

Q2-2019 Private Equity Industry Update



Market Update

Long-term fund performance has remained strong this year with an increasing number of firms entering the market. Dry powder in the European and North American markets is currently at a new high of \$1.54 trillion. Despite the high amount of available capital to be deployed, M&A activity has experienced a slower first half of the year in comparison to 2018. In Q2 of this year, 244 funds have closed globally, which is down from 399 in Q2 of 2018. Additionally, buyout investments in North America recorded its lowest aggregate deal value amount since 2017.

Lower deal volume is likely due to market uncertainty regarding fiscal policy and today's high valuations. For North America and Europe in particular, the potential for rising interest rates has made investors hesitant to transact. Higher valuations may also be leading certain buyers to wait for a correction before deploying capital.

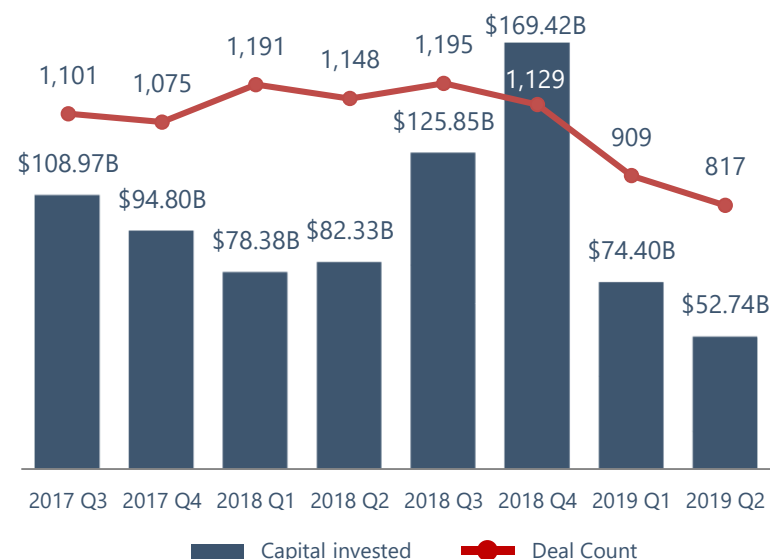
In regards to future outlook, Provident believes that M&A activity still has the capacity to grow in the second half of 2019 as sellers seek to exit while purchase multiples are high. This is even more likely to occur in the healthcare services sector where the industry is projected to continue attracting funds looking to establish platforms and consolidate practices in highly fragmented subsectors.

Below are several notable transactions that took place in Q2:

Select Transactions:

Month	Acquirer	Target	Healthcare Vertical	Notable Attributes
June	Angeles Equity Partners	Mini Pharmacy Enterprises	Specialty Pharmacy	Angeles Equity Partners has acquired LA based Mini Pharmacy Enterprises, a pharmacy specializing in providing diabetic supplies
June	Sheridan Capital Partners	Atlantic Vision Partners	Ophthalmology	Sheridan Capital Partners, has invested in Atlantic Vision Partners, a vision practice management company, providing ophthalmic, optometric, and optical services
May	Arsenal Capital Partners	Hopebridge, LLC	Behavioral Health	Arsenal Capital Partners has acquired Hopebridge LLC, a center-based provider of behavioral health services for children affected by autism spectrum disorder
May	J.P. Morgan Capital Corporation	InstaMed	Healthcare IT & Software	J.P. Morgan Capital Corporation, has acquired InstaMed, an operator of a nationwide electronic medical payments platform
April	HCAP Partners	Mission Healthcare	Home Health & Hospice	HCAP Partners, a private equity firm in San Diego, has invested in Mission Healthcare, a leading home health provider in the Southern California market
April	Great Point Partners, LLC	Little Spurs Pediatric Urgent Care	Urgent Care	Great Point Partners, LLC has acquired Little Spurs Pediatric Urgent Care, a leading provider of pediatric urgent care services

Private Equity Investment & Deal Count



Sources: Preqin's "Private Equity & Venture Capital Q2 2019"

Chart Source: PitchBook Data, Inc.

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