2ND 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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IN PARTNERSHIP WITH GEN II FUND SERVICES, LLC

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Buyouts Insider

INTRODUCTION

Emerging managers are operating in the dark no longer—thanks to a surveying partnership struck last year between publisher Buyouts Insider and fund administrator Gen II Fund Services, LLC.

How many months can emerging managers expect to spend raising their funds? The average is 11, according to a survey of roughly 50 emerging managers conducted this spring.

What percentage of emerging managers use placement agents to enhance their marketing efforts? About a third of those currently in the market with funds do, according to the survey. What percentage of emerging managers take on an anchor investor with more favorable economic terms? It's about half, and in nearly half those cases the anchor investor received a discount on carried interest.

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? More than two-thirds 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. Nearly 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 the first edition, 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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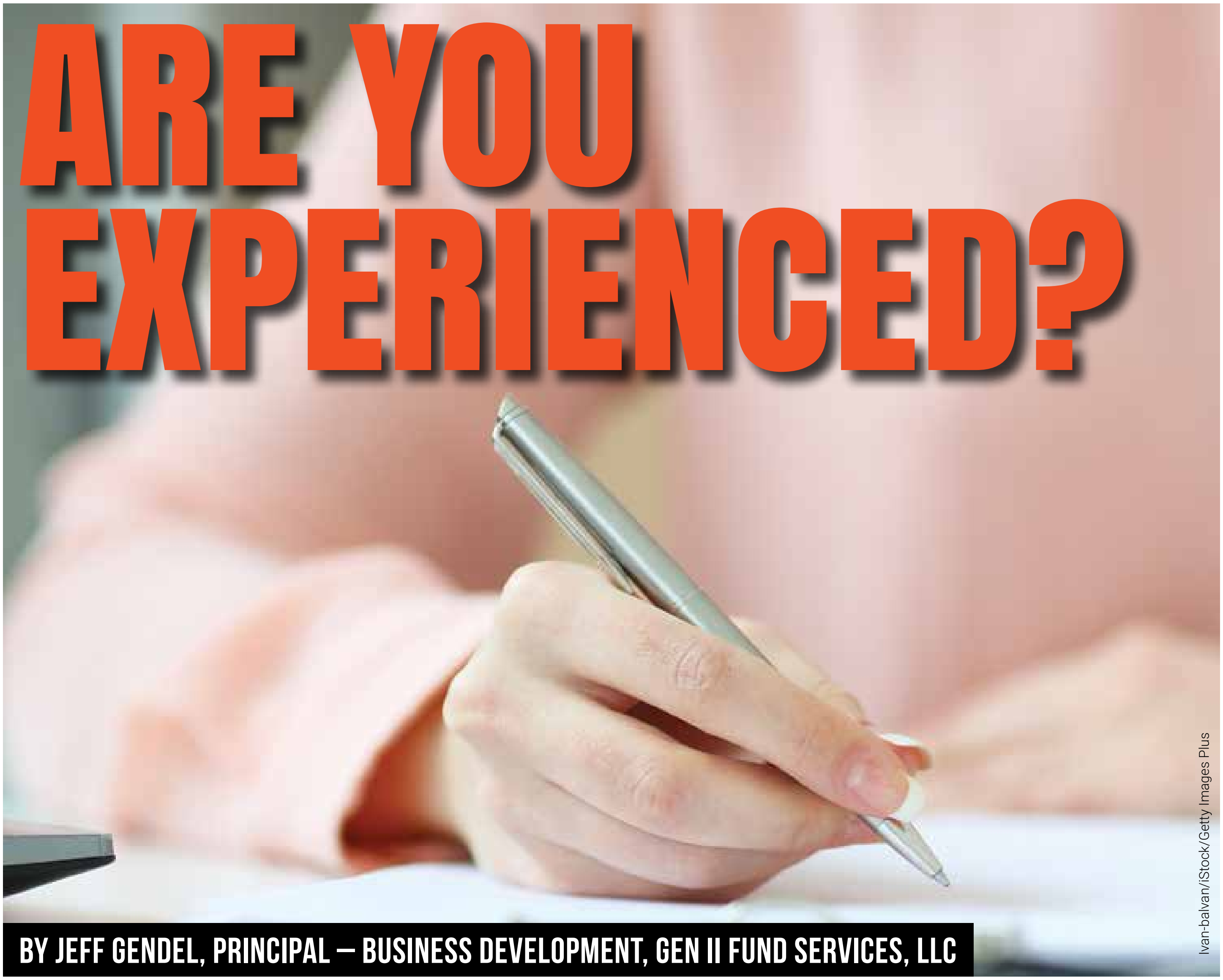
ARE YOU EXPERIENCED?



Ivan-balvan/iStock/Getty Images Plus

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

Emerging managers place a higher value on relevant experience when picking a service provider than they do on having a prior relationship with the provider, a recent survey finds.

The Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC, for the second 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, making it again, clearly the most important attribute when considering 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 two surveys underscores the importance for managers to investigate the relevant experience and track record of their service partners with similar funds.

In serving emerging managers for over 25 years, we've found there's no substitute for prior experience. Given the complexity 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 50 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 25 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 sourcing an administrator for their fund, it is imperative to look for several specific qualifications. 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.

> **"At Gen II, we've helped launch over 50 emerging managers."**

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, independent quality control and respect and visibility across the LP community are what emerging managers seek. Ultimately, as the survey indicates, 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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Description of services

Gen II Fund Services, LLC ("Gen II") is the largest independent private equity fund administrator, covering over $200B of private capital and reporting to over 12,000 LPs on behalf of our clients.

Gen II has helped launch over 50 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.

In 2017, the four largest emerging managers that outsourced all selected Gen II for fund administration.*

*Source: Preqin

Administering over
$200B
in private fund capital

99%
client retention rate

Over
110
sponsors

25
years of fund administration experience

Helped over
50
Emerging Managers and Spin-out Groups successfully launch

Service Organization Controls Compliant (SSAE-18 SOC 1, Type 2)

Administering over
2,100
fund entities

Dedicated service team, led by a Partner

Over
250
professionals

Servicing over
12,000
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 25 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 50 emerging managers and spin-out groups, helping them to raise over $20 Billion.

In 2017, the 4 largest emerging managers that outsourced all selected Gen II for fund administration.*

*Source: Preqin

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Trusted Partners.
Proven Experts.
Exclusively Focused.

EMs HAVE BIG HIRING PLANS THIS YEAR; TAKE DIVERSITY SERIOUSLY

BY DAVID TOLL, EXECUTIVE EDITOR, BUYOUTS INSIDER

Young private equity firms are feeling their oats.

A survey this spring by financial publisher Buyouts Insider and fund administrator Gen II Fund Services, LLC finds that more than two-thirds of venture capital-focused emerging managers plan to hire additional staff over the next 12 months, primarily at the junior level on both the administrative and investment sides of their firms. The same is true for more than three-quarters of buyouts/corporate finance-focused emerging managers.

For those venture capital emerging managers in hiring mode, the average number of staffers they plan to add is two, as is the median, according to the survey. For buyout/corporate finance emerging managers, the average is three and the median is two.

Emerging managers will need that extra staff to realize their investment plans. Over the next year, for example, the average buyouts/corporate finance firm in our survey plans to make four new platform investments and four add-on investments. The average buyouts/corporate finance firm in our survey already has seven active portfolio companies, while the average venture capital firm in our survey has 27.

All told, Buyouts Insider and Gen II Fund Services surveyed some 50 emerging managers this spring to learn more about their experiences on the fundraising trail. They grouped respondents into two broad categories—venture capital firms and buyouts/corporate finance firms, the latter category including such strategies as buyout, distressed debt/turnaround and mezzanine. To learn more about the buy-side of the market they also surveyed more than 40 institutional investors, most of which have an appetite for emerging managers. It was the second annual edition of the surveys.

For the first time this year Buyouts Insider and Gen II Fund Services asked questions related to diversity and environmental, social and governance (ESG). Well over a third of emerging managers surveyed said that hiring women and minorities was either very important (17 percent) or extremely important (21 percent) to them. Another third called it important. At the same time, more than one in five said that striving toward ESG goals was either very important (5 percent) or extremely important (16 percent). Another two in five called it important.

Interestingly, the emerging managers appear to take diversity and ESG even more seriously than do the investors that back them. Just 14 percent of investors surveyed said that it was either very important (8 percent) or extremely important (5 percent) that emerging managers hire women and minorities. Another 30 percent said it was important. At the same time, just 16 percent said that it was either very important (8 percent) or extremely important (8 percent) that emerging managers set ESG targets; another 16 percent said it was important.

What to make of the modest disconnect? Our guess: Compared with more established fund managers, investors have other priorities for their emerging managers, such as making sure they're investing enough dollars in deal sourcing and back-office operations. Diversity and ESG are nice-to-haves but not need-to-haves for next-generation firms.

As with the first annual survey, Buyouts Insider and Gen II Fund Services found emerging managers and their backers on the same page when it comes to picking what factors are most important to investors in fund due diligence. Investors rank composition of team as the most important factor in evaluating emerging-manager funds (more than 90 percent rank this factor either extremely important or very important). That is followed by investment strategy and deal sourcing process.

Similarly, more than 90 percent of emerging managers believe composition of team to be either extremely important or very important factors for investors in evaluating their funds, followed by investment strategy and track record.

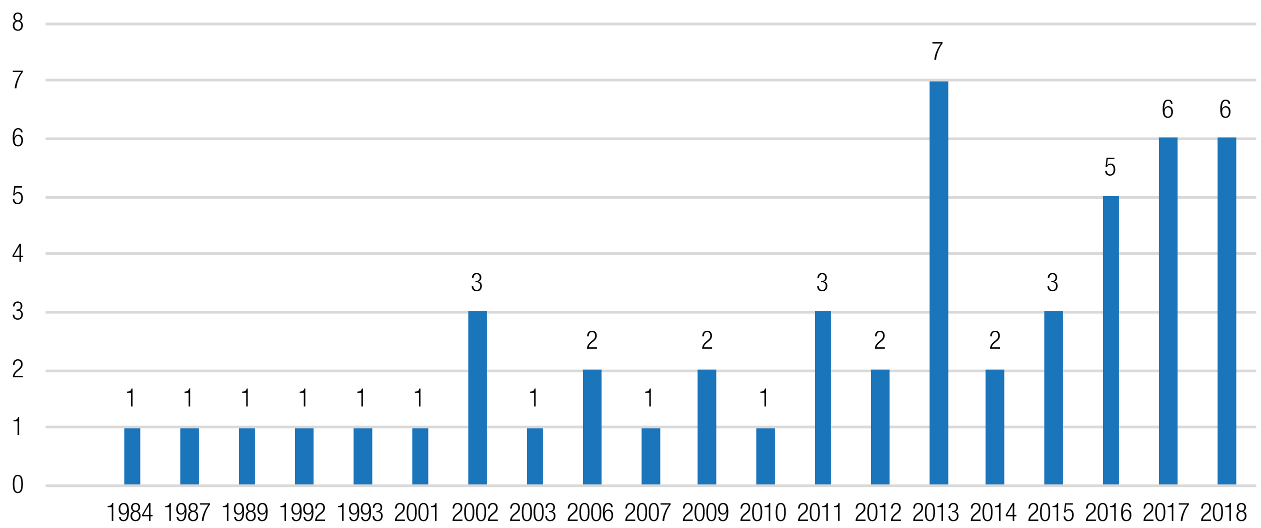
Another important question addressed by the first two editions of the survey: Where is the money coming from for emerging manager funds these days.

More than 20 percent comes from family offices, the most of any category, and another 17 percent from corporate pension funds. That was followed by the "other" category at 16 percent, public pensions at 15 percent and wealth investors at 12 percent. Money managers and advisors, which channel money from those other categories, account for 7 percent.

PE/VC EMERGING MANAGER SURVEY

Figure 1

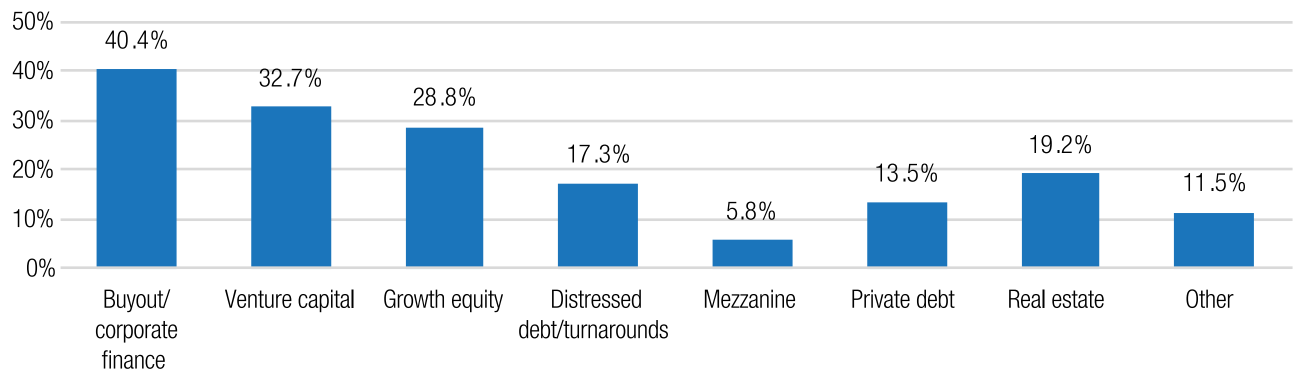
What year was your firm founded?



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

Figure 2

What kind of investment strategy does your firm pursue? * (respondents could pick more than one answer)



*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	8
Buyouts/Corporate Finance	6	3	4	9
Venture Capital	6	4	5	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 4

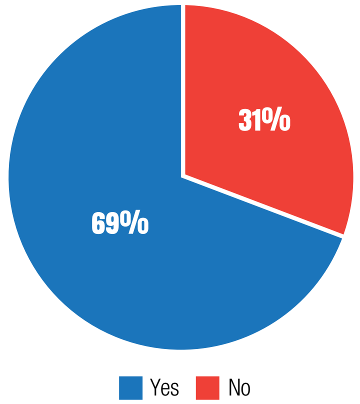
How many total people work for your firm?

	Average	Bottom Quartile	Median	Upper Quartile
All	22	5	8	13
Buyouts/Corporate Finance	27	4	8	15
Venture Capital	11	5	8	12

Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLClarge numbers toward the end of the range raised the averages

Figure 5a

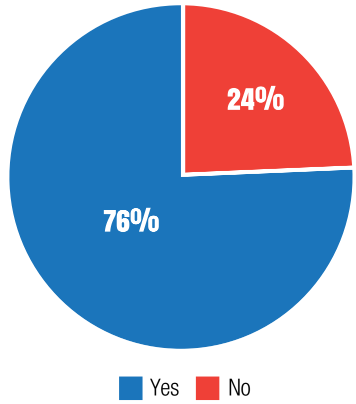
Venture Firms: Do you plan to hire additional staff over the next 12 months?



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

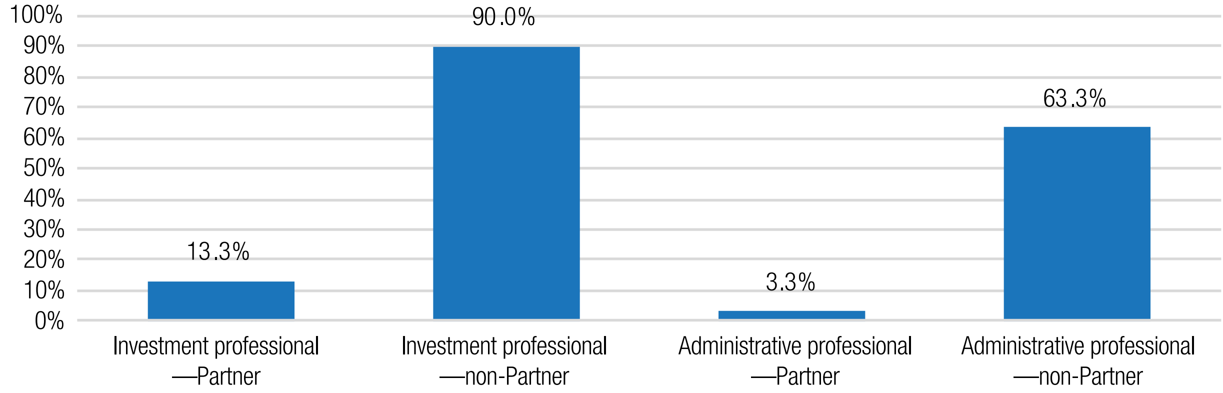
If so, how many staffers do you plan to add?

	Average	Bottom Quartile	Median	Upper Quartile
All	3	2	2	3
Buyouts/Corporate Finance	3	2	2	3
Venture Capital	2	2	2	3

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 (respondents could pick more than one answer)



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	295	50	155	421
Buyouts/Corporate Finance	274	30	150	441
Venture Capital	366	117	165	324

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 9

How many active portfolio companies do you have?

	Average	Bottom Quartile	Median	Upper Quartile
All	12	1	5	16
Buyouts/Corporate Finance	7	0	3	8
Venture Capital	27	10	17	22

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 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	4	3	4	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 11

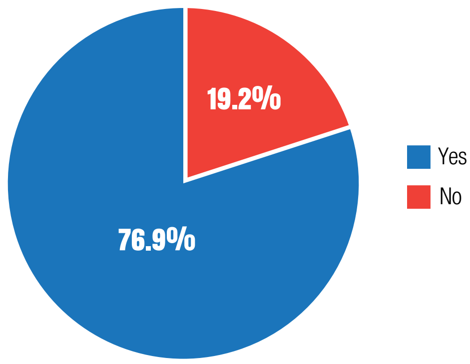
How many new add-on investments do you anticipate making over the next year?

	Average	Bottom Quartile	Median	Upper Quartile
All	5	1	3	6
Buyouts/Corporate Finance	4	1	2	6
Venture Capital	6	2	5	10

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?

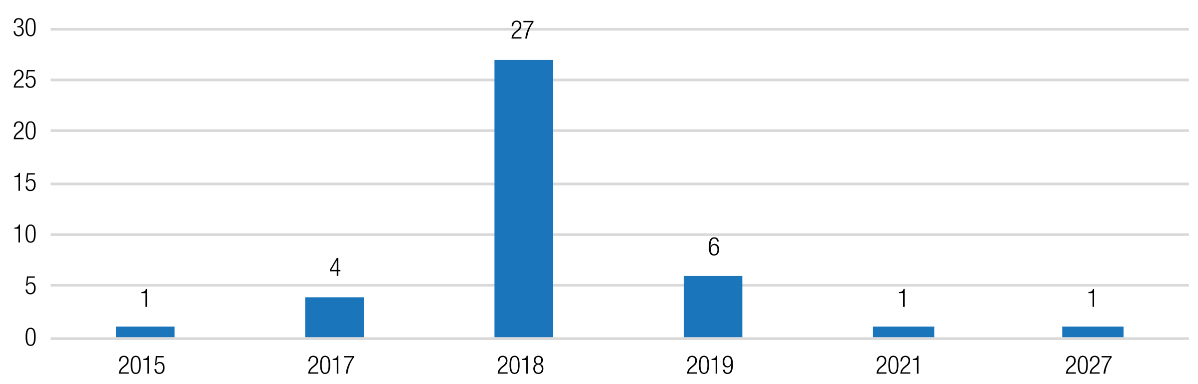


Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC

FOR FUNDS IN MARKET:

Figure 13

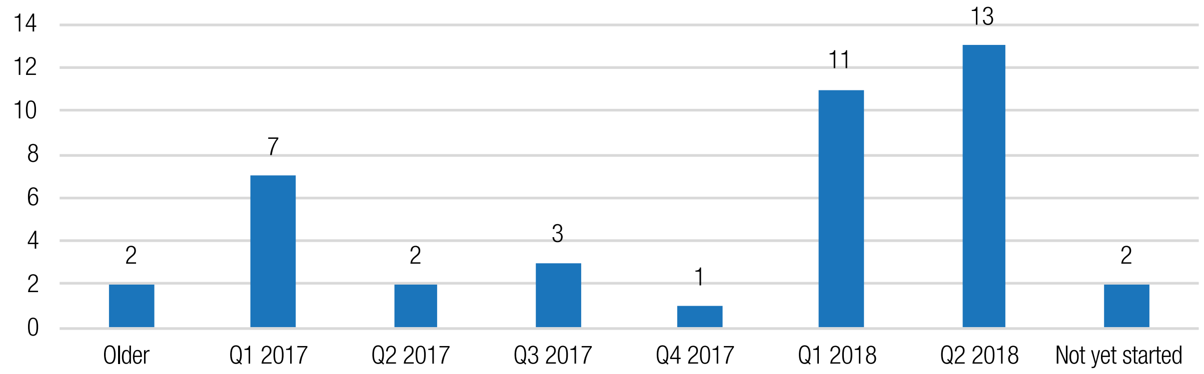
For those funds in market, what do you anticipate its vintage year will be?



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	258	138	200	325
Buyouts/Corporate Finance	303	200	250	400
Venture Capital	125	100	100	150

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 16

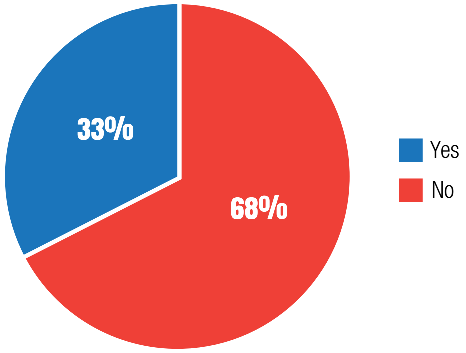
How much money have you raised so far? ($mln)

	Average	Bottom Quartile	Median	Upper Quartile
All	70	0	29	100
Buyouts/Corporate Finance	73	0	23	105
Venture Capital	63	22	54	79

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?

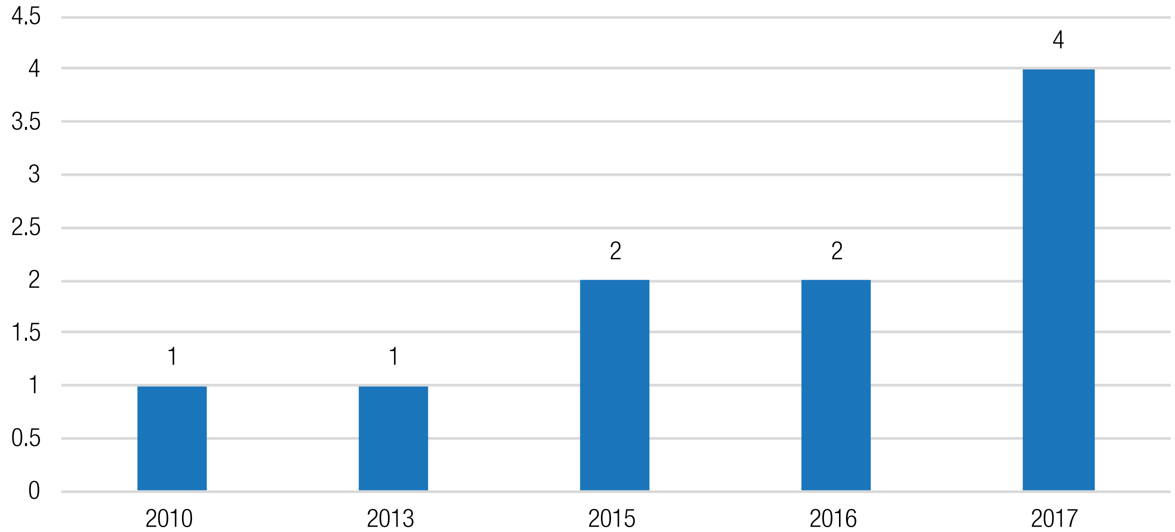


Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC

FOR FIRMS WHOSE LATEST FUND IS CLOSED:

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	269	100	200	225
Buyouts/Corporate Finance	246	100	150	213
Venture Capital	350	275	350	425

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 20

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

	Average	Bottom Quartile	Median	Upper Quartile
All	339	100	233	268
Buyouts/Corporate Finance	371	133	242	264
Venture Capital	276	155	209	365

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 21

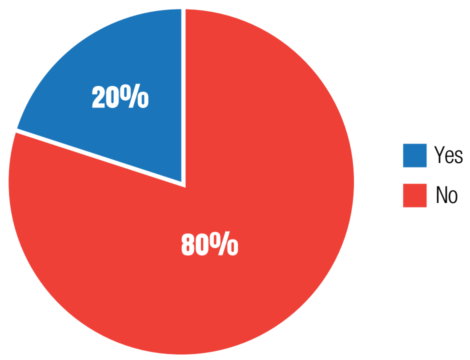
How many months did it take to raise the fund?

	Average	Bottom Quartile	Median	Upper Quartile
All	11	7	10	14

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 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	82	30	60	100
Buyouts/Corporate Finance	102	45	80	138
Venture Capital	44	16	30	65

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

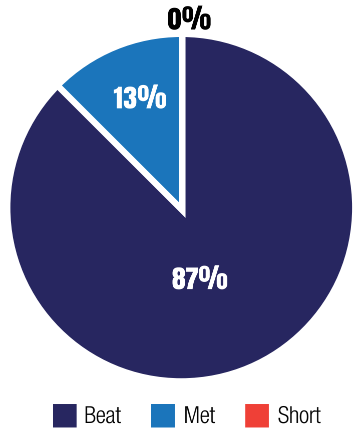
How many limited partners do you have?

	Average	First Quartile	Median	Upper Quartile
All	44	19	25	50
Buyouts/Corporate Finance	42	20	24	44
Venture Capital	49	14	27	73

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 26

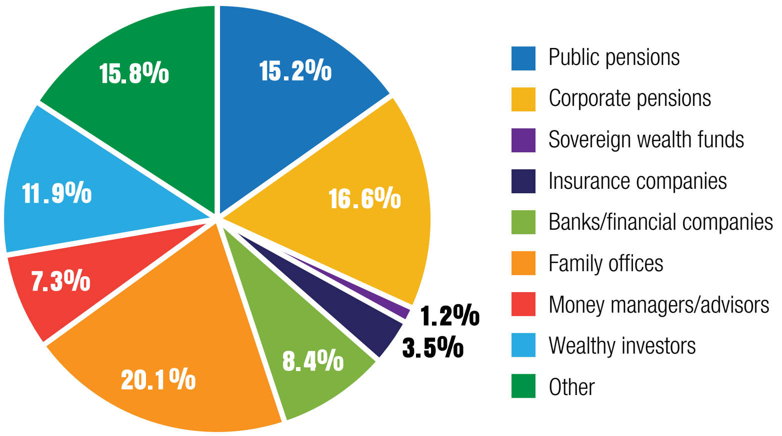
What percent of funds met, beat or fell short of target?



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

Figure 27

What percentage of capital came from the following sources?

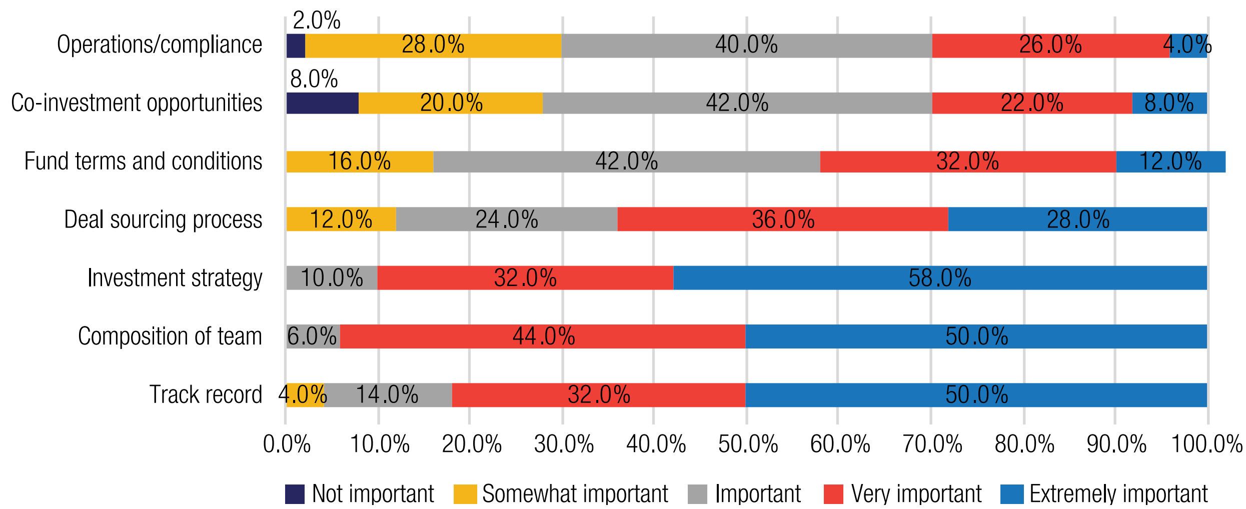


Source: Emerging Manager Survey, published by Buyouts Insider in partnership with Gen II Fund Services, LLC

FOR ALL FUNDS:

Figure 28

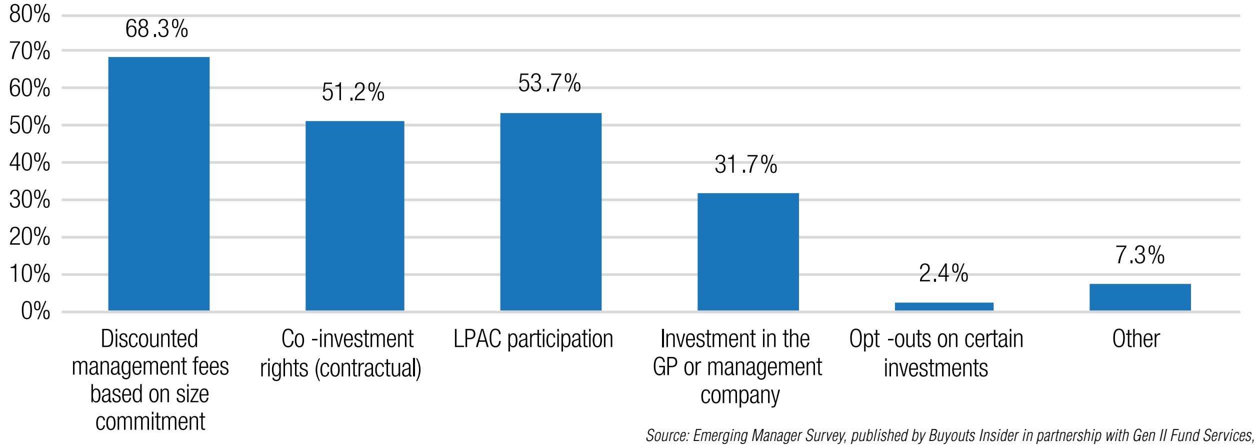
How important do you believe the following factors are for LPs evaluating your fund:



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

Figure 29

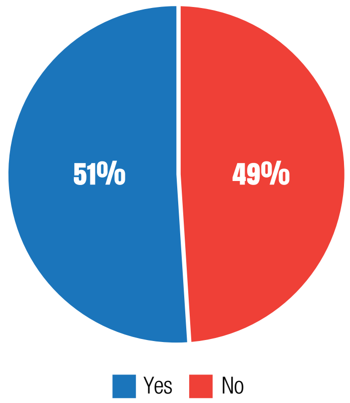
Which of the following terms did you offer/provide to investors: (respondents could pick more than one answer)



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

Figure 30

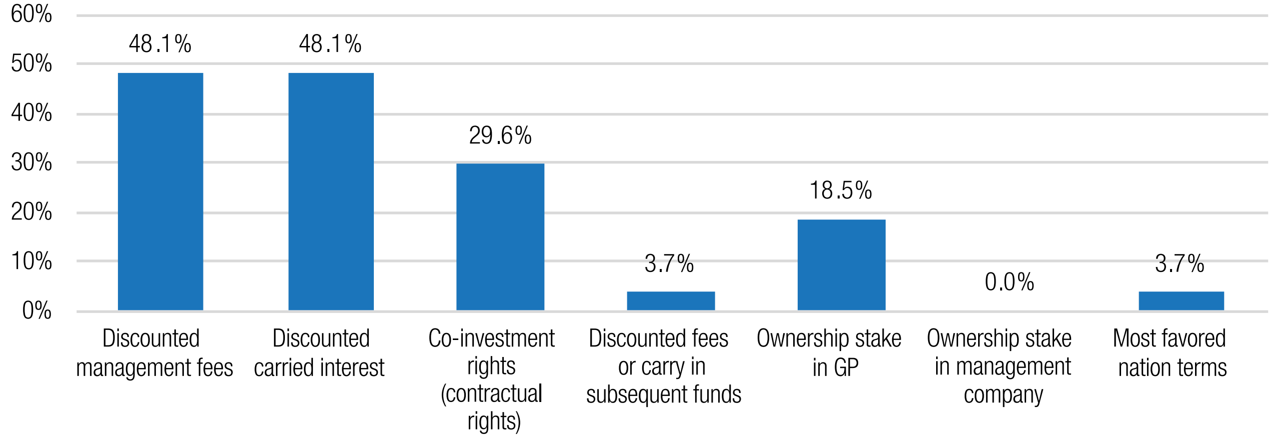
Did you have an anchor investor with more favorable economic terms?



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

Figure 31

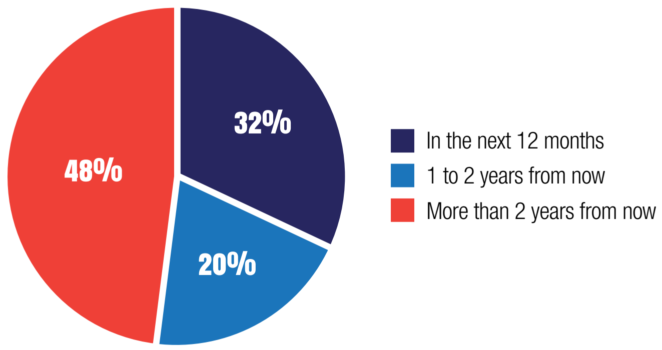
If so, what terms did the anchor investor receive? (respondents could pick more than one answer)



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

Figure 32

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 33

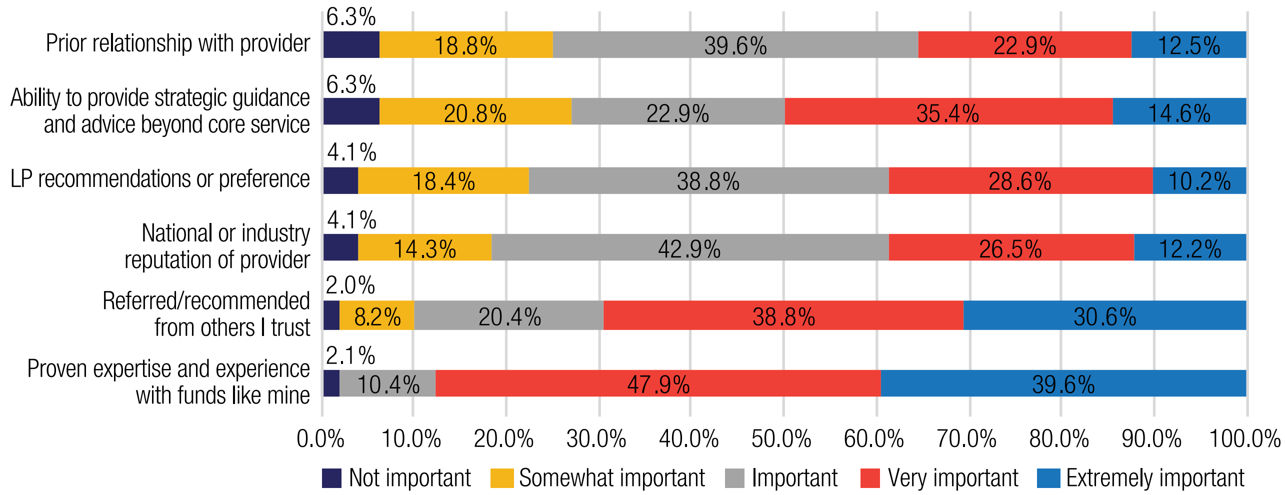
How many months in advance of the first closing did you engage with (or do you anticipate engaging with) the following professional services firms:

	Average	First Quartile	Median	Upper Quartile
All	6	2	6	10
Fund administrators	6	2	3	6
Compliance consultants	4	1	3	6
Law firms	9	6	6	12

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 34

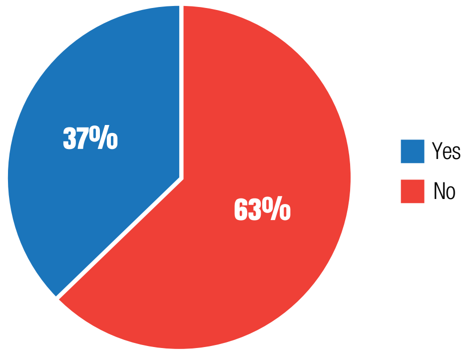
How important are the following factors in choosing service providers?



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

Figure 35

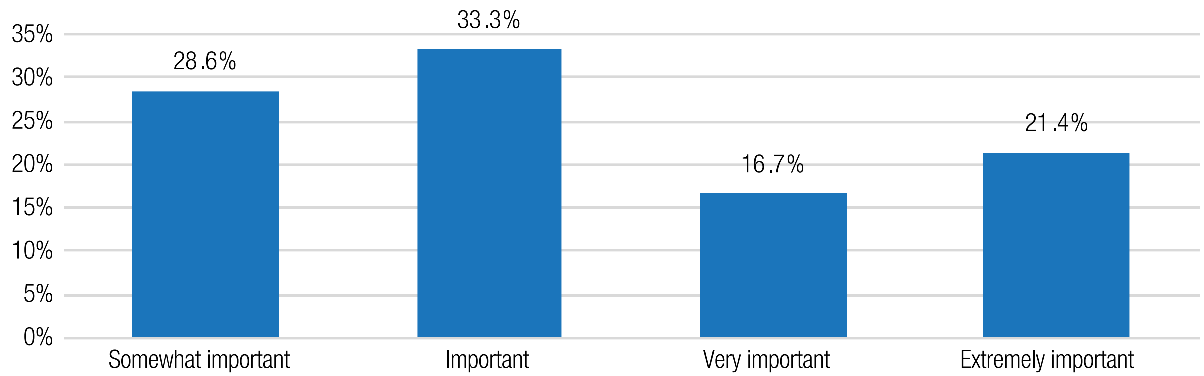
Is your firm owned by women or minorities?



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

Figure 36

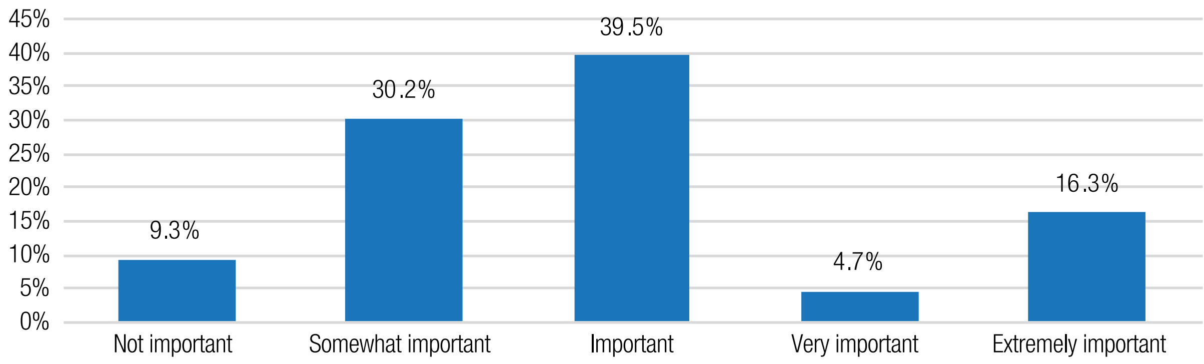
How important is it to your firm to hire women and minorities?



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

Figure 37

How important is it to your firm to strive towards ESG (environmental, social, governance) goals?



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

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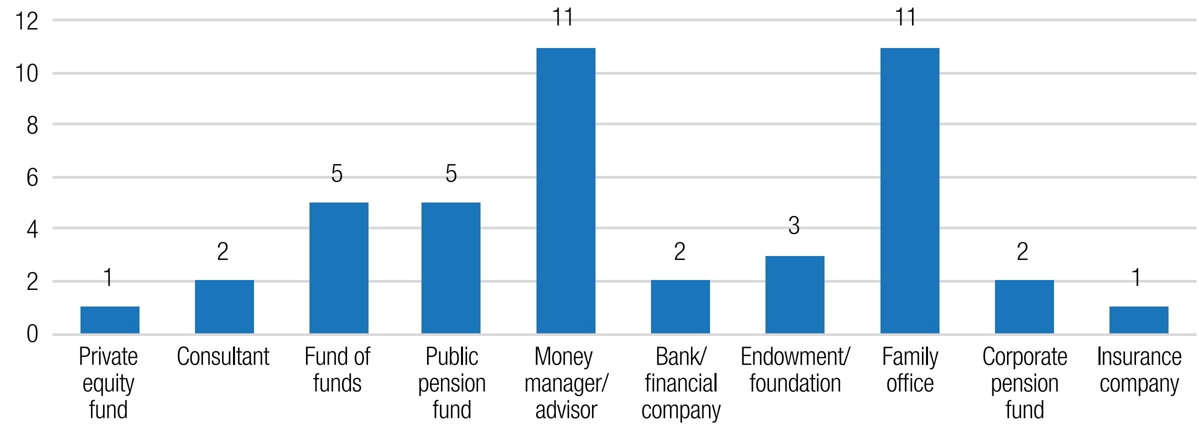
SURVEY OF INSTITUTIONAL INVESTORS WITH AN APPETITE FOR EMERGING MANAGERS

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

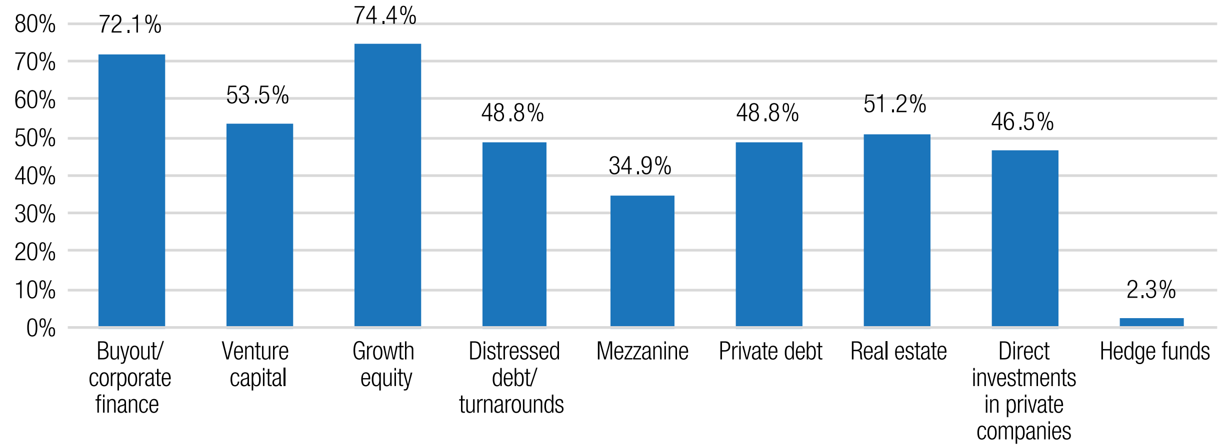
What kind of institution do you work for?



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

Figure 39

What kind of alternative investment strategies do you invest in? (check all that apply)



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	11,010	300	985	4,650
Small	1,026	165	475	1,150
Large	25,675	2,375	4,600	19,000

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	33	10	20	40
Small	27	11	15	22
Large	38	10	23	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 42

What is the value of your overall PE/VC portfolio? ($mln)

	Average	First Quartile	Median	Upper Quartile
All	2,131.4	50.0	300.0	2,000.0
Small	163.2	17.3	52.5	251.5
Large	5,040.0	950.0	3,050.0	5,000.0

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

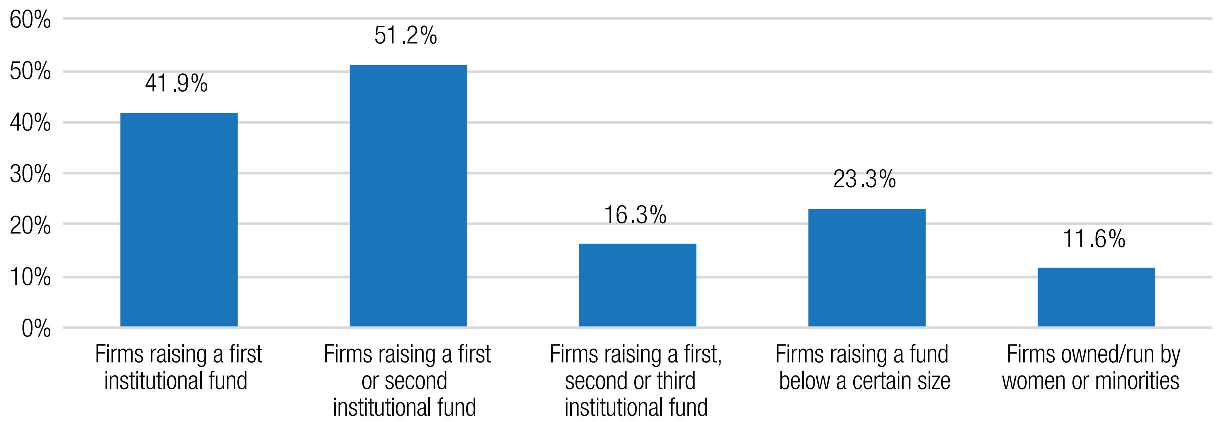
How much capital do you commit to PE/VC funds per year on average? ($mln)

	Average	First Quartile	Median	Upper Quartile
All	189	21	50	163
Small	30	7	28	50
Large	400	144	213	313

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

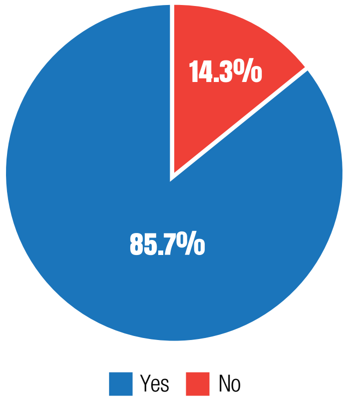
How do you define the term "emerging manager" when it comes to PE/VC? (respondents could pick more than one answer)



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

Figure 45

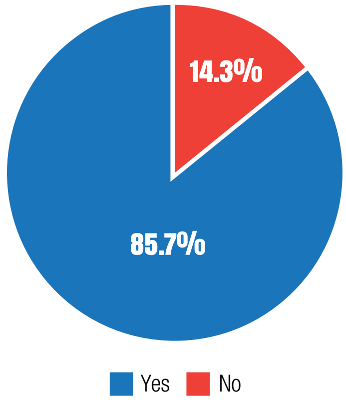
Will you back a debut PE/VC fund?



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

Figure 46

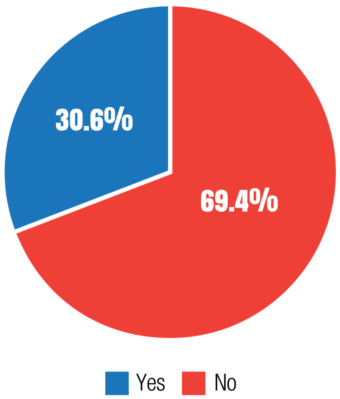
Will you back an EM PE/VC fund?



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

Figure 47

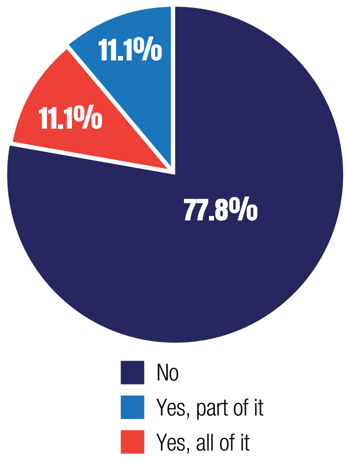
Do you have a formal allocation to PE/VC emerging managers?



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

Figure 49

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

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

	Average	First Quartile	Median	Upper Quartile
All	42%	10%	25%	80%
Small	51%	14%	48%	85%
Large	20%	13%	20%	28%

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	37	8	20	39
Small	34	4	12	43
Large	51	19	28	43

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	2	1	2	2
Small	1	1	1	2
Large	3	2	2	3

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

How many co-investments do you anticipate making alongside emerging manager funds over the next year?	Average	First Quartile	Median	Upper Quartile
All	2	-	1	2
Small	1	-	1	2
Large	3	-	2	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 53

What's a typical commitment size you'll make to an emerging manager fund? ($mln)	Average	First Quartile	Median	Upper Quartile
All	23	5	10	30
Small	27	5	5	30
Large	23	10	23	28

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 54

How long does it typically take from first introduction to a signed commitment? (months)	Average	First Quartile	Median	Upper Quartile
All	9	6	8	10
Small	7	3	7	8
Large	11	6	9	12

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 55

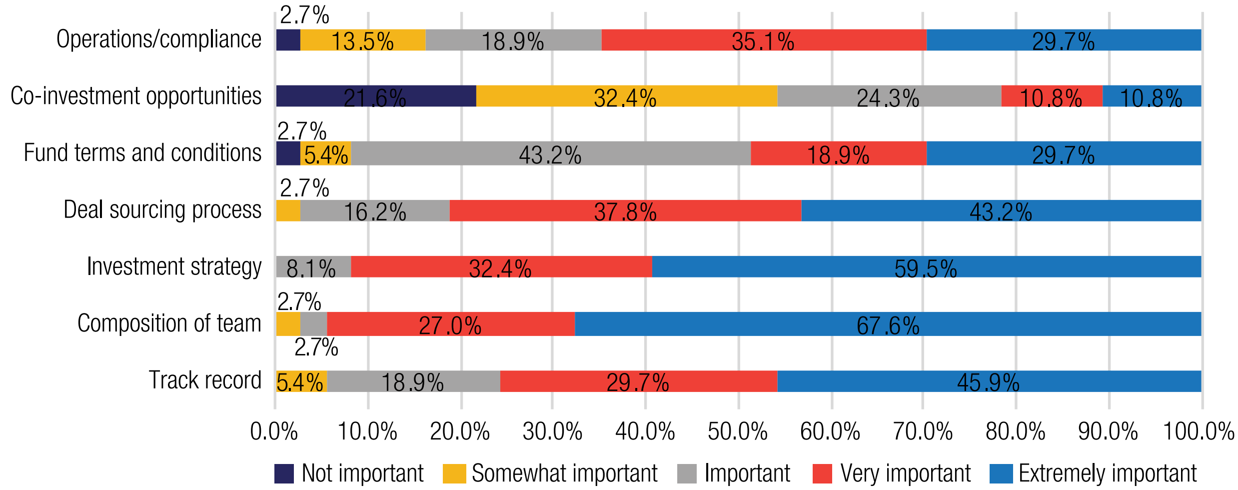
How many meetings, including conference calls, would you expect to have with an emerging manager before making a commitment?

	Average	First Quartile	Median	Upper Quartile
All	7.6	5.0	6.0	10.0
Small	6.6	4.8	6.0	10.0
Large	9.6	5.8	8.0	10.5

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 56

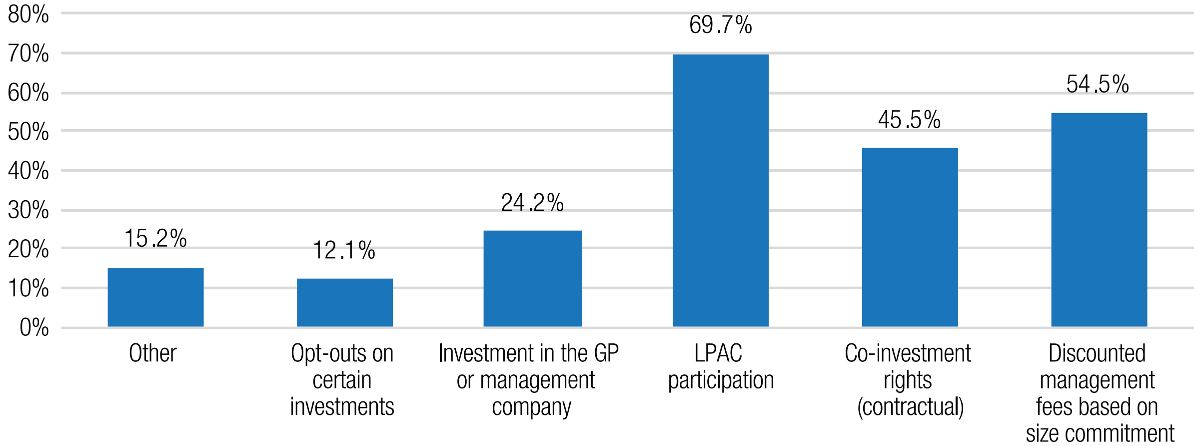
How important are the following factors when evaluating an emerging manager fund?



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

Figure 57

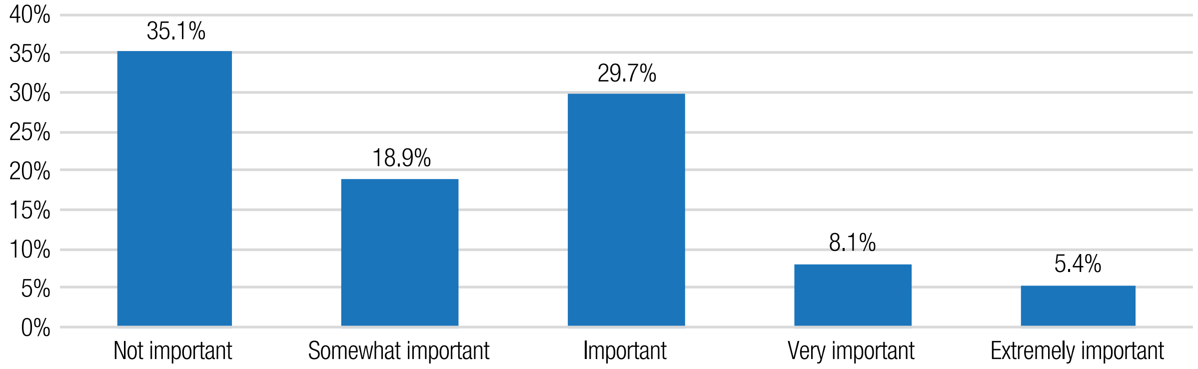
What kind of terms do you try to negotiate from emerging managers? (respondents could pick more than one answer)



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

Figure 58

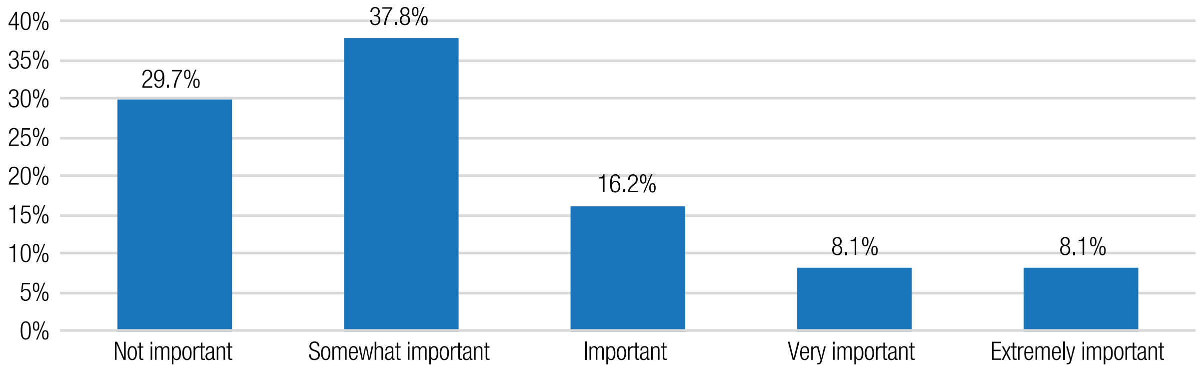
How important is it to you that emerging managers hire women and minorities?



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

Figure 59

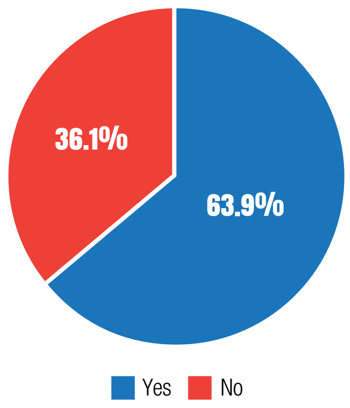
How important is it to you that emerging managers set targets for ESG?



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

Figure 60

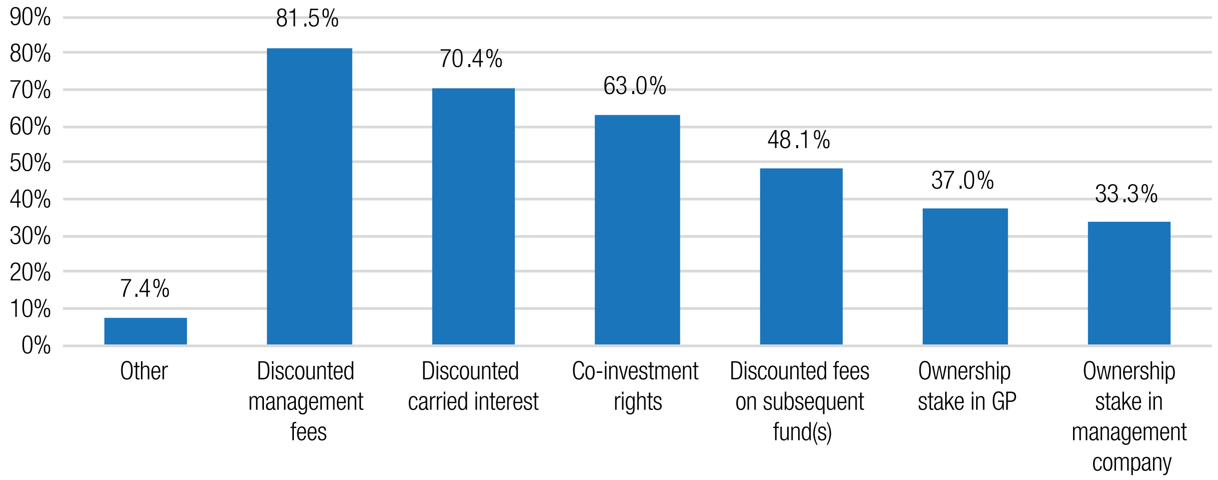
Would you make an anchor commitment to an emerging manager?



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

Figure 61

If you were to make an anchor commitment, what special terms would you seek? (respondents could pick more than one answer)



If you were to make an anchor commitment, what special terms would you seek? (respondents could pick more than one answer)

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