Investment Performance

Secondaries Performance Highlights

The Glendower SOF Team has delivered strong buyout-like returns[27] to investors in the SOF Funds with an attractive risk profile, early cash flows, and negligible loss ratio. The performance of the SOF Funds in terms of the key closed-end funds metrics such as Net IRR, TVPI, and DPI is strong in absolute terms, compares favorably with its peers and shows strong consistency across fund vintages.[28]

Through September 30, 2017, the SOF Program had invested[29] US$3.3 billion in 82 transactions resulting in distributions of over US$1.8 billion and had generated a 1.5x Net Multiple and a 23% Net IRR to investors. The mature funds in the SOF Program (SOF, SOF D, and SOF II) had generated a 1.7x Net Multiple and over 20% Net IRR.

Exhibit 1: Performance of SOF Funds as of September 30, 2017[30, 31, 32, 33]

Fund	SOF	SOF D	SOF II	SOF III	Total
Vintage *(development stage)*	2006 *(harvesting)*	2010 *(harvesting)*	2011 *(maturing)*	2014 *(early stage)*	
Fund size	US$565m	US$147m	US$614m	US$1,654m	US$2,980m
Transactions, funds, companies #	21 / 154 / 1,774	1 / 28 / 193	29 / 75 / 737	35 / 149 / 2,837	
Gross multiple	2.1x	3.0x	1.7x	1.4x	1.6x
Gross IRR	29%	37%	23%	31%	28%
Net multiple (TVPI)	**1.8x**	**2.3x**	**1.5x**	**1.3x**	**1.5x**
Net distributed (DPI)	**1.8x**	**2.1x**	**1.2x**	**0.3x**	**0.9x**
Net IRR	**22%**	**29%**	**20%**	**30%**	**23%**
Peak net contributed capital	26%	51%	42%	44%	

27 For discussion purposes only. Source: Glendower Capital based on Preqin benchmark data for the median TVPI and Net IRR achieved by buyout funds for vintages of 1997 to 2017. Average buyout TVPI = 1.59x; Average Net IRR = 15.5%. Data as of September 30, 2017. For further benchmarking of Glendower Capital to buyout returns, please refer to Exhibit 3.

28 Past performance is not a prediction of the future performance of SOF, SOF D, SOF II or SOF III but is included to demonstrate the track record of the Glendower SOF Team and there can be no assurance that SOF IV will achieve comparable results or that any target results will be achieved.

29 "Invested" is defined as the sum of the purchase price and remaining unfunded obligation as of the time of closing, or time of expected closing for pending deals.

30 The performance figures have not been audited and should be read and reviewed in conjunction with Appendix 5: *Important Performance Information* which sets forth, amongst other things, important information regarding the performance described above. The SOF Funds' performance data is not expected to be representative of the investment returns that will be experienced by investors in the Fund. Past performance of the SOF Funds is not a prediction of future performance. Both SOF and SOF D are invested in the DaVinci Portfolio – a well diversified portfolio of 28 private equity funds purchased through an SPV, providing exposure to buyout, special situations, venture capital and real estate strategies in North America, Europe and Asia. The number of funds and companies is an estimate and shows the aggregate of each deal at closing and may include some double counting. TVPI = Total Value to Paid in Capital; DPI = Distributions to Paid in Capital; IRR = Internal Rate of Return.

31 SOF D is a Euro denominated fund. US$ valued have been converted at September 30, 2017 EUR/US$ rate of 1.1822.

32 Both SOF and SOF D are invested in the DaVinci Portfolio – a well diversified portfolio of 28 private equity funds purchased through an SPV, providing exposure to buyout, special situations, venture capital and real estate strategies in North America, Europe and Asia. The number of funds and companies is a best estimate and shows the aggregate of each deal at closing and may include some double counting.

33 TVPI = Total Value to Paid in Capital; DPI = Distributions to Paid in Capital; IRR = Internal Rate of Return.