

Finding the Winners: Consistent Performing Fund Managers

Consistent performance across multiple funds in a series is a very important trait sought by long-term investors in private equity funds from the fund managers they have relationships with. Analysis of a fund manager's track record is a key component of any investor's due diligence process, and while previous successful performance does not guarantee similar performance in the future, Preqin's analysis has shown that managers with top-quartile performing funds are more likely to produce returns that beat the median benchmark with the next fund in their series (see page 21).

This section analyzes the most consistent performing private equity fund managers for buyout funds, venture capital funds, real estate funds and funds of funds, and also examines the various other private equity strategies such as distressed private equity, and natural resources. It does not seek in any way to endorse the fund managers listed, but rather to illustrate those that have performed the most consistently in the past.

Listed in the following tables are the private equity fund managers on which

Preqin holds fund performance data and has assigned quartile rankings. Preqin only assigns quartile rankings to funds with more mature performance data, so funds of more recent vintages (2011-2013) will not have been assigned quartile rankings. Furthermore, the lists are restricted to active fund managers that have raised at least three funds of a similar strategy that Preqin has performance data on, and have either raised a fund in the past six years or are currently raising a fund of a similar strategy.

Top quartile funds are given a score of one, second quartile funds are given a score of two, and so on. An average quartile ranking is then calculated. All the managers listed in the following tables have achieved a score of 1.50 or better. Investors using Preqin's Performance Analyst online service can access more complete lists, with filtering by fund strategy and geographic focus, a vital tool during the due diligence process. Performance Analyst is the industry's most extensive source of net-to-LP private equity fund performance, with full metrics for over 6,200 named vehicles.

Among buyout fund managers (Fig. 4.4), the best average score is 1.25, achieved by FIMI, an Israel-based manager, and Waterland, based in Netherlands. There are 15 managers listed in this table; eight are headquartered in the US and four are from Europe – Waterland, Altor, Harwood Private Equity and Inflexion. The table also includes Argentina-based Southern Cross Group, which scores 1.33, and Australia-based Pacific Equity Partners, with a score of 1.40. The buyout firms listed in the table come from a sample universe of 162 firms and 753 buyout funds fulfilling the selection criteria described previously.

In the venture capital fund manager list, there are three firms which achieve the best possible score of 1.00: Benchmark Capital, Pittsford Venture Management and Sequoia Capital, all of which are headquartered in the US (Fig. 4.5). The majority of the fund managers listed in this table are based in the US, while those located elsewhere include Israel-based Jerusalem Venture Partners and South Korea-based AJU IB Investment, which have achieved scores of 1.25 and 1.40 respectively. There are 15 venture

Fig. 4.4: Consistent Performing Buyout Fund Managers

Firm	Location	Overall Number of Funds with Quartile Ranking	Number of Funds in Top Quartile	Number of Funds in Second Quartile	Average Quartile Rank
FIMI	Israel	4	3	1	1.25
Waterland	Netherlands	4	3	1	1.25
Altor	Sweden	3	2	1	1.33
American Securities	US	3	2	1	1.33
Harwood Private Equity	UK	3	2	1	1.33
Industrial Growth Partners	US	3	2	1	1.33
Inflexion	UK	3	2	1	1.33
Metalmark Capital	US	3	2	1	1.33
Southern Cross Group	Argentina	3	2	1	1.33
Veritas Capital	US	3	2	1	1.33
Vista Equity Partners	US	3	2	1	1.33
Leonard Green & Partners	US	5	3	2	1.40
Pacific Equity Partners	Australia	5	4	0	1.40
Berkshire Partners	US	7	5	1	1.43
Olympus Partners	US	4	3	0	1.50

Based on a universe of 162 firms and 753 funds fulfilling the selection criteria

Source: Preqin Performance Analyst

firms listed in the table, from a sample universe of 141 firms and 703 venture funds that match the selection criteria.

Within the fund of funds universe, two GPs yield the best average score of 1.00, and they are both headquartered in Denmark – ATP Private Equity Partners and North Sea Capital (Fig. 4.6). The remaining firms listed in the table are Hong Kong-based Asia Alternatives Management, with a score of 1.33, and three US-based firms, two of which achieve a score of 1.33 and one a score of 1.40.

In the real estate table (Fig. 4.7) there are 13 real estate firms listed from a

sample universe of 116 firms and 649 funds fulfilling the selection criteria. In the list there are five firms which achieve the best possible score of 1.00; three are US-based: Bell Partners, Carmel Partners and JBG Companies, and the remaining two are Brazil-based Prosperitas Investimentos and Sweden-based Sveafastigheter.

Finally, looking at the table which is made up of all the other private equity investment strategies (Fig. 4.8), there are three firms which achieve the best possible score of 1.00, all of which are headquartered in the US, but focus on different private equity investment strategies. Ampersand Capital Partners

manages growth funds, EnCap Investments manages funds with a focus on natural resources and Industry Ventures manages direct secondaries funds.

Data Source:

Use Preqin's online services to identify consistently top performing private equity, real estate and infrastructure fund managers, and split by fund geographic focus and strategy.

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Fig. 4.5: Consistent Performing Venture Capital Fund Managers

Firm	Location	Overall Number of Funds with Quartile Ranking	Number of Funds in Top Quartile	Number of Funds in Second Quartile	Average Quartile Rank
Benchmark Capital	US	3	3	0	1.00
Pittsford Ventures Management	US	6	6	0	1.00
Sequoia Capital	US	4	4	0	1.00
Bain Capital Europe	US	4	3	1	1.25
Jerusalem Venture Partners	Israel	4	3	1	1.25
BlueRun Ventures	US	3	2	1	1.33
Matrix Partners	US	6	4	2	1.33
Merlin Nexus	US	3	2	1	1.33
RRE Ventures	US	3	2	1	1.33
Storm Ventures	US	3	2	1	1.33
Battery Ventures	US	8	5	3	1.38
AJU IB Investment	South Korea	5	3	2	1.40
Insight Venture Partners	US	5	3	2	1.40
Summit Partners	US	9	5	4	1.44
Avalon Ventures	US	8	5	2	1.50

Based on a universe of 141 firms and 703 funds fulfilling the selection criteria

Source: Preqin Performance Analyst

Fig. 4.6: Consistent Performing Private Equity Fund of Funds Managers

Firm	Location	Overall Number of Funds with Quartile Ranking	Number of Funds in Top Quartile	Number of Funds in Second Quartile	Average Quartile Rank
ATP Private Equity Partners	Denmark	3	3	0	1.00
North Sea Capital	Denmark	3	3	0	1.00
Asia Alternatives Management	Hong Kong	3	2	1	1.33
Franklin Park	US	3	2	1	1.33
Siguler Guff	US	6	4	2	1.33
Morgan Stanley Alternative Investment Partners	US	5	3	2	1.40

Based on a universe of 73 firms and 622 funds fulfilling the selection criteria

Source: Preqin Performance Analyst