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NEW YORK

Siguler Guff Raises \$500M For First Small Buyout Fund Of Funds

BY LAURA KREUTZER

12/20/2007 -- Siguler Guff & Co. has found big money in small partnerships with a \$500 million final closing of its first fund of funds focused on small buyout vehicles.

The final tally for Siguler Guff Small Buyout Opportunities Fund LP came in well above its \$400 million target. Although the firm did not name limited partners in the vehicle, two that have disclosed their commitments are Australia's MilitarySuper and Montana State Board of Investments.

Siguler Guff plans to build a portfolio of around 20 to 25 commitments to small buyout funds, namely ones that focus on investments in companies with less than \$15 million in annual cash flows or deals of less than \$100 million in enterprise value, according to Managing Director Kevin Kester, who oversees the new fund of funds. The firm may also deploy up to 20% of the capital into co-investments.

The firm believes that the smallest end of the buyout market tends to be the least efficient, with fewer deals that are heavily intermediated, according to Kester. At the same time, small firms tend to rely less heavily on leverage to juice returns than their larger counterparts, an advantage in a tighter credit environment.

So far, Siguler Guff has committed around 40% of the money to about a dozen partnerships and three co-investments. The portfolio includes the most recent funds managed by Chicago-based Linden LLC, Atlanta-based Linx Partners, Newport Beach, Calif.-based Marwit Capital Corp. and Los Angeles-based Seidler Equity Partners LLC.

Kester joined Siguler Guff back in 2004, after a brief stint at the Broe Companies. Before that, however, he spent seven years managing the private equity portfolio for Colorado Public Employees' Retirement Association.

Reach Siguler Guff at 212-332-5100.



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