



# **PREQIN SPECIAL REPORT:** **PRIVATE CAPITAL SERVICE** **PROVIDERS**

**JULY 2017**

# FOREWORD

The expansion of alternative assets is creating many opportunities for service providers: new markets are opening up, asset classes are evolving and activity in fundraising and deal flow is on the rise. This competitive fundraising and deal environment means fund managers are facing pressure to spend more time sourcing, identifying and acquiring investments – many managers now outsource functions they otherwise would have completed in house.

With a fifth of private capital fund managers having changed at least one of their service providers over 2016, we examine which types of service providers are most likely to be changed, managers' reasons for doing so and their plans regarding outsourcing in the next 12 months. This report also features listings of leading placement agents, fund administrators, fund auditors, fund formation law firms and transactional law firms.

Preqin's online databases contain information on over 3,000 service providers, and are not only invaluable tools for service providers when identifying new clients, but also for fund managers and investors carrying out due diligence and analysis on the service provider relationships of their peers and competitors. To find out more about this and Preqin's other services, please visit [www.preqin.com](http://www.preqin.com) or contact us at [info@preqin.com](mailto:info@preqin.com).

Closed-End Private Capital						
Private Equity	Private Debt	Real Estate	Infrastructure	Natural Resources		
Buyout	Direct Lending	Private Equity Real Estate	Infrastructure	Energy		
Venture Capital	Distressed Debt			Private Equity Real Estate Fund of Funds	Infrastructure Fund of Funds	Agriculture/Farmland
Growth						Metals & Mining
Turnaround	Mezzanine	Private Equity Real Estate Fund of Funds	Infrastructure Fund of Funds			Timberland
Other Private Equity	Special Situations			Water		
Private Equity Secondaries	Venture Debt			Natural Resources Fund of Funds		
Private Equity Fund of Funds	Private Debt Fund of Funds	Private Equity Real Estate Secondaries	Infrastructure Secondaries	Natural Resources Fund of Funds		

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# SERVICE PROVIDER OVERVIEW

Service providers facilitate and support many aspects of private capital managers' activities. Preqin's **Private Equity Online** tracks a range of service providers including fund administrators, fund auditors, placement agents and law firms involved in fund formation and transaction activity.

One of the first steps of setting up a new fund is selecting appropriate service providers; this enables managers to concentrate more effectively on the deal process, and helps to provide the institutional-quality infrastructure

**“Among private capital managers surveyed by Preqin in June 2017, a fifth had changed at least one of their service providers over 2016**

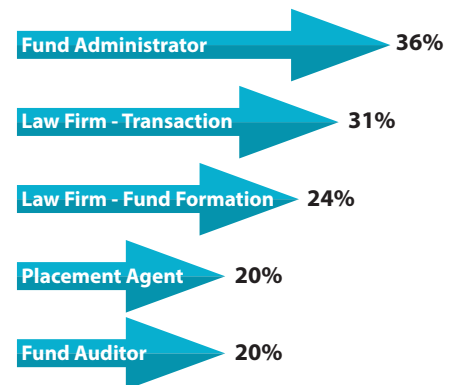
that investors increasingly seek before committing capital to new vehicles. Fund managers not only look to select the best service providers at launch, but also to continually review these relationships to

ensure they are getting the best value for money and that the services provided are suitable for their business. Among private capital managers surveyed by Preqin in June 2017, a fifth had changed at least one of their service providers over 2016 (Fig. 1). Of the investors that changed a service provider, the largest proportion (36%) changed their fund administrator, while fund auditors and placement agents were the least commonly changed (20%).

The type of service offered plays a large part in the frequency with which fund managers review the provider (Fig. 2):

- **Fund Administrators and Auditors:** Although mainly reviewed by private capital managers annually (33% of respondents), large proportions will look to review these providers when bringing a new fund to market.
- **Placement Agents and Fund Formation Law Firms:** The largest proportions (52% and 41% respectively) of respondents review these providers when bringing a new fund to market.
- **Law Firms – Transactions:** Nearly half (49%) of managers review this type of service provider on a deal-by-deal basis.

## TYPES OF SERVICE PROVIDERS CHANGED IN 2016\*



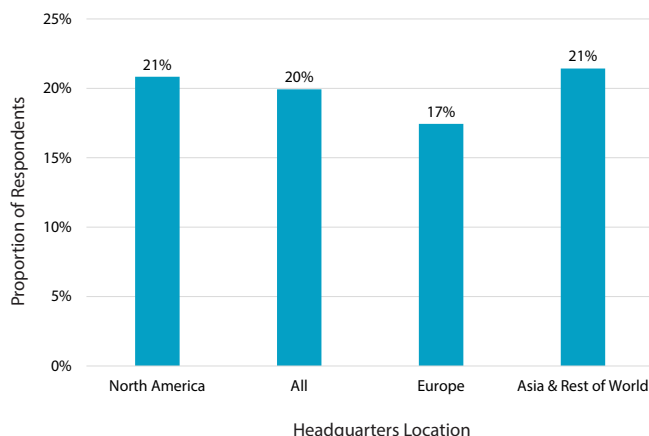
\*Based on the proportion of fund managers that changed a service provider.

## CONCERNS

To retain clients, service providers must address the concerns of fund managers. The biggest issue that led fund managers to change a service provider in 2016 was the quality of service offered, with a third of private capital GPs citing this reason for changing a provider.

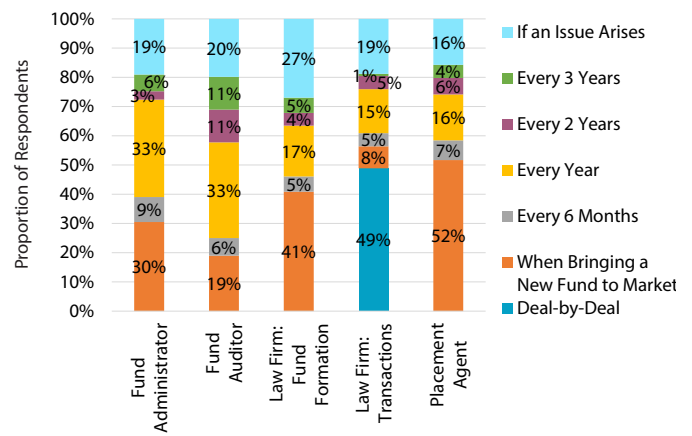
The issue of quality of service was closely followed by cost and increasing portfolio complexity (both cited by 31% of respondents). Although practices vary

Fig. 1: Private Capital Fund Managers that Changed Service Providers in 2016 by Headquarters Location



Source: Preqin Fund Manager Surveys - June 2017

Fig. 2: Frequency with Which Private Capital Fund Managers Review Service Providers by Type



Source: Preqin Fund Manager Surveys - June 2017



## LEADING REASONS WHY FUND MANAGERS CHANGED SERVICE PROVIDERS IN 2016



33%

Dissatisfaction with  
quality of service

31%

Cost



31%

Increased portfolio  
complexity

25%

To cope with regulation



19%

Change in fund strategy

widely among fund managers, many of these costs are ultimately paid for by investors, either through management fees or specific expenses pass-through charges. Despite this, only 29% of fund managers felt that investors were concerned by the increased cost of third-party providers (Fig. 3). With closed-end private capital performing well for institutional investors, delivering record levels of distributions in recent years, the largest proportion (42%) of surveyed private capital managers felt that investors were unconcerned by the rising cost of their service providers, up from 35% of respondents that stated the same in June 2016. Thirty percent were still unsure as to whether their investors were concerned by repricing, suggesting that more communication is needed between parties

regarding this issue – particularly given the large number of investors that have expressed concerns about fees.

**“The biggest issue that led fund managers to change a service provider in 2016 was the quality of service offered**

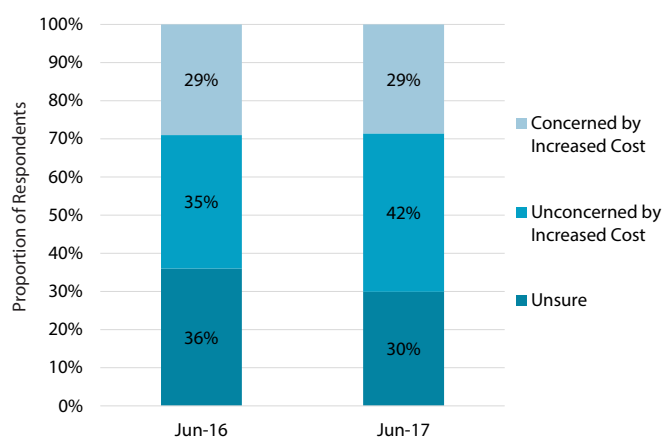
## OUTSOURCING

Of the fund managers surveyed, the largest proportion (35%) will seek to outsource their legal or compliance function over the next 12 months (Fig. 4). There is also a significant proportion

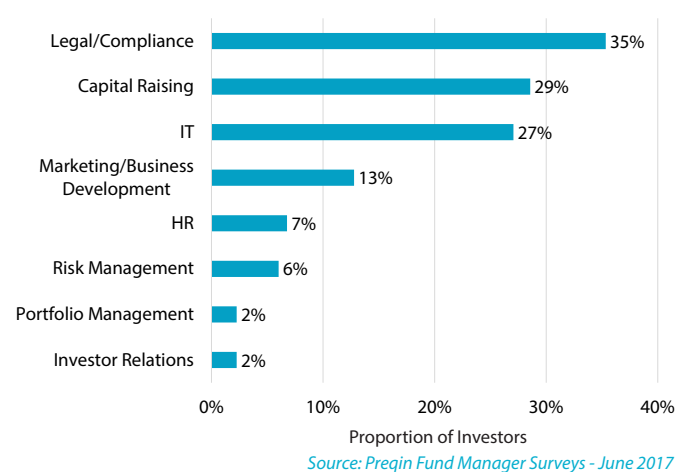
(29%) of fund managers that will seek to outsource their capital-raising functions – meaning a potential new source of business for the placement agent industry – and 27% will look to outsource IT functions.

In order to help service providers and fund managers navigate this changing environment, Preqin has put together an analysis of prominent service providers in each of these areas by the total number of funds they have worked on, segment (size and region) and new business. This analysis has been drawn from Preqin's data on over 28,500 closed-end private capital funds closed historically and currently in market, and over 3,000 service providers.

**Fig. 3: Private Capital Fund Manager Views on whether Investors Are Concerned by the Increased Cost of Service Providers, 2016 vs. 2017**



**Fig. 4: Business Functions Private Capital Managers Expect to Outsource in the Next 12 Months\***



\*Based on the proportion of fund managers that plan to outsource functions.



# PLACEMENT AGENTS

Leading reasons why fund managers changed placement agents in 2016:



Fig. 5: Prominent Placement Agents in Private Capital

Firm	No. of Known Private Capital Funds Serviced
Credit Suisse Private Fund Group	274
Park Hill Group	156
UBS Investment Bank Private Funds Group	143
MVision Private Equity Advisers	143
Lazard Private Capital Advisory	118
Eaton Partners	112
Atlantic-Pacific Capital	99
Probitas Partners	94
Monument Group	87
Campbell Lutyens	83

Source: Preqin

Fig. 6: Prominent Placement Agents in Private Capital, 2016 - H1 2017

Firm	No. of Known Private Capital Funds Serviced
Park Hill Group	21
UBS Investment Bank Private Funds Group	19
Credit Suisse Private Fund Group	17
Lazard Private Capital Advisory	14
Campbell Lutyens	12
Evercore Private Funds Group	12
Mercury Capital Advisors	12
MVision Private Equity Advisers	12
Probitas Partners	12

Source: Preqin

Fig. 7: Prominent Placement Agents in Private Capital by Fund Size

Less than \$50mn	\$50-99mn	\$100-499mn	\$500-999mn	\$1bn or More
Ariane Capital Partners	Acanthus Advisers	Capstone Partners	Atlantic-Pacific Capital	Credit Suisse Private Fund Group
Bentley Associates	Ariane Capital Partners	Credit Suisse Private Fund Group	Credit Suisse Private Fund Group	Lazard Private Capital Advisory
Campbell Lutyens	Equus Financial Consulting	Eaton Partners	MVision Private Equity Advisers	MVision Private Equity Advisers
LarrainVial	Macquarie Real Estate Private Capital Markets	MVision Private Equity Advisers	Park Hill Group	Park Hill Group
Macquarie Real Estate Private Capital Markets	Thomas Capital Group	Probitas Partners	UBS Investment Bank Private Funds Group	UBS Investment Bank Private Funds Group

Source: Preqin

Fig. 8: Prominent Placement Agents in Private Capital by Fund Manager Location

North America	Europe	Asia-Pacific	Rest of World
Credit Suisse Private Fund Group	Campbell Lutyens	Campbell Lutyens	Asante Capital Group
Eaton Partners	Credit Suisse Private Fund Group	Mercury Capital Advisors	Credit Suisse Private Fund Group
Lazard Private Capital Advisory	Lazard Private Capital Advisory	MVision Private Equity Advisers	LarrainVial
Park Hill Group	MVision Private Equity Advisers	Park Hill Group	MVision Private Equity Advisers
UBS Investment Bank Private Funds Group	UBS Investment Bank Private Funds Group	UBS Investment Bank Private Funds Group	Park Hill Group

Source: Preqin

\*Based on the proportion of fund managers that changed a service provider.

# FUND ADMINISTRATORS

Leading reasons why fund managers changed fund administrators in 2016:

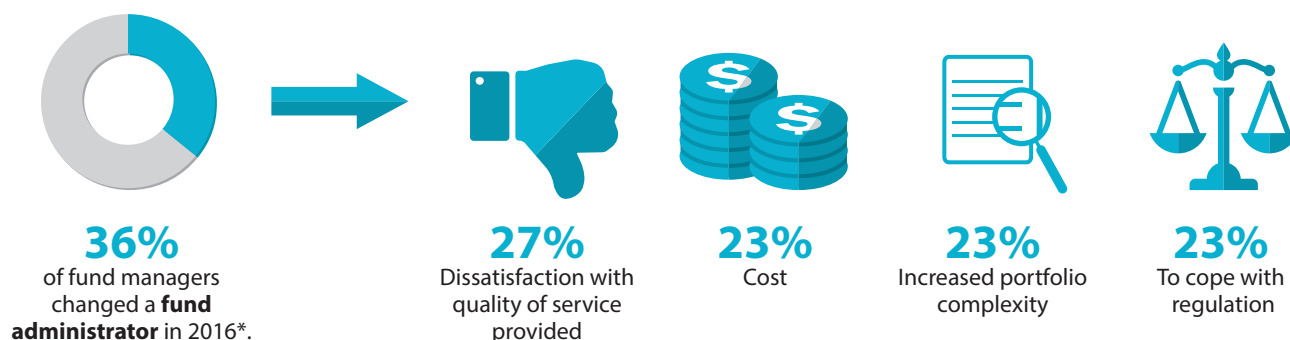


Fig. 9: Prominent Fund Administrators Servicing Private Capital Funds

Firm	No. of Known Private Capital Funds Serviced
SS&C GlobeOp	222
State Street	171
Ipes	150
Standish Management	137
Citco Fund Services	92
Gen II Fund Services, LLC	89
Augentius	79
Aztec Group	77
Citi Fund Services	76
JP Morgan Fund Services	76

Source: Preqin

Fig. 10: Prominent Fund Administrators Servicing Private Capital Funds, 2016 - H1 2017

Firm	No. of Known Private Capital Funds Serviced
SS&C GlobeOp	71
Standish Management	41
Gen II Fund Services, LLC	38
Citco Fund Services	34
Augentius	28

Source: Preqin

Fig. 11: Prominent Fund Administrators Servicing Private Capital Funds by Fund Size

Less than \$50mn	\$50-99mn	\$100-249mn	\$250-499mn	\$500-999mn	\$1bn or More
Aduro Advisors	Augentius	Aztec Group	Citi Fund Services	Aztec Group	Citco Fund Services
Ipes	Ipes	Ipes	Ipes	Ipes	Gen II Fund Services, LLC
SS&C GlobeOp	SS&C GlobeOp	SS&C GlobeOp	SS&C GlobeOp	SS&C GlobeOp	JP Morgan Fund Services
Standish Management	Standish Management	Standish Management	Standish Management	State Street	SS&C GlobeOp
VMS Fund Administration	VMS Fund Administration	State Street	State Street	U.S. Bancorp Fund Services	State Street

Source: Preqin

Fig. 12: Prominent Fund Administrators Servicing Private Capital Funds by Fund Manager Location

North America	Europe	Asia-Pacific	Rest of World
Aduro Advisors	Augentius	Citco Fund Services	Augentius
Gen II Fund Services, LLC	Aztec Group	Citi Fund Services	BNY Mellon
SS&C GlobeOp	CACEIS	Langham Hall UK Services	Citi Fund Services
Standish Management	Ipes	Maples Fund Services	Maples Fund Services
State Street	State Street	State Street	Trident Trust

Source: Preqin

\*Based on the proportion of fund managers that changed a service provider.



# FUND AUDITORS

Leading reasons why fund managers changed fund auditors in 2016:

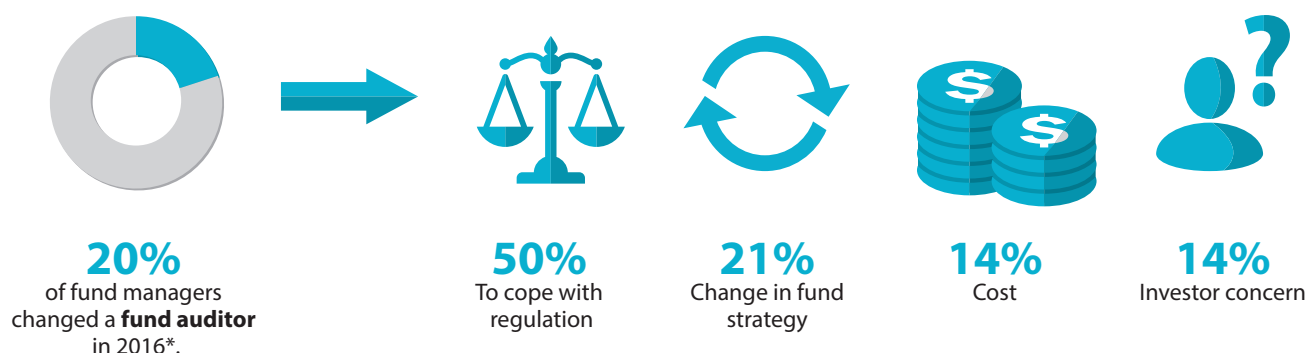


Fig. 13: Prominent Fund Auditors Servicing Private Capital Funds

Firm	No. of Known Private Capital Funds Serviced
PricewaterhouseCoopers	1,356
KPMG	1,100
EY	1,075
Deloitte	747
RSM	378
BDO	267
Grant Thornton	199
EisnerAmper	121
Frank, Rimerman & Co.	77
CohnReznick	61

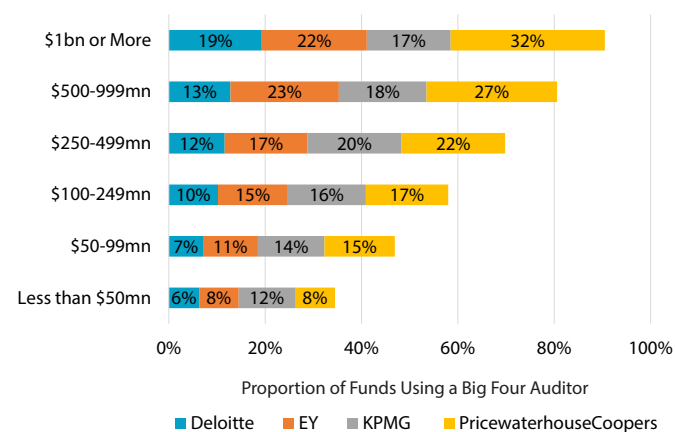
Source: Preqin

Fig. 14: Prominent Fund Auditors Servicing Private Capital Funds, 2016 - H1 2017

Firm	Proportion of Private Capital Fund Launches Serviced
PricewaterhouseCoopers	17%
KPMG	14%
EY	13%
Deloitte	9%
RSM	5%

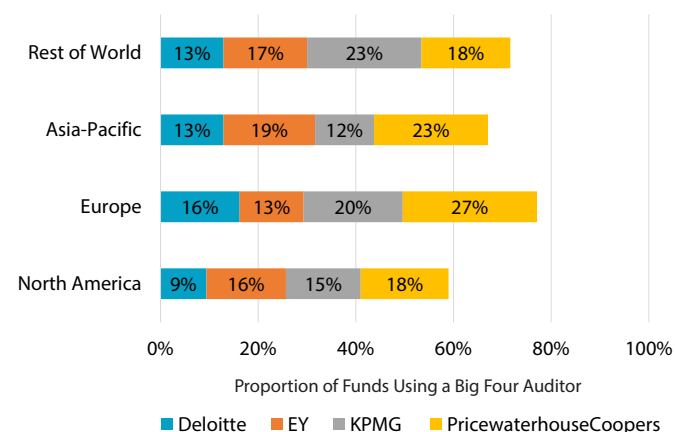
Source: Preqin

Fig. 15: Market Share of Leading Fund Auditors Servicing Private Capital Funds by Fund Size



Source: Preqin

Fig. 16: Market Share of Leading Fund Auditors Servicing Private Capital Funds by Fund Manager Location



Source: Preqin

\*Based on the proportion of fund managers that changed a service provider.

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# LAW FIRMS IN FUND FORMATION

Leading reasons why fund managers changed law firms involved in fund formation in 2016:

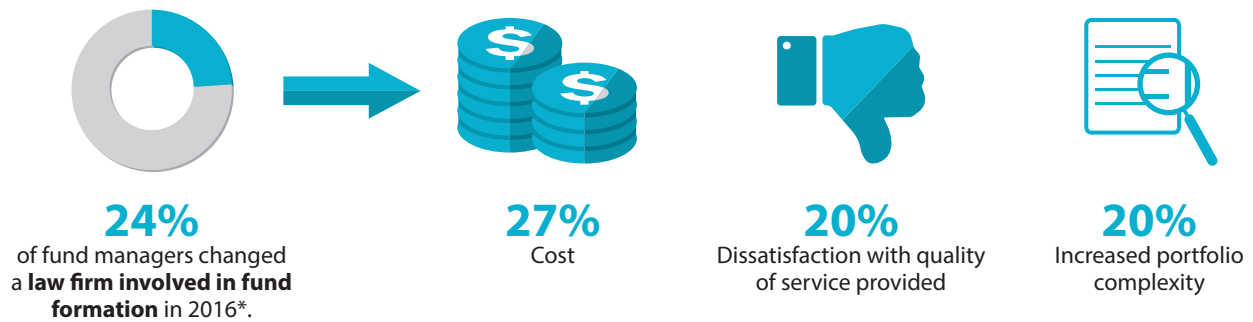


Fig. 17: Prominent Law Firms in Fund Formation Servicing Private Capital Funds

Firm	No. of Known Private Capital Fund Formation Assignments
King & Wood Mallesons	476
Kirkland & Ellis	355
Debevoise & Plimpton	237
Clifford Chance	229
Proskauer	202
Goodwin	187
Simpson Thacher & Bartlett	174
Jones Day	133
Cooley	123
Weil, Gotshal & Manges	114

Source: Preqin

Fig. 18: Prominent Law Firms in Fund Formation Servicing Vintage 2016/2017 Private Capital Funds

Firm	No. of Known Vintage 2016/2017 Private Capital Fund Formation Assignments
Kirkland & Ellis	64
Proskauer	52
King & Wood Mallesons	35
Simpson Thacher & Bartlett	34
Goodwin	30

Source: Preqin

Fig. 19: Prominent Law Firms in Fund Formation Servicing Private Capital Funds by Fund Size

Less than \$50mn	\$50-99mn	\$100-499mn	\$500-999mn	\$1bn or More
Cooley	Cooley	Clifford Chance	Clifford Chance	Debevoise & Plimpton
DLA Piper	DLA Piper	Goodwin	Debevoise & Plimpton	King & Wood Mallesons
Goodwin	Jones Day	King & Wood Mallesons	King & Wood Mallesons	Kirkland & Ellis
Gunderson Dettmer	King & Wood Mallesons	Kirkland & Ellis	Kirkland & Ellis	Simpson Thacher & Bartlett
King & Wood Mallesons	Proskauer	Proskauer	Proskauer	Weil, Gotshal & Manges

Source: Preqin

Fig. 20: Prominent Law Firms in Fund Formation Servicing Private Capital Funds by Fund Manager Location

North America	Europe	Asia-Pacific	Rest of World
Debevoise & Plimpton	Ashurst	Debevoise & Plimpton	DLA Piper
Goodwin	Clifford Chance	Herbert Smith Freehills	King & Wood Mallesons
Kirkland & Ellis	King & Wood Mallesons	Minter Ellison	Norton Rose Fulbright
Proskauer	Macfarlanes	Nishith Desai Associates	Simpson Thacher & Bartlett
Simpson Thacher & Bartlett	P+P Pöllath + Partners	Weil, Gotshal & Manges	Webber Wentzel

Source: Preqin

\*Based on the proportion of fund managers that changed a service provider.

# TRANSACTIONAL LAW FIRMS

Leading reasons why fund managers changed transactional law firms in 2016:



Fig. 21: Prominent Law Firms Involved in Private Equity-Backed Buyout Deals

Firm	No. of Known Buyout Deals Involved In
Kirkland & Ellis	1,864
Weil, Gotshal & Manges	691
Jones Day	650
Willkie Farr & Gallagher	481
Ropes & Gray	477
Simpson Thacher & Bartlett	476
Latham & Watkins	411
Skadden, Arps, Slate, Meagher & Flom	409
Clifford Chance	403
White & Case	371

Source: Private Equity Online

Fig. 22: Prominent Law Firms Involved in Private Equity-Backed Buyout Deals, 2016 - H1 2017

Firm	No. of Known Buyout Deals Involved In
Kirkland & Ellis	378
Latham & Watkins	74
Weil, Gotshal & Manges	67
Clifford Chance	64
Paul, Weiss, Rifkind, Wharton & Garrison	58

Source: Private Equity Online

Fig. 23: Prominent Law Firms Involved in Private Equity-Backed Buyout Deals by Deal Size

Less than \$50mn	\$50-99mn	\$100-499mn	\$500-999mn	\$1bn or More
Addleshaw Goddard	Hogan Lovells	Clifford Chance	Debevoise & Plimpton	Kirkland & Ellis
Eversheds Sutherland	Jones Day	Kirkland & Ellis	Kirkland & Ellis	Latham & Watkins
Kirkland & Ellis	Kirkland & Ellis	Latham & Watkins	Simpson Thacher & Bartlett	Simpson Thacher & Bartlett
Osborne Clarke	Skadden, Arps, Slate, Meagher & Flom	Skadden, Arps, Slate, Meagher & Flom	Skadden, Arps, Slate, Meagher & Flom	Skadden, Arps, Slate, Meagher & Flom
Pinsent Masons	Weil, Gotshal & Manges	Weil, Gotshal & Manges	Weil, Gotshal & Manges	Weil, Gotshal & Manges

Source: Private Equity Online

Fig. 24: Prominent Law Firms Involved in Private Equity-Backed Buyout Deals by Portfolio Company Location

North America	Europe	Asia-Pacific	Rest of World
Jones Day	Clifford Chance	Baker McKenzie	Baker McKenzie
Kirkland & Ellis	Kirkland & Ellis	Clifford Chance	Clifford Chance
Ropes & Gray	Linklaters	FangDa Partners	Debevoise & Plimpton
Simpson Thacher & Bartlett	Weil, Gotshal & Manges	Kirkland & Ellis	Kirkland & Ellis
Weil, Gotshal & Manges	White & Case	Simpson Thacher & Bartlett	Skadden, Arps, Slate, Meagher & Flom

Source: Private Equity Online

\*Based on the proportion of fund managers that changed a service provider.

**Source** new investors for funds

**Identify** new investment opportunities

**Conduct** competitor and market analysis

**Benchmark** fund performance

**Develop** new business



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**JULY 2017**

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