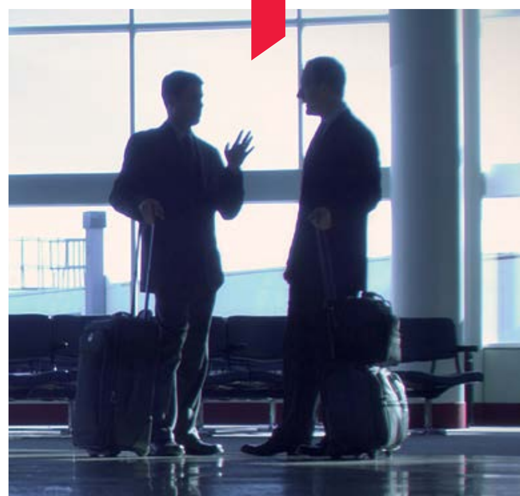
EXCERPTS OF RECENT MEDIA COVERAGE

PRIVATE EQUITY PRACTICE

A SAMPLING OF BDO THOUGHT LEADERSHIP IN THE MEDIA FOR Q4 2014



ACG MIDWEST CAPITAL CONNECTION

LATIN AMERICAN CROSS-BORDER TRANSACTIONS: WAY BEYOND ACCOUNTING

By **Fred Campos, Director, Transaction Advisory Services**

Halfway through 2014, the repercussions of the financial crisis have largely waned, except for a few lingering side effects. While leverage is not back to pre-crisis level (arguably, a good thing), access to capital is no longer an impediment to deal making. Moreover, strategic and financial buyers now have a few years of relatively stable financial history that alleviates some uncertainty associated with pre- vs. post-crisis target performance. As always, the challenge for global private equity firms and strategic buyers is to find quality target companies. We see today's buyers are not limiting themselves to their domestic market opportunities but are looking abroad for opportunities. The Mergermarket Group expects cross-border activity – inbound and outbound – to continue at the same pace as last year.

According to its Half-Year Edition of the "Deal Drivers America," inbound deals into North America increased more than 320 percent in the first six months of 2014. Inbound crossborder transactions into the Americas increased by 113 percent as of July 2014, including the United States (up by 143 percent) and Brazil (up by 180 percent). Additionally, we have seen increasing investments from developing countries. In 2013, investments from developing and transitioning economies accounted for 39 percent of the world outflow, compared to only 12 percent 15 years ago.

Despite a recent economic slowdown, Brazil remains an attractive market for buyers looking for growth opportunities due to its stable political climate, strong economy and, probably more important, its sheer size and population. Whereas Brazil's complex tax system and onerous labor laws may be a risky bet for some buyers, Chile is widely considered a safe point of entry into Latin America for risk-averse buyers. Labor issues in Chile are rarely deal breakers. Within these two extremes, Colombia and Peru continue to grow and remain attractive options. We also see a renewed interest in Mexico, which has been rebounding with an improving U.S. economy. As a matter of fact, these opportunities are so sound that Latin American CFOs are focused on cross-border acquisitions within their own region rather than looking toward Asia or other emerging markets.

Strategically focused and remarkably responsive, for more than 100 years the experienced, multidisciplinary partners and directors of BDO's Private Equity practice have provided value-added assurance, tax and consulting services for all aspects of a fund's cycle, wherever private equity firms are investing.

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PITCHBOOK NEWSLETTER

ESTABLISHING A STRONG CULTURE OF COMPLIANCE

By **Tim Mohr, Principal & National Financial Services Advisory leader, BDO Consulting**

Private equity fund managers today face an unprecedented flow of regulatory changes, increasing the pressure to enhance compliance and operational systems. New regulations have not only resulted in more firms operating as regulated entities, but also in alterations to private placement exemptions as a product of the JOBS Act. Institutional investors have also begun to increase their scrutiny of private equity funds, looking beyond investment strategies to fully understand fee structures, valuation procedures and oversight processes before making the decision to invest.

Of particular note for private equity fund managers is the “bad actor” rules, which first went into effect in September 2013 and effectively disqualify securities offerings that involve “bad actors” from relying on exemptions from SEC registration under Rule 506. Because of the severe consequences associated with a failure to comply, sophisticated investors now expect private equity firms to provide regular evidence of more rigorous compliance and operational systems, with a special focus on monitoring for regulatory and legal troubles that may trip the “bad actor” rules.

To remain compliant with existing requirements and meet investor expectations, it is now necessary for private equity funds to monitor compliance needs and provide clear, transparent reporting on a regular basis. Establishing these ongoing compliance monitoring processes can both enable accurate and timely reporting and make private equity funds more attractive to investors during fundraising.

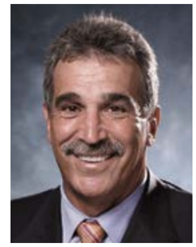
PRIVATE EQUITY ANALYST

RETAIL INVESTORS MAY TRY ON APPAREL COMPANIES FOR SIZE

By Lillian Rizzo

Private equity deal volume for retail and consumer products companies tumbled in 2014, despite a rise in consumer spending and record overall merger volume. Investors and industry experts say, however, that the downtrodden sector could spawn opportunities for deals in 2015.

Financial sponsors can take encouragement from buoyant initial public offerings in the retail and consumer sectors, although some subsectors have been stronger than others. Apparel, despite its weak performance this year, could be a promising target area for mergers and acquisitions and IPO activity in 2015, investors and analysts say. Lifestyle apparel, food and beverage, and restaurants are expected to remain strong areas, with teen apparel still a soft spot.



“The apparel industry has really been struggling,” said **Al Ferrara, head of BDO USA LLP's consumer products and retail practice**. “There's probably going to be some shake out in that space and there will be opportunities.”

LOS ANGELES BUSINESS JOURNAL

VC FIRM LIKED WHAT IT SAW IN MEDICAL SCREENER

By Marni Usheroff

...The rapid growth comes as changes in the financial and health care landscapes encourage consolidation in medical fields as a way to capture market share and benefit from economies of scale.

“Private equity and venture capitalists really like the fact that businesses they're

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investing in can effectively be plugged into bigger solutions and allow them to capture greater market share," said **Steven Shill, Costa Mesa-based health care practice leader for accounting and consulting firm BDO USA's western region**.

These investors seem to favor health care sectors with less variability in the regulatory environment and where returns are expected to be consistent. Also attractive, he said, are investments in companies that would "Effectively bend the curve" or create such significant cost savings for health care providers that returns would be significant.

Shill, who said he has worked with both RadPartners and NEA, point to L.A.-based Leonard Green & Partners as an example. The private equity firm acquired Prospect Medical Holdings, a Westwood hospital owner and operator, in 2010 around the time the trend began.

GLOBAL FINANCE MAGAZINE

LATIN AMERICA: END OF THE BOOM ERA?

By Antonio Guerrero

Latin America was flying high after the 2008-2009 global crisis as one of the world's leading emerging markets regions. But many analysts believe the boom may be over. The IMF in October cut its 2014 GDP growth forecast for the region to a meager 1.3%, down from a 2% forecast in July, while predicting a modest 2015 rise to 2.2%. However, analysts say investors will still seek opportunities there.

The IMF blamed declining commodity prices and policy uncertainty in many markets for the outlook deterioration. "Economic growth in Latin America and the Caribbean has slowed more than anticipated, as weak growth in South America has outweighed an incipient recovery in Mexico," says the IMF, which contends external volatilities, especially faster-than-expected US interest rate hikes, could pose further challenges.

Brazil, the region's largest market, has slowed significantly. GDP growth averaged 4.2% in 2003-2008, but fell to 2.1% in 2011-2013. Standard & Poor's expects the economy to grow at a rate of less than 1% this year and less than 2% in 2015. The Central Bank of Brazil's survey of private-sector analysts says growth will be 0.24% in 2014 and 1% in 2015...

Fred Campos, director of transaction advisory services at BDO USA, says Brazil's situation could be appealing. "Lower valuation multiples that currently exist as a result of the stronger US dollar and a deceleration of Brazil's economy make the market attractive for some companies with a long-term view of the market."

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