quartile, large numbers toward the end of the range raised the averages

Figure 44

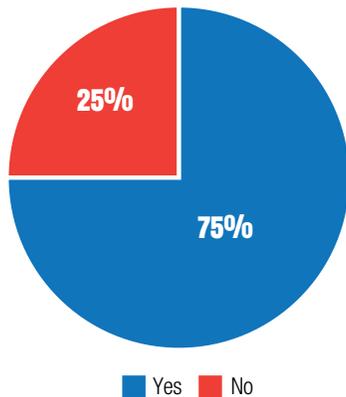
**How do you define the term “emerging manager” when it comes to PE/VC?
(Multiple responses were allowed)**



Source: Survey of emerging manager investors by Buyouts Insider in partnership with Gen II Fund Services LLC

Figure 45

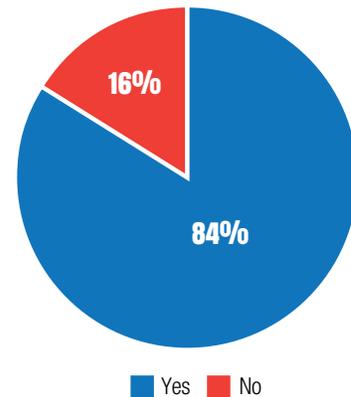
Will you back a debut PE/VC fund?



Source: Survey of emerging manager investors by Buyouts Insider in partnership with Gen II Fund Services LLC

Figure 46

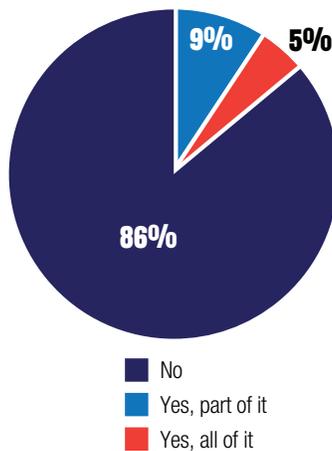
Will you back an EM PE/VC fund?



Source: Survey of emerging manager investors by Buyouts Insider in partnership with Gen II Fund Services LLC

Figure 47

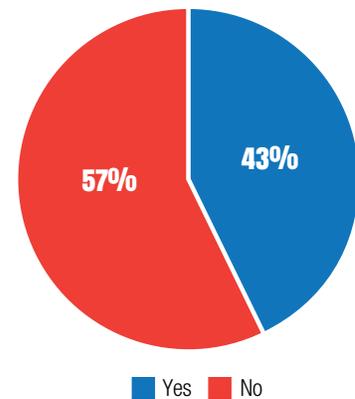
Do you outsource at least a portion of your emerging manager program to a third-party advisor?



Source: Survey of emerging manager investors by Buyouts Insider in partnership with Gen II Fund Services LLC

Figure 48

Do you have a formal allocation to PE/VC emerging managers?



Source: Survey of emerging manager investors by Buyouts Insider in partnership with Gen II Fund Services LLC

Figure 49

If yes, what is the allocation target as a percentage of your total PE/VC portfolio?

	Average	First Quartile	Median	Upper Quartile
All	50%	10%	25%	100%
Small	60%	25%	63%	100%
Large	42%	9%	25%	75%

Source: Survey of emerging manager investors by Buyouts Insider in partnership with Gen II Fund Services LLC

Figure 50

How many emerging managers do you meet with per year?				
	Average	First Quartile	Median	Upper Quartile
All	52	13	30	63
Small	38	9	23	55
Large	65	19	33	63

Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC; in cases where averages exceed upper quartile, large numbers toward the end of the range raised the averages

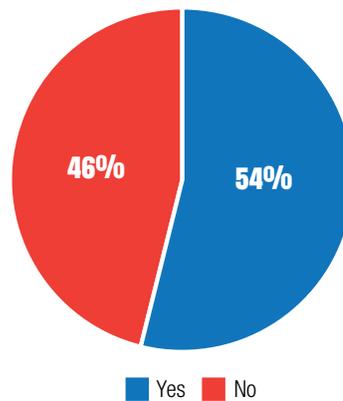
Figure 51

How many emerging manager funds do you anticipate backing over the next year?				
	Average	First Quartile	Median	Upper Quartile
All	4	2	3	4
Small	4	2	3	3
Large	3	2	3	5

Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC; in cases where averages exceed upper quartile, large numbers toward the end of the range raised the averages

Figure 52

Do you prefer to make co-investments with emerging managers?



Source: Survey of emerging manager investors by Buyouts Insider in partnership with Gen II Fund Services LLC

Figure 53

How many co-investments do you anticipate making alongside emerging manager funds over the next year?

	Average	First Quartile	Median	Upper Quartile
All	6	3	5	8
Small	4	2	4	6
Large	8	5	6	10

Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC

Figure 54

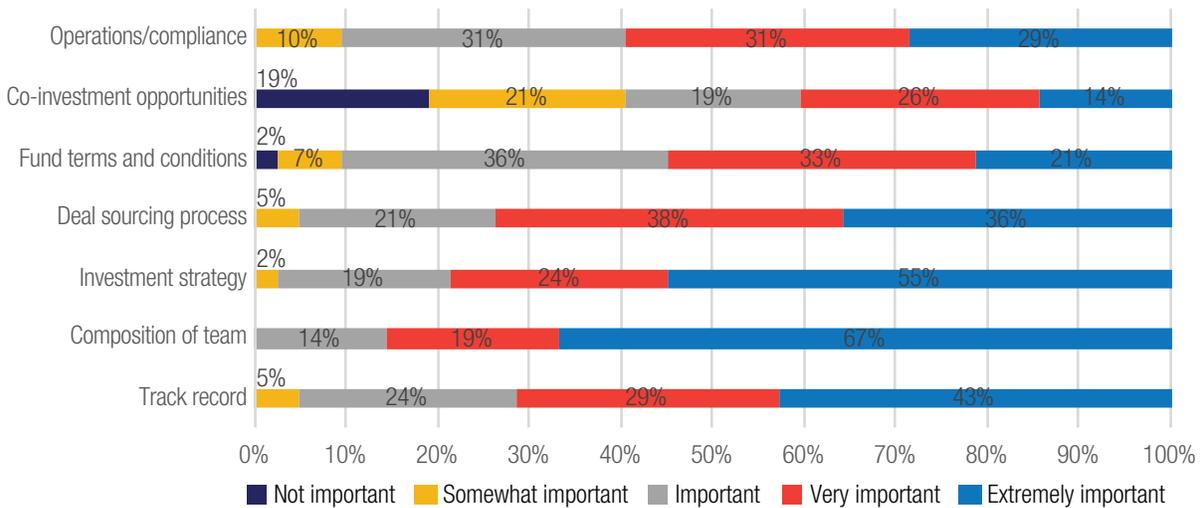
What is your target allocation as a percentage of your total PE/VC portfolio regarding co-investment opportunities?

	Average	First Quartile	Median	Upper Quartile
All	18	5	14	25
Small	16	5	8	25
Large	21	12	20	28

Source: Survey of emerging manager investors by Buyouts Insider in partnership with Gen II Fund Services LLC

Figure 55

How important are the following factors when evaluating an emerging manager fund?



Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC

Figure 56

What's a typical commitment size you'll make to an emerging manager fund? (\$mIn)

	Average	First Quartile	Median	Upper Quartile
All	19	5	10	21
Small	11	5	10	16
Large	27	9	15	33

Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC

Figure 57

How long does it typically take from first introduction to a signed commitment? (months)

	Average	First Quartile	Median	Upper Quartile
All	8	6	6	10
Small	8	6	6	10
Large	9	6	6	12

Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC

Figure 58

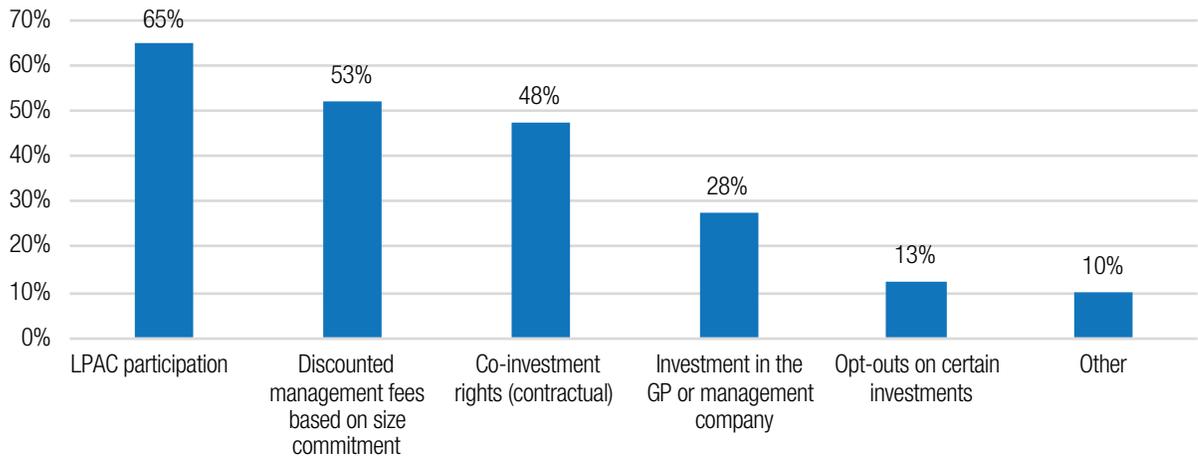
How many meetings, including conference calls, would you expect to have with an emerging manager before making a commitment?

	Average	First Quartile	Median	Upper Quartile
All	8	5	6	10
Small	7	5	6	10
Large	8	5	6	10

Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC

Figure 59

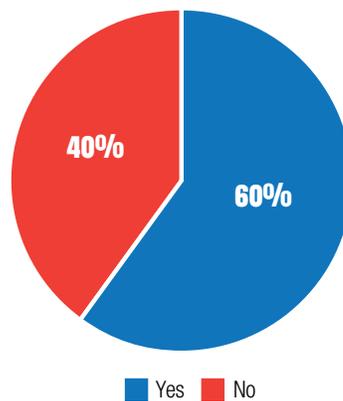
What kind of terms do you try to negotiate from emerging managers? (Multiple responses were allowed)



Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC

Figure 60

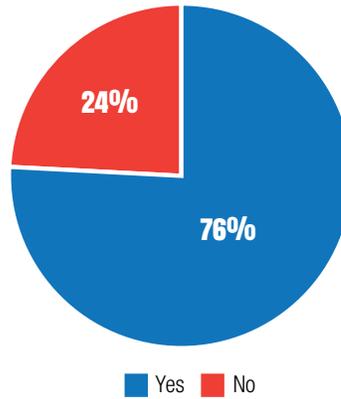
Do you believe that LPs are pushing harder with GPs in negotiating fees?



Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC

Figure 61

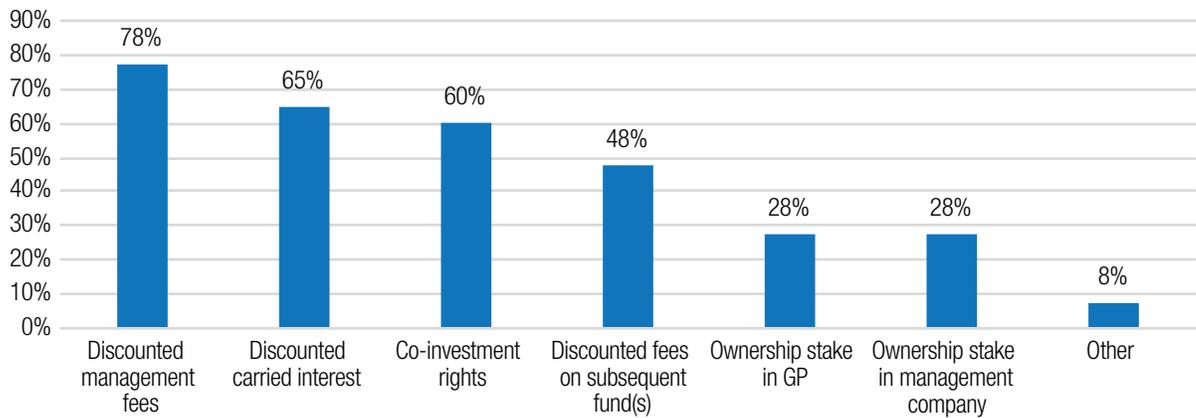
Would you make an anchor commitment to an emerging manager?



Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC

Figure 62

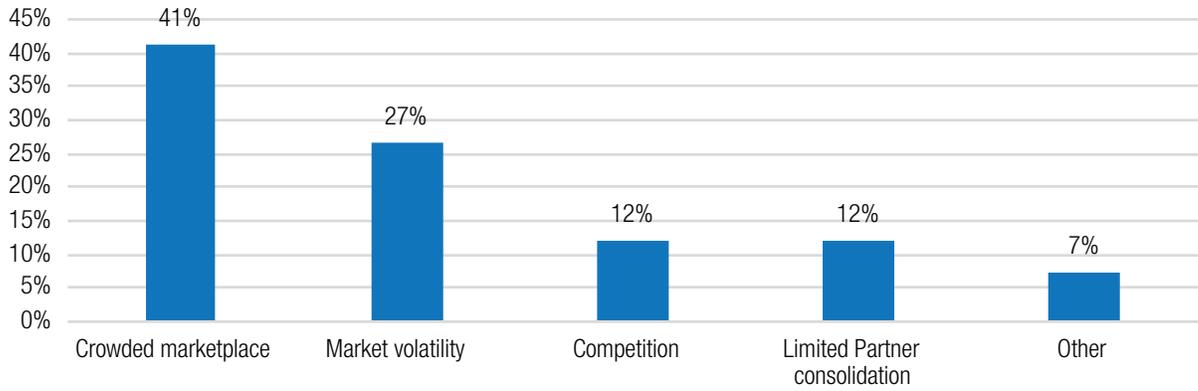
If you were to make an anchor commitment, what special terms would you seek? (Multiple responses were allowed)



Source: Survey of emerging manager investors by Buyouts Insider in partnership with Gen II Fund Services LLC

Figure 63

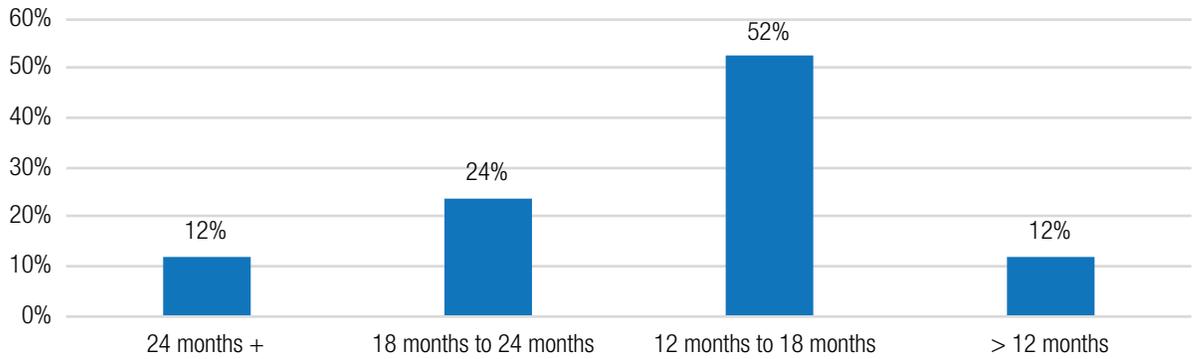
What is the biggest hindrance to PE/VC fundraising during the next 18 months?



Source: Survey of emerging manager investors by Buyouts Insider in partnership with Gen II Fund Services LLC

Figure 64

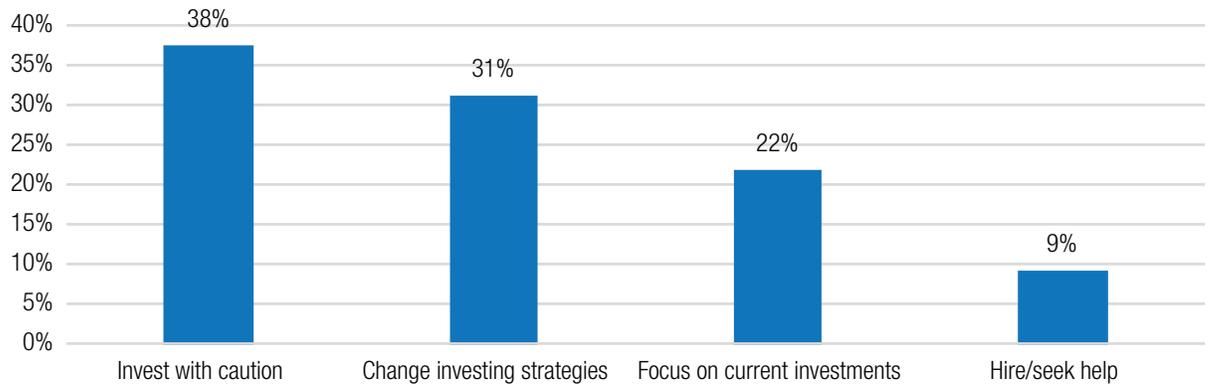
When do you believe there will be a market correction or downturn?



Source: Survey of emerging manager investors by Buyouts Insider in partnership with Gen II Fund Services LLC

Figure 65

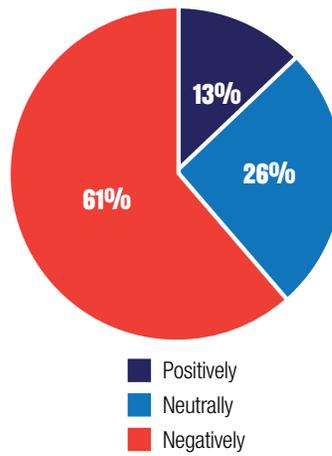
How are you preparing for a market correction or downturn?



Source: Survey of emerging manager investors by Buyouts Insider in partnership with Gen II Fund Services LLC

Figure 66

How do you believe a market correction or downturn will impact PE/VC fundraising?



Source: Survey of emerging manager investors by Buyouts Insider in partnership with Gen II Fund Services LLC