



Business Focus

Products:

- Mezzanine Debt
- Unitranche / One-Stop Debt
- Minority Equity

Company Criteria:

- EBITDA of \$3MM to \$15MM
- EBITDA Margins ≥ 10%
- Defensible Market Niche or Competitive Advantage
- Stable and Diverse Customer Base
- Consistent Historical Financial Performance
- Headquartered in the United States

Financing Focus:

- Sponsored and Non-Sponsored
- Invest \$5MM to \$25MM per Transaction

Transaction Types:

- Buyouts
- Growth Capital
- Acquisitions
- Leveraged Recapitalizations
- Refinancings

Industry Experience:

- Aerospace and Defense
- Business Services
- Consumer Products
- Distribution
- Education
- Healthcare & Life Sciences
- Industrial / Manufacturing
- Security Products / Services
- Software / IT Services
- Specialty Chemicals / Coatings

News and Updates

Avante was Active in Q1'16

Avante is off to a good start in 2016. We reviewed 145 deals during the first quarter and submitted a number of financing proposals which are currently in process. We also had partial realizations in two of our portfolio companies, Channel Technologies and Whitebridge Pet Brands. In both companies, our debt was fully repaid and our equity remains invested in the business. Also in Q1, we completed a follow on investment in Telestream, our portfolio company that provides digital video transcoding software tools and workflow solutions.

We are also very proud to announce our Managing Partner & CEO and Chair-Elect of the Small Business Investor Alliance, Jeri Harman, testified as a witness before the House Small Business Committee at a field hearing in Pasadena, CA on April 5th. The focus of the hearing was on increasing diversity in private equity and venture capital. Jeri's full testimony and an op-ed column she wrote about diversity can be found under the "News" section of our website.

Avante is hiring! We are seeking to add an associate focused on execution and portfolio to our team in Los Angeles. Qualified candidates should email Paul Hayama, Partner, at phayama@avantemezzanine.com.

Please visit our website (www.avantemezzanine.com) for additional detail about our news headlines or to learn more about Avante.

Q1 Portfolio Activity

Pet Products

Partial Realization



Sponsored By



FRONTENAC COMPANY



Specialty Manufacturing

Partial Realization



Sponsored By




BLUEWOLF




Software


Follow On Investment



Sponsored By



GENSTAR
CAPITAL





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Avante Activity and Market Observations

Key Avante Statistics in Q1 2016:

- Reviewed 145 deals
- Deal sources included private equity firms, intermediaries, entrepreneurs, other mezzanine funds, and senior lenders
- Top Sectors: Business Services-22%, Manufacturing-18%, Consumer-12%, IT Services/Software-12%, Healthcare/Life Sciences-9%
- Top Uses of Proceeds: LBO-64%, Refi-10%, Acquisition-9%, Growth-9%
- Geography: West-35%, Central-29%, East-23%, Southeast-13%

Observations and Outlook:

- Deal quality appears to have decreased slightly from 2015 but competition among PE firms for quality companies has increased.
- The credit market remains robust in the lower middle market, however we are seeing some credit tightening in the middle and upper market.
- We see significant competition across a wide variety of players including SBICs, credit opportunity funds, and other alternative senior lenders in the lower middle market.
- Debt pricing, leverage levels, and enterprise value multiples continue to be aggressive for high quality deals.

Upcoming Events

- **May 6** – Avante partner judging for the Ernst & Young Los Angeles Entrepreneur of the Year Program in Los Angeles, CA.
- **May 18** – Avante partner speaking at the 23rd Annual Symposium on Mezzanine and Middle Market Finance in New York, NY.
- **May 19** – Avante partner attending the KPMG Alternative Investments Symposium in Los Angeles, CA.
- **June 1-2** – Avante partner attending the Association of Asian American Investment Managers 2016 National Conference in San Francisco, CA.
- **June 14-16** – Avante partner attending the Medical Design & Manufacturing East Conference in New York, NY.
- **July 19** – Avante partner speaking at the Emerging Manager Connect Conference in New York, NY.