

## Business Focus

### Products:

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

### Company Criteria:

- EBITDA of \$3MM to \$20MM
- EBITDA Margins  $\geq$  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 Q3'16

Avante continues to be active through Q3'16. We reviewed 437 deals year-to-date including 140 deals during the third quarter, and we submitted a number of financing proposals which are currently in process. We had full realizations in two Fund I portfolio companies, Learners Edge and Global ID. Both investments generated healthy returns for our limited partners.

Also in Q3, we reinvested unitranche debt and equity in Learner's Edge to support the buyout of the company by L Squared Capital Partners of Newport Beach, California. We completed a unitranche and equity investment in Spring USA, a foodservice equipment provider based in Illinois, to support the buyout of that company by Minneapolis-based ShoreView Industries. We also supported a recapitalization at our portfolio company Therapeutic Research in early October.

In July, we welcomed our new Associate, Amanda Kim. Amanda joined us from Goldman Sachs where she evaluated new investments. Amanda holds a B.A. in Mathematics, *summa cum laude* and Phi Beta Kappa, from Bowdoin College.

We are pleased to announce that Jeri Harman, Managing Partner & CEO, became Chair of the SBIA (Small Business Investor Alliance), effective October 11<sup>th</sup>.

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

## Q3 Portfolio Activity

Education	Foodservice Equipment	Business Services
 Lakeville, MN Sponsored By  New Investment September 2016 	 Naperville, IL Sponsored By  New Investment September 2016 	 Fairfield, IA Sponsored By  Full Realization November 2013 



Flexible Capital. Trusted Partner.

## Avante Team

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## Avante Activity and Market Observations

### Key Avante Statistics in YTD 2016:

- Reviewed 437 deals
- Deal sources included private equity firms, intermediaries, entrepreneurs, other mezzanine funds, and senior lenders
- Top Sectors: Business Services-19%, Consumer-15%, Healthcare/Life Sciences-14%, IT Services/Software-14%, Manufacturing-13%
- Top Uses of Proceeds: LBO-70%, Refi-12%, Growth-7%, Acquisition-5%
- Geography: West-35%, Central-31%, East-23%, Southeast-11%

### Observations and Outlook:

- Deal quality overall has been mixed throughout 2016, 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.

## Recent & Upcoming Events

- **Oct 1** – Avante Partner attended the CapitalOne Healthcare Conference in Washington, DC.
- **Oct 2** – Jeri Harman spoke on a mezzanine panel at SuperReturn Alternative Assets Private Credit Conference in Chicago, IL.
- **Oct 9-11** – Jeri Harman chaired and another Avante Partner attended the SBIA National Summit for Middle Market Funds in Florida.
- **Oct 13** – Avante Partner attended the ACG/USC Family Office Program.
- **Nov 9-10** – Jeri Harman co-chairing and other Avante team members attending the ACG Los Angeles Business Conference in Pasadena, CA.
- **Nov 15** – Avante Partner celebrating women-owned businesses at Greenberg Glusker's Fashion Your Network event in Los Angeles, CA.
- **Dec 7-8** – Avante Partner attending the Wells Fargo Middle Market Opportunities Forum in New York, NY.