

## Secondary market supply/demand remains balanced

Glendower believes that the secondary market supply / demand is balanced with an active set of both buyers and sellers. Greenhill estimates the available dry powder in the Secondary market at ca. US\$125 billion. If compared with 2017 annual volume of US\$58 billion, this represents a 2.2x ratio: Glendower believes that this represents a reasonable supply/demand balance of approximately two years of deal flow at current market volumes, a more favorable balance than in comparison to traditional private equity.

Exhibit 12: Strong Secondary Capital supply<sup>58</sup>

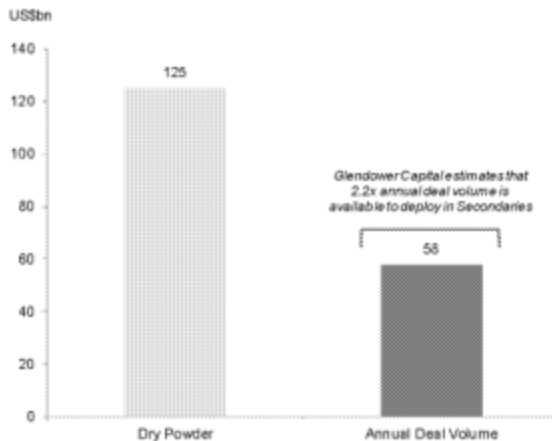
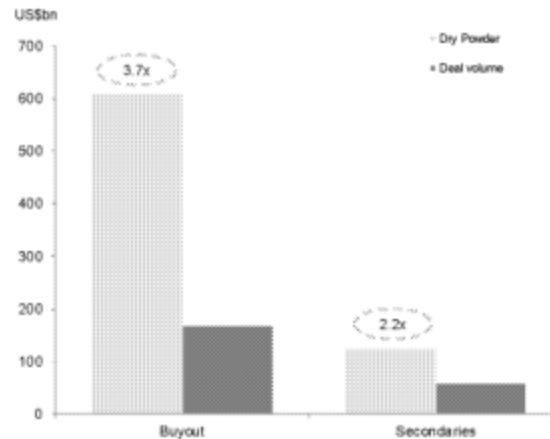


Exhibit 13: Dry powder/deal volume remains balanced<sup>59</sup>



Glendower believes the increase in absolute dry powder in the secondary market over the last few years has led some buyers - in an attempt to keep pace with capital deployment desires - to modify their investment discipline. Glendower emphasizes rigorous asset selection and has historically maintained a very disciplined approach in its opportunity selection, transacting approximately 1%<sup>60</sup> of total transaction volume by value since inception.

## Diverse and growing seller universe

Seller composition in 2017 was highly diverse, with no institutional category accounting for more than a quarter of total deals by number. According to Greenhill, all types of sellers participated in the secondary market in the first half of the year. This reflects the evolution of the secondary market which now represents an efficient portfolio management tool that is used by market participants to strategically rebalance private equity portfolios. The varied seller make-up contrasts to the past where volumes were concentrated in financial institutions and pension plans. Glendower expects selling activity to remain broad-based with particular strength from (i) GPs, (ii) public pensions, and (iii) funds-of-funds as they continuously rebalance their portfolios and seek to liquidate older vintage vehicles.

<sup>58</sup> Glendower Capital based on Greenhill Cogent Secondary Market Trends & Outlook, January 2018.

<sup>59</sup> 2018 Preqin Global Private Equity & Venture Capital Report, Bain & Company Global Private Equity Report 2018 and Greenhill Cogent Secondary Market Trends & Outlook, January 2018.

<sup>60</sup> Deal flow information represents the aggregate deal flow by value reviewed by the Glendower SOF Team between January 1, 2006 and September 30, 2017. Historical deal flow characteristics do not provide a prediction of future deal flow trends and there can be no guarantee that future deal flow will be comparable to historic deal flow.