

# RCP Advisors - Executive Summary

North American Lower Middle Market Buyouts

Q22017



CONFIDENTIAL

## Overview

- A leading private equity fund sponsor focused on North American lower middle market buyouts
  - Primary Funds-of-funds
  - Secondary Funds
  - Co-Investments
- 44 professionals
- ~\$5.9 billion in committed capital\*
- 21 RCP Funds\*\*

## Team

- One of the largest teams dedicated to lower middle market buyouts
- 7-Member RCP Investment Committee - Over 100 years of combined PE and transaction experience
- Strong alignment of interest with investors
  - GP commitment ~5% of total capital
  - 10-15% Preferred Return hurdle rates and Euro-style (back-ended) carry
- Dedicated, focused and responsive accounting and investor relations team striving to meet investor needs

## Competitive Differentiation

### Industry Leader

- Dedicated exclusively to lower middle market buyouts since inception with exceptional organizational continuity

### Access & Awareness

- Proven ability to access top-tier managers through proactive and methodical sourcing process driven by proprietary manager research/monitoring database

### Due Diligence

- Disciplined and consistent investment approach focused on Team, Strategy and Track Record

### Transparency

- Provide in-depth reporting for all funds; transparency into portfolio company level performance and transactions

### Flexibility

- Offer investors customized solutions across primary funds-of-funds, secondary funds and co-investments

## RCP Investment Strategy

Invest in top-tier North American lower middle market buyouts

Target primary and secondary funds sized from \$250M to \$1B

Target companies with enterprise values between \$10M and \$250M

### Primary Funds-of-Funds

Invest in 10 to 15 managers

Commit \$20M to \$30M per manager

Diversified portfolios by industry, strategy, geography, etc.

### Secondary Funds

Purchase seasoned buyout fund interests

Original commitments of \$3M to \$30M

Secondary market purchase of single assets or portfolio of assets

### RCP Direct Funds

Co-invest alongside top-quality managers in RCP's niche market

Target co-investments between \$5M to \$15M

Diversification by manager, industry and strategy

**As of 6/21/2017.** \*Committed capital is calculated based on aggregate committed capital to all funds advised by RCP since the firm's inception in 2001 (including RCP's non-discretionary advisory accounts as well as RCP Funds that have since been sold, dissolved, or otherwise wound down). Does not include RCP's ancillary products and services. \*\*Refers to RCP's discretionary funds. The figures set forth represent RCP's preferred ranges with respect to such figures but actual figures may vary due to circumstances at the time of investment. For example, a primary commitment may be less than \$20M based on a manager's capacity for accepting new commitments. This Executive Summary provides summary information only and does not purport to be complete. This Summary does not constitute, and is not intended as, an offer or sale of any security or investment product or investment advice. Offerings are made only pursuant to a private offering memorandum containing important information regarding risk factors, performance and other material aspects of the applicable offering; the information contained herein should not be used or relied upon in connection with the purchase or sale of any security.

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Where appropriate, certain information contained herein excludes those funds managed by RCP which have a different investment focus, strategy, philosophy, or otherwise deviate from RCP's primary focus on North American lower middle market buyouts (including, without limitation, the RCP Graduate Funds, RCP SBIC Fund, RCP SEF Fund, non-discretionary advisory clients, and discretionary separately managed accounts), unless specified otherwise or unless the context otherwise requires. In addition, performance information for RCP's later vintage year funds-of-funds is not included in the table above; RCP believes that the results are not yet meaningful and analysis and comparison of later vintage fund returns may be irrelevant.

RCP launched its first SBIC fund-of-funds in December 2015 (RCP SBIC Opportunities Fund, LP) as well as a small and emerging manager fund in September 2016 (RCP Small and Emerging Fund, LP). As a result, the Firm's investment focus/philosophy may vary with respect to leveraged buyout transactions vs. SBIC and mezzanine private equity investments and funds sponsored by small and emerging managers. Because RCP expects that the investment strategy described herein would seek to make investments in private equity funds that focus on leveraged buyouts, any references to RCP's investment focus, strategy, philosophy, or any related matters contained herein pertain to RCP's focus on North American lower middle market buyouts, unless specified otherwise or unless the context otherwise requires.

**Please note:** Targets and/or projections are only estimates of future results based upon assumptions made at the time the projections are developed. There can be no assurance that the projected results are correct or will be obtained, and actual results may vary significantly from the projections. No investment or strategy implies a complete lack of risk. A private fund investment involves a high degree of risk as such investments are speculative, subject to high return volatility and will be illiquid on a long-term basis. Investors may lose their entire investment. An investment in the Fund will be subject to a variety of risks (which are described in the Fund's confidential offering memorandum), and there can be no assurance that the Fund will meet its investment objective or that the Fund will not incur losses. Diversification does not guarantee a profit or protect against a loss in declining markets.

Terms used herein such as top-tier, high caliber, high profile and top-quartile are based on RCP Advisors' qualitative assessment of a manager's team, strategy and track record (to the extent one exists).

The words "expects," "intends," "anticipates," "believes," "estimates," "may," "might," "will," "would," "project," and "predict," and analogous expressions are intended to identify forward-looking statements and are not guarantees of future performance or results. Any forward-looking statements inherently are subject to a variety of risks and uncertainties that could cause actual results or events to differ materially from those results or events predicted or anticipated by these statements, including any results described herein. Accordingly, investors should not rely on these statements. Additionally, any references herein to the number of RCP employees is to full-time employees only.

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In addition to its offices in Chicago and Newport Beach, RCP also leases a part-time commuter office in Conshohocken, Pennsylvania. Dave McCoy, Partner, works part-time from the "for convenience" Pennsylvania office when he is not commuting to RCP's Chicago office.

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