

YEAR IN REVIEW—2013

In spite of a competitive private equity market and a slow growing economy, Genstar was able to deliver in 2013 a strong performance that improved our portfolio company valuations, enabling us to return significant capital to our investors through exits and dividends.

The industry experienced a supply/demand imbalance for assets, leading to low deal volume and valuations near peak levels. As such, we were disciplined and diligent in hunting for unique opportunities where our capital could catalyze change, as we put the balance of Genstar V and our new Genstar VI to work.

Our selective approach last year yielded four new exciting platform acquisitions: Acrisure, AssetMark, Altegris, and Tecomet. In early 2014, we closed on the investment in Palomar Specialty Insurance. During 2013, we completed 14 add-on acquisitions to bolster the operations of our portfolio companies.

Our playbook after acquiring an asset revolves around creating a sense of urgency and driving change to build the capabilities and the talent to deliver great returns.

REALIZATIONS / RETURN OF CAPITAL

In 2013, Genstar distributed significant capital to its investors via six recapitalizations and two sales transactions which were made possible by dramatic business growth and cash generation at the portfolio companies.

In September 2013, Genstar sold PRA, one of the world's leading global contract research organizations, to funds managed by KKR. Since the acquisition in a take-private transaction in 2007, PRA generated significant revenue and EBITDA growth compared to the industry and continues to attract new business for its full spectrum of services.

In November 2013, Genstar completed a sale of MidCap Financial LLC to an entity managed by Apollo Global Management LLC. In September 2008, Genstar, together with its co-investors, led the formation of MidCap Financial, a specialty finance company focused on middle market lending to the healthcare industry. MidCap currently has more than 150 lending relationships and nearly \$2 billion under management, with a robust pipeline of lending opportunities to continue its growth trajectory across the healthcare industry.

Earlier in the year, PRA distributed a dividend in February 2013 which, combined with the prior December 2012 dividend, resulted in a 51% return of capital to investors. Similarly, in March 2013, TravelClick distributed a dividend to investors representing 53% of invested capital. Also in March, ERT distributed a dividend to shareholders representing 32% of original invested capital after only eight months of ownership. In the second quarter, ConvergeOne successfully executed a refinancing of its existing senior credit facilities and distributed capital representing 71% of invested capital. Including the prior distribution in 2012, ConvergeOne has returned over 103% of Genstar's original investment. In April 2013, MW Industries distributed a dividend to shareholders representing approximately 16% of invested capital. Finally, in December 2013, Insurity distributed a dividend to shareholders representing 65% of invested capital.

NEW PLATFORM INVESTMENTS

On February 28, 2013, the firm acquired Acrisure, an acquisition that represents our return to the insurance brokerage industry, following our success with Confie Seguros. At the time of investment, Acrisure, a leading retail insurance brokerage organization based in Grand Rapids, Michigan, was the 50th largest privately owned insurance agency in the United States, with a focus on property & casualty insurance and employee benefits. Acrisure intends to acquire other well managed insurance brokerages as it builds out its national presence, and has already completed nine acquisitions since the initial investment, more than doubling its EBITDA.

On August 30, 2013, Genstar, together with Aquiline Capital Partners LLC, a New York-based private equity firm investing in the financial services sector, acquired AssetMark and Altegris from Genworth Financial, Inc. AssetMark and Altegris are the result of a multi-year concerted effort to find compelling opportunities in the asset management space. AssetMark is a provider of investment management and technology solutions to wealth managers, and Altegris packages and distributes alternative investments to the retail market. In January 2014, Assetmark named Charles Goldman, a former senior leader at Charles Schwab and Fidelity, as CEO. Charles is a long term advisor of Genstar and was key member of the diligence team for the investment.

Continuing to build our industrial technology effort and leveraging our experience in healthcare and contract outsourcing, Genstar acquired Tecomet, Inc., a leading precision contract manufacturer supporting the medical device and aerospace & defense industries, in partnership with the company's management, on December 19, 2013. Tecomet was the result of a proactive search for a healthcare focused manufacturing company. We continue to find attractive opportunities that are at the cross-section of our four verticals.

In February 2014, Genstar established a new platform company, Palomar Specialty Insurance to serve as a pure-play provider of commercial and residential earthquake insurance. Genstar and the experienced Palomar management team funded \$75 million to capitalize the insurance company. Palomar initially will

focus on the residential and commercial earthquake markets in earthquake-exposed states such as California, Oregon, Washington and Missouri where consumers tend to have limited options to purchase earthquake insurance.

ADD-ON ACQUISITIONS

Insurity acquired insurance software firm AQS in order to enhance its technology capabilities and acquire additional P&C insurance customers.

MW Industries continued to acquire attractive businesses to build its product and geographic reach. MW acquired Lifeline Products, Inc., a precision manufacturer and one of the leading OEM manufacturers of custom hypodermic needles, assemblies and related medical products. The company also acquired Mohawk Spring, a manufacturer of precision springs, wire forms, and rings serving a broad and varied base of over 300 unique customers.

Acrisure broadened its retail brokerage network with the acquisitions of nine retail brokerages since the investment, adding approximately \$15 million of EBITDA to the platform.

Granite Global Solutions completed three acquisitions: Audis and Optio, which expanded the geographic footprint of the company's managing general agency into Western Canada, and Subrogation Group Ltd., which expanded the subrogation service of the company's claims solutions division.

GENSTAR PROFESSIONALS

Roman Margolin was promoted to Principal from his previous position as Vice President. Prior to joining Genstar in 2008, Roman was an Associate with Willis Stein & Partners and an Analyst in the investment banking group of J.P. Morgan in Chicago. He serves on the boards of Genstar portfolio companies eResearch Technology, Netsmart Technologies, and Granite Global Solutions, and was a former Director of PRA International. Geoff Miller re-joined the Genstar team as a Senior Associate after graduating from Stanford University's Graduate School of Business. He first joined Genstar in 2008 as an Associate and began his career at Robert W. Baird & Co. Our newest Genstar Associates are Nicholas Goode, who joined Genstar

from Robert W. Baird & Co. and Anthony Wang, who joined Genstar from Greenhill & Co.

We added two new members to our Strategic Advisory Board (SAB): Tom Hutton and Mitch Vernick. Tom was formerly CEO of White Mountains Re and Risk Management Solutions. He has been working as an informal advisor for the past six years, has been a valuable contributor to the Palomar investment, and will continue to advise Genstar in financial services and software. Mitch was formerly CEO of Transamerica Commercial Finance and was Vice Chairman at Heller Financial. He has served on the boards of MidCap and IAS, and will continue to advise Genstar in financial services.

R. David Schmaier, who has served on Genstar's SAB since 2007, has expanded his role and will work more closely with Genstar's investments in the Software vertical. David worked most recently as the Executive Vice President at Siebel Systems, Inc., which was acquired by Oracle Corporation. During his 12-year tenure at the company, David was a member of the Siebel executive management team, Founder's Circle of first employees, and led the Products, Marketing

and Alliances organizations. Prior to Siebel Systems, David worked in a variety of sales and marketing roles at Oracle Corporation. He serves as a Director of TravelClick, Inc.

Genstar continues to utilize its Strategic Advisory Board and network to help us identify and attract top talent. Of the hires made for our portfolio companies, 60 percent were sourced from our network. The shorter time required and decreased risk taken to build out leadership teams means the sooner we can begin transforming those businesses.

CONCLUSION

As we look ahead to 2014 our goals remain the same: to drive liquidity across the portfolio, support our portfolio companies with platform development and growth opportunities, and identify unique new deal activity within our verticals. As Genstar continues to grow, we also continue to develop our experienced investment professional team.

Thank you all for your support and the entire Genstar team wishes you the very best in 2014.

The Genstar Team