



MARKET ATMOSPHERE

The third quarter continued to give us drama on all fronts. The EU rejected Italy's 2019 budget in an unprecedented move, as Italy teeters on the edge of financial distress. The Chinese economy is starting to falter, with GDP reported at 6.5% and its markets seeing a loss of over 20% YTD. And global tensions began to mount in October as Saudi Arabia was accused of killing a Turkish journalist.

Index Performance				
Index Name	Index Price 9/28/2018	QoQ %	YTD%	TTM %
NASDAQ	8,046.35	7.1%	14.8%	23.9%
Dow Jones	26,458.31	9.0%	6.6%	18.1%
S&P 500	2,913.98	7.2%	8.1%	15.7%
Russell	1,696.57	3.3%	9.5%	13.8%

The broad market had continued its bull market into the end of Q3, marking a solid YTD and TTM performance. However after quarter end the market experience a pull back as the Fed continued to raise rates, the DOW dropped as 3M, and Caterpillar missed on earnings. The market ended down roughly 10% from October 1st - 29th. At the high end the Russell 2000 pulled back 12.9%, putting it in correction territory, and at the low end the Dow Jones pulling back 7.6%.

The US Dollar (DXY:CUR) continued to strengthen, as the fed ended its expansionary monetary policy and started raising rates. Oil breached the \$70 threshold in September marking the first time to do so since 2014. In late October, Saudi Arabia gave the green light to OPEC and allies on oil production, which comes a month after Trump urged OPEC to "get prices down now."

ECONOMIC - HIGHLIGHTS

The US economy continued to see positive data come out across employment, GDP and inflation. Q2 GDP growth saw an impressive 4.2%, up from Q1's 2.2%, this was likely driven by tax cuts which add to consumer and business spending, a 3% YoY growth. Both Q1 & Q2 exceeds the Fed's long term target growth rate of 1.8%. However global tension mounted in October waning the markets momentum. This was exacerbated by the Federal Reserve continuing to raise rates.

10 year Treasury Yield



The Fed plans to maintain its plan for 3 rate hikes in 2018, targeting 340bps on 10 year treasuries by year end, as GDP is exceeding its long term goal of 1.8%, unemployment is under 4.0% and inflation at target levels. Additionally the Fed monitors what is known as the Chicago Federal Activity Index, and is considered by some economics a better tool than GDP, monitors 85 different macroeconomic variables and can be monitored monthly.

Additionally the Fed currently has 4 rate hikes built in for 2019, targeting a fed funds rate of 370bps on the 10 year treasury by the end of 2019.

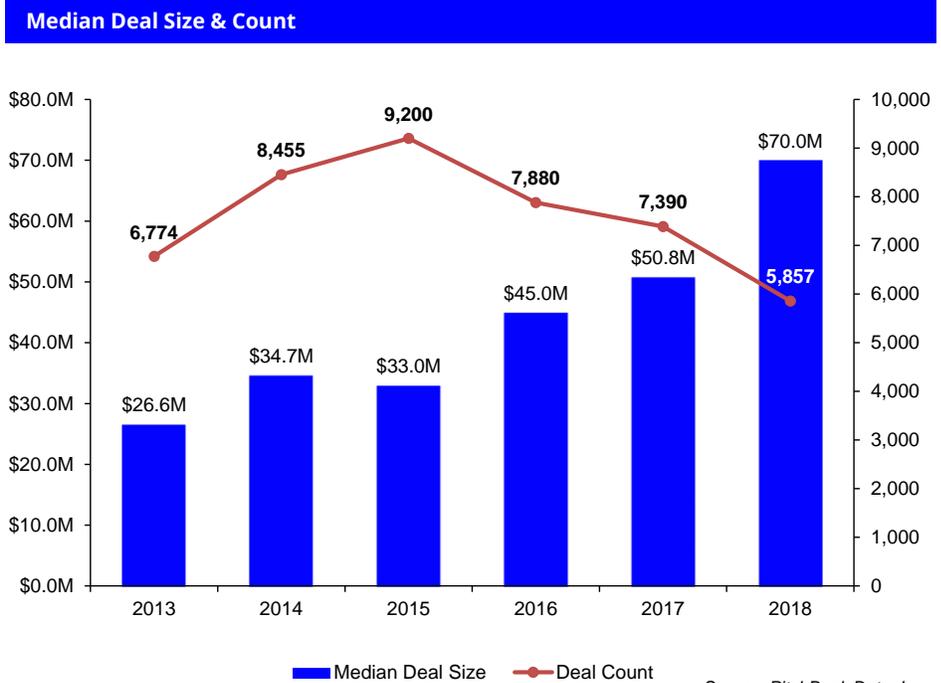
As a result of the rate hike the volatility index (VIX) saw an uptick to \$28.84 as the market pulled back on October 11th, but this led many, including President Trump, to criticize the Fed's move.

However, this current path has created a divide within the Fed, with James Bullard and Randal Quarles on opposite ends of the ring. Quarles supports the Fed current path based off of the information provided above. Bullard refutes these points stating that the model doesn't support the rate hikes when attributing for recent event. When reviewing the "natural neutral rate" (FDRT Index) it appears that we aren't far off and a only a slight rate hike is need. Both the Fed's preferred target inflation indicators, the Core PCE and the Headline Inflation rate, are at or near target inflation levels of 2.0%, and raising rates would dampen inflation that does not need dampening. Further investors don't believe inflation is an issue, as investors have been shedding inflation protection since early September.

BROAD MARKET INVESTMENTS

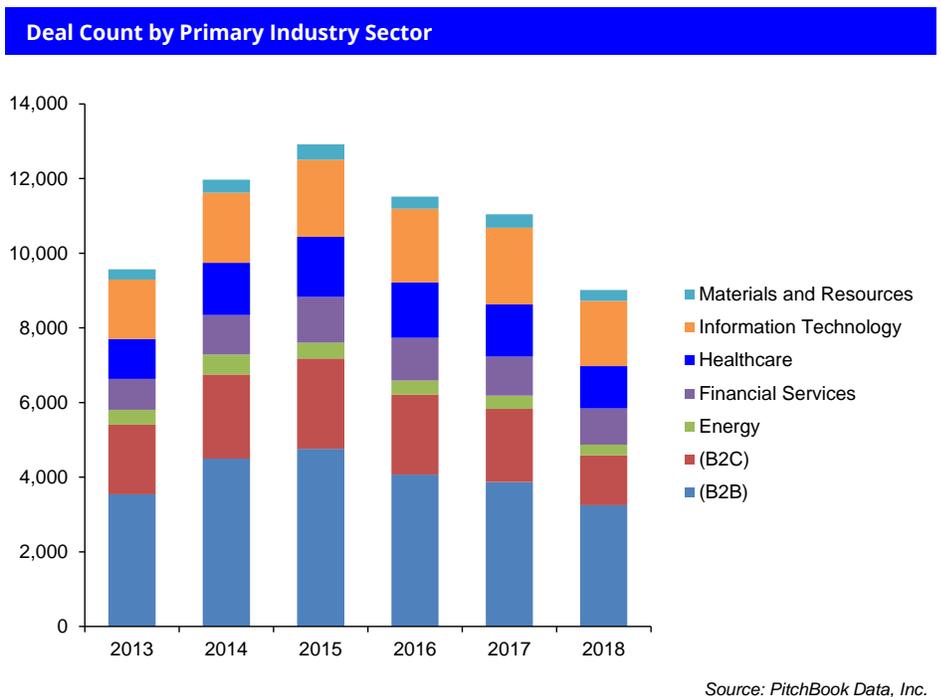
Median deal value for M&A transactions reached a high of \$70.0mm, representing a 37.8% jump YoY. This comes at a time when the stock market is stretching the longest bull market recorded in US history and its multiples are exceeding at least what I consider to be rational.

Deal volume is on pace to be at or slight below 2017, depending on seasonality as many people will rush to close before year end.



US M&A activity totaled \$1.73 trillion dollars, of which the Business Products and Services (B2B) sector (which is admittedly board) remains the largest portion of M&A transaction. However it does so at a diminishing rate. Decreasing from 39.1% in 2007 to 36.1% in 2018.

Healthcare deals as a percentage of total transactions has been seeing a relatively steady increase, growing from 9.1% of total deal count in 2007 to 12.5% in 2018.



TOP TRANSACTIONS

Deal Date	Target	Acquirer	% Acquired	Deal Status	Deal Size	Deal Synopsis
19-Oct-2018	Energy Transfer Partners	Energy Transfer Equity	100.00%	Completed	27,000.00	The company was acquired by Energy Transfer Equity (NYSE: ETE) for \$27 billion on October 19, 2018.
01-Oct-2018	Andeavor	Marathon Petroleum (NYS: MPC)(Gary Heminger)	100.00%	Completed	23,300.00	The company (NYSE: ANDV) was acquired by Marathon Petroleum (NYSE: MPC) for \$23.3 billion on October 1, 2018. Andeavor shareholders will have the option to receive in exchange for each share of Andeavor common stock they hold 1.87 shares of MPC stock, \$152.27 in cash, or a combination of both, subject to a proration mechanism that will result in 15% of the shares of Andeavor common stock being exchanged for cash and the remaining shares being exchanged for MPC stock. The strategic combination, creates a large-scale, geographically-diversified and highly-integrated refining, marketing and midstream company.
02-Jul-2018	Dell-VMWare Tracking (NYS: DVMT)	Dell Technologies(Michael Dell)	100.00%	Announced / In Progress	21,729.87	The company (NYSE: DVMT) reached a definitive agreement to be acquired by Dell for \$21.729 million through a reverse merger, which would result in the combined entity trading on the NYSE Stock Exchange on July 2, 2018. The deal is expected to close in the fourth quarter of 2018.
09-Jul-2018	Dr Pepper Snapple Group	BDT Capital Partners(Byron Trott), JAB Holding Company(Olivier Goudet), Keurig Dr Pepper (NYS: KDP)(Robert Gamgort), Mondelez International (NAS: MDLZ)(Dirk Van de Put)	87.00%	Completed	21,000.00	The company was acquired by Keurig Green Mountain, via its financial sponsors BDT Capital Partners and JAB Holding Company, through a \$21 billion LBO on July 9, 2018. Mondelez International also participated in the transaction.
11-Jul-2018	CA Technologies (NAS: CA)	Broadcom (NAS: AVGO)(Thomas Krause)	100.00%	Announced / In Progress	19,000.00	The company (NASDAQ: CA) reached a definitive agreement to be acquired by Broadcom (NASDAQ: AVGO) for \$19 billion on July 11, 2018. Broadcom intends to fund the transaction with cash on hand and \$18 billion in new, fully-committed debt financing. This combination aligns the company's expertise in software with the acquirer's leadership in the semiconductor industry. The deal is expected to close on November 5, 2018.
28-Aug-2018	General Growth Properties	Brookfield Asset Management (TSE: BAM.A)(Suzanne Fleming)	66.00%	Completed	15,250.00	The company was acquired by Brookfield Asset Management for \$15.25 billion on August 28, 2018. The cash portion of the consideration was funded by a combination of approximately \$4 billion from joint venture equity partners and financing from a syndicate of lenders. In connection with the closing of the transactions, GGP's existing common stock and Series A preferred stock were delisted from the New York Stock Exchange.
30-Jul-2018	Forest City Realty Trust (NYS: FCE.A)	Brookfield Asset Management (TSE: BAM.A)(Brian Kingston)	100.00%	Announced / In Progress	11,400.00	The company (NYSE: FCE.A) reached a definitive agreement to be acquired by Brookfield Asset Management (TSE: BAM.PF.F) for \$11.4 billion on July 30, 2018. Financing will be led by a syndicate of banks including BofA Merrill Lynch, Barclays, BMO Capital Markets, Citigroup Global Markets Inc, Deutsche Bank, RBC Capital Markets and The Toronto-Dominion Bank to Brookfield.
01-Oct-2018	Refinitiv	Canada Pension Plan Investment Board(Jim Fasano), GIC Private(Choo Cheen), The Blackstone Group (NYS: BX)(Martin Brand)	55.00%	Completed	11,000.00	The Financial & Risk business of Thomson Reuters (NYSE: TRI) was acquired by The Blackstone Group, Canada Pension Plan Investment Board and GIC Private through a \$11 billion LBO on October 1, 2018. Blackstone Group has agreed that annual payments of \$325 million would be made for 30 years to the Reuters which would amount to almost \$10 billion over three decades. Thomson Reuters will retain a 45 percent holding. In a transaction valued at \$20 billion, just over \$5 billion is funded with equity. The deal consists of a \$13.5 billion loan and a \$750m revolving credit facility provided by The Blackstone Group, Bank of America Merrill Lynch, J.P. Morgan, Citigroup, Wells Fargo, Morgan Stanley, The Goldman Sachs Group, UBS, Credit Suisse, HSBC Holdings, Deutsche Bank, Barclays, Royal Bank of Canada and Sumitomo Corporation. Subsequently, the Financial and Risk business unit was renamed Refinitiv.
26-Jul-2018	Petrohawk Energy	BP (LON: BP.)(Robert Dudley)	100.00%	Announced / In Progress	10,500.00	The company reached a definitive agreement to be acquired by BP (LON: BP.) for \$10.5 billion on July 26, 2018. On completion, \$5.25 billion, as adjusted, will be paid in cash from existing resources. \$5.25 billion will be deferred and payable in cash in six equal instalments over six months from the date of completion. BP intends to finance this deferred consideration through equity issued (from Barclays Bank) over the duration of the instalments. Shearman & Sterling provided advisory service to Barclays Bank. The acquisition will bring BP extensive oil and gas production and resources in the liquids-rich regions of the Permian and Eagle Ford basins in Texas and in the Haynesville gas basin in Texas and Louisiana. The deal is expected to be completed by the end of October 2018.
13-Jul-2018	HRG Group	Spectrum Brands (NYS: SPB)(David Maura)	100.00%	Completed	10,000.00	The company (NYS: HRG) was acquired by Spectrum Brands (NYSE: SPB) for \$10 billion on July 13, 2018. The combination of Spectrum Brands and HRG Group creates an independent company with a more widely distributed shareholder base, meaningfully increased trading liquidity in its common stock and an independent governance structure
11-Oct-2018	Envision Healthcare	Kohlberg Kravis Roberts (NYS: KKR)(James Montazee)	100.00%	Completed	9,900.00	The company (NYS: EVHC) was acquired by Kohlberg Kravis Roberts through a \$9.9 billion public-to-private LBO on October 11, 2018. The debt financing for the acquisition includes \$5.05 billion term loan B, \$2.15 billion of high-yield bond and \$850 million of loan financing.

Source: Pitchbook Data, Inc.

Lawrence, Evans & Co., LLC. is a boutique healthcare financial advisory and investment banking firm comprised of senior level professionals who provide lead advisory services to private companies, lenders, and other parties-in-interest that are executing financial and strategic transactions. Founded in 2003, the firm provides a wide array of services such as finance and capital raising, mergers and acquisitions, management consultancy services, turnaround management and restructuring, and real estate finance and development. The firm caters to the healthcare providers and service companies (senior housing, hospital, physician services, dental, dermatology, ophthalmology, physical therapy, behavioral health, RCM, HCIT, Population Health, etc.), transportation and logistics, and select niche manufacturing sectors. Transactions are typically under \$250 million or \$10 million EBITDA.

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- LBO's and Recapitalizations
- Strategic Planning
- Organizational Reviews
- Expert Testimony & Opinions
- Chief Restructuring Officer (CRO)
- Bankruptcy Planning / 363 Sales
- Receivership / Trustee

Represented Healthcare Transactions

 <p>SALE TO</p>  <p>ACTED AS ADVISOR</p>	 <p>PURCHASED</p> <p>MULTI SPECIALTY MEDICAL BILLING COMPANY</p> <p>ACTED AS ADVISOR</p>	<p>SOUTHEASTERN US HOSPITAL OPERATOR</p> <p>\$65,000,000 3 HOSPITALS</p> <p>ACTED AS ADVISOR</p>	 <p>GROWTH CAPITAL RAISE</p>  <p>ACTED AS ADVISOR</p>
 <p>175 ROOM \$18,026,000</p> <p>NON-RECOURSE HOTEL CONSTRUCTION LOAN</p> <p>ACTED AS ADVISOR</p>	 <p>SALE TO</p>  <p>ACTED AS ADVISOR</p>	<p>SKILLED NURSING & ASSISTED LIVING PORTFOLIO</p> <p>\$35,000,000 MULTI-FACILITY REFINANCING</p> <p>ACTED AS ADVISOR</p>	<p>\$70MM MIDWEST SPECIALTY WAREHOUSE, BROKERAGE, TRUCKING</p> <p>BUY-SIDE SEARCH</p> <p>ACTED AS ADVISOR</p>

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