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## Private Equity's Most Consistent Performers

The firms that didn't make the list may be as surprising as those that did.

Asset owners hunting for the holy grail from alternatives managers—consistent alpha—would have done well to expand searches beyond the big names, according to Preqin research.

Four buyout firms out of 196 earned perfect scores in the data provider's league table: Sweden-based Altor, Wynnchurch Capital of Chicago, and, from New York, Rhône Capital and Trilantic Capital Partners.

Every fund raised by these four managers in the qualifying timeframe posted top-quartile performance based on both investment multiple and internal rate of return. Preqin took into account fund vintage, strategy, and geographic focus, restricting the list to active buyout managers that had raised at least three funds of similar strategy. Furthermore, qualifying firms must have either raised a new vehicle within the last six years or be in the process of doing so.

Nearly one-third (11) of the 35 managers on this year's list of consistent outperformers were new additions since 2013. These up-and-comers include top-ranked Rhône and Trilantic, as well as Waterland (based in the Netherlands), **Pechel Industries (France)**, Odyssey Investment Partners (US), ONCAP (Canada), and DRC Capital (Japan).

Only a few of private equity's appeared on the list. Morgan Stanley's private equity division ranked fifth, ahead of fellow veterans TA Associates, Apollo Global Management, and Berkshire Partners.

**Blackstone**, Carlyle Group, TPG, KKR, and Goldman Sachs Capital Partners were notably absent, either because they fell outside qualification parameters or failed to deliver sufficiently consistent alpha.

For example, **Bain Capital**—one of the largest private equity firms by assets under management—cracked the top 15 in Preqin's 2009 list, but failed to earn a spot this year. Bain closed its most recent flagship buyout vehicles in 2008 (Fund X) and last April (Fund XI). The Boston-based alternatives shop did, however, come sixth among consistent performers in **venture capital**, which Preqin also ranked.

Five venture firms, all US based, earned perfect scores for top-quartile performance: Pittsford Ventures Management, Sequoia Capital, Benchmark Capital, OrbiMed Advisors, and Union Square Ventures.

Fund-of-funds managers—the third and final group assessed in the report—had the spottiest track records overall. Out of 92 qualifying firms, only Denmark-based Nordea Private Equity earned full marks.

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Fig. 1: 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
Rhone Capital	US	3	3	0
Altor	Sweden	3	3	0
Wynnchurch Capital Partners	US	3	3	0
Trilantic Capital Partners	US	3	3	0
Morgan Stanley Global Private Equity	US	5	4	1
Waterland	Netherlands	5	4	1
Veritas Capital	US	4	3	1
FIMI	Israel	4	3	1
Vista Equity Partners	US	4	3	1
Industrial Growth Partners	US	3	2	1
Pechel Industries	France	3	2	1
Auctus Management	Germany	3	2	1
TA Associates	US	10	7	2
Pacific Equity Partners	Australia	5	4	0
Leonard Green & Partners	US	5	3	2
American Securities	US	6	4	1
Odyssey Investment Partners	US	4	3	0
Inflexion	UK	4	3	0
Gryphon Investors	US	5	3	1
Quadrant Private Equity	Australia	5	3	1
Lovell Minnick Partners	US	5	2	3
Apollo Global Management	US	6	3	2
ONCAP	Canada	3	2	0
Harwood Private Equity	UK	3	1	2
ISIS Equity Partners	UK	3	1	2
Old Mutual Investment Group	South Africa	3	1	2
ABRY Partners	US	7	3	3
Berkshire Partners	US	8	5	1
Procuritas Partners	Sweden	4	3	0
DRC Capital	Japan	4	3	0
Littlejohn & Co.	US	4	2	1
Olympus Partners	US	4	2	1
Monitor Clipper Partners	US	4	2	1
Thoma Bravo	US	4	2	1
Charlesbank Capital Partners	US	4	1	3

Source: 2014 Preqin Private Equity Performance Monitor (forthcoming)