

Contents

Market Overview	1
Middle Market M&A Update	2-3
Middle Market IPO Activity	3
Middle Market Private Placement and Venture Capital Activity	4
San Diego M&A Activity	5-7
San Diego Private Placement and Venture Capital Activity	8

About W Partners

W Partners is a boutique investment banking advisory firm that provides financial advisory services to middle-market companies in the Western United States.

Our services include mergers, acquisitions, financings, capital raising, and strategic transaction advice to business owners and family offices.

San Diego Middle Market M&A Update Second Quarter of 2016

In the second quarter, global M&A activity totaled \$839 billion, a 33% decrease in value from the comparable quarter last year. However, U.S. M&A activity remained solid and well ahead of similar half year figures from 2012-2014 despite \$462 billion in abandoned mega deals (Pfizer / Allergan, United Technologies / Honeywell). Increased regulation, tax complications, and market volatility factors (Brexit, the U.S. presidential election, the slowing Chinese economy, low oil prices, and a possible Fed interest rate hike) created a tough deal making environment, but were offset by many encouraging factors, including a ready market for U.S. corporate debt issued by acquirers, sluggish global GDP growth forcing executives to turn to acquisitions for growth, and Chinese corporate bidders seeking outbound deals to offset the effects of a decelerating home economy.

U.S. private equity deal values totaled \$135 billion in the second quarter, a 18% decline over the prior year period. Private equity investors played it safe by decreasing the proportion of debt in each deal and focusing on the middle market, with deals between \$25M and \$100M comprising over a quarter of all private equity activity, a level not seen since 2012. A meaningful portion of the \$63 billion raised by private equity firms this quarter will likely continue to be deployed in the middle market going forward as investors seek value in an increasingly turbulent market.

Globally, venture capital activity continued to slow after declines in 4Q15 and 1Q16, with deal volume dropping a further 6% this quarter as investors weighed market uncertainties and chose to spend more time raising capital or supporting existing portfolio companies. Nonetheless, worldwide deal value inched up 3% to \$27 billion thanks to the largest unicorns (Uber, Snapchat, Didi Chuxing) opting to raise significant rounds of private capital.

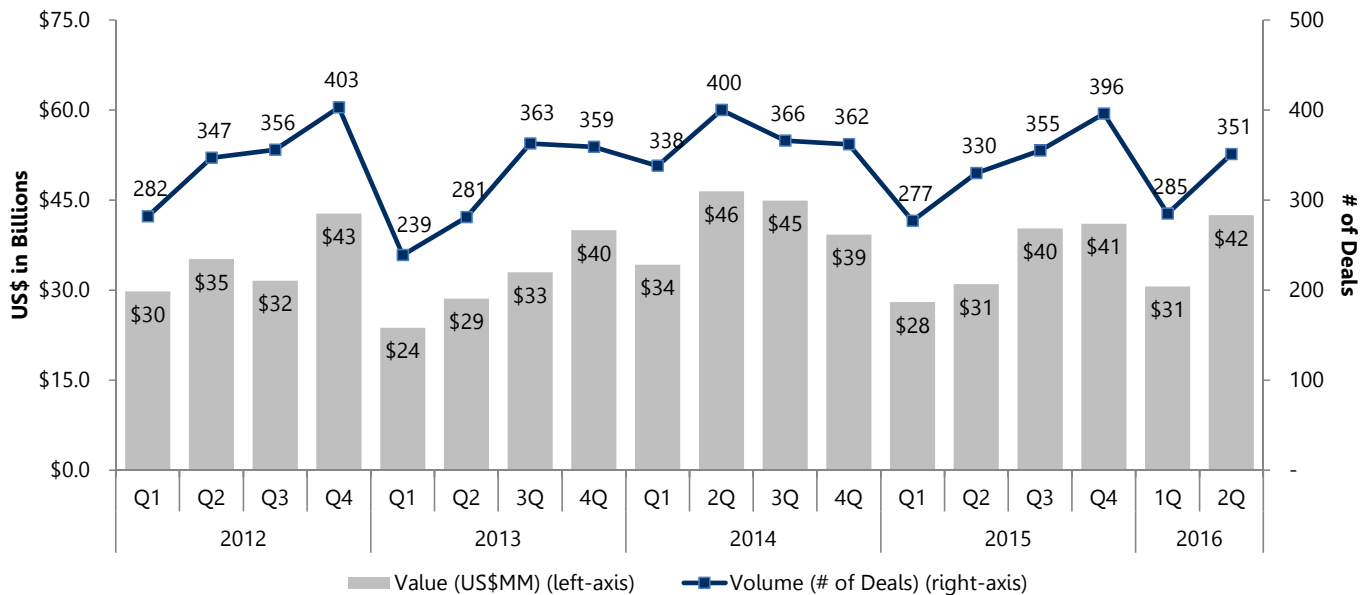
In the U.S., venture capitalists invested \$15 billion in 961 deals during the second quarter of 2016, a 12% decrease in deal volume over the prior year quarter. While caution has been voiced by U.S. venture capitalists, it is significant to note that 2Q16 is the tenth successive quarter with greater than \$10 billion invested in a single quarter.

After a lackluster first quarter, 246 IPOs worldwide raised \$30 billion in the second quarter. In the U.S., 37 IPOs raised a relatively modest \$6 billion. While this is a far cry from 2015 and many companies are waiting for market stabilization, the increased involvement of financial sponsors in IPO deals and the massive pipeline of IPO-ready companies in diverse sectors are all positive signals for capital markets in the coming quarters.

In summary, despite high market volatility, U.S. deal activity recuperated somewhat in the second quarter of 2016. As sources of volatility stabilize or markets grow accustomed to increased tumult, we expect deal activity to continue to recover during the third quarter.

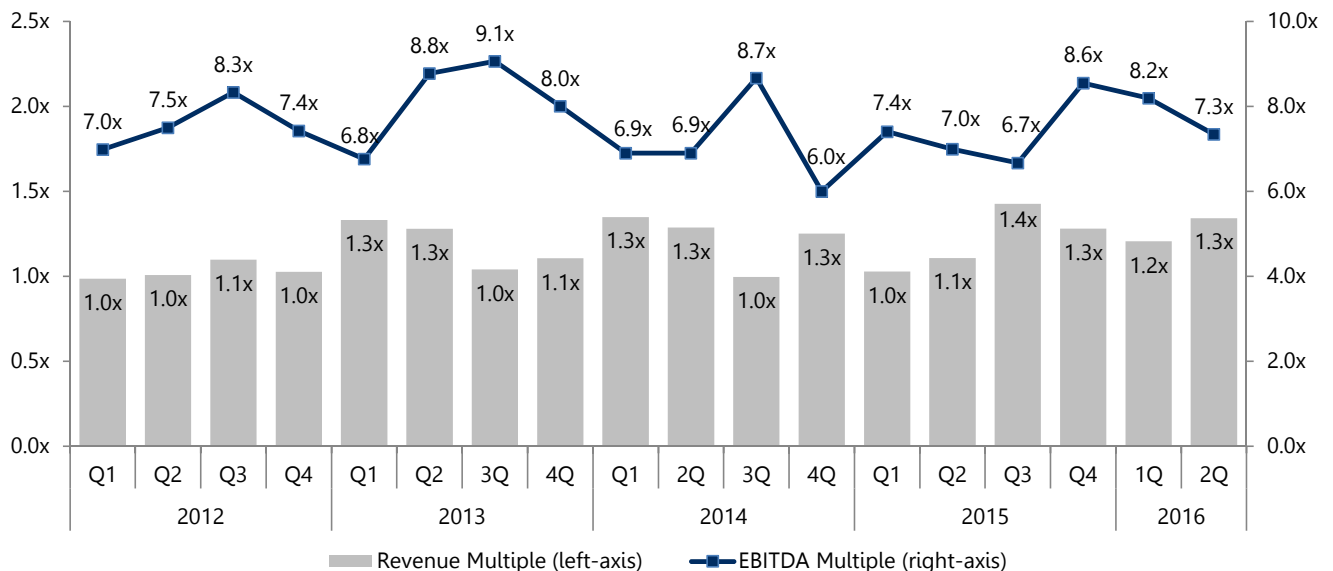
M&A Activity – Middle Market

U.S. middle market deal activity in the second quarter was higher than in the prior year quarter, and as anticipated, was higher than 1Q16 as deal activity tends to improve in the second quarter of the year. The most active sectors during the quarter were of Technology, Energy, and Financials constituting just under half of all deals. On a trailing 12-month basis, even though the number of Technology and Financials transactions fell by 7% and 15% respectively over the prior 12-month period, they increased in average deal size by 51% and 81% respectively, showing that buyers are increasingly focused on scale and less willing to take risks on smaller businesses.



Valuation Multiples – Middle Market M&A Transactions

While disclosed multiples for private transactions are limited, Revenue and EBITDA multiples for middle market M&A transactions remain consistent with long term averages. In 2Q16, EBITDA multiples declined from the prior quarter but were similar to the prior year period. Quality opportunities continue to demand relatively high multiples from investors as robust competition and declining deal quality continue and “dry powder” raised by new funds needs to be deployed during the lifetime of the fund.

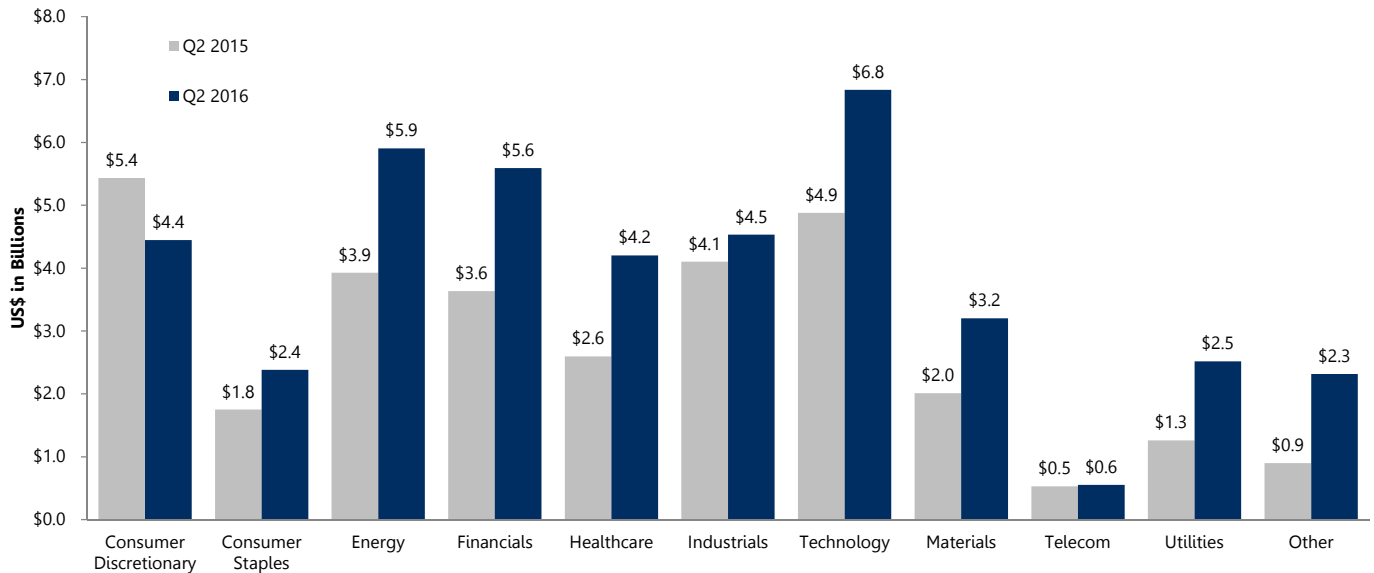


Note: Middle market defined as transactions between \$10 and \$500 million in the U.S., excluding transactions in real estate. EBITDA multiples disclosed in less than 10% of all transactions.

Source: S&P Capital IQ.

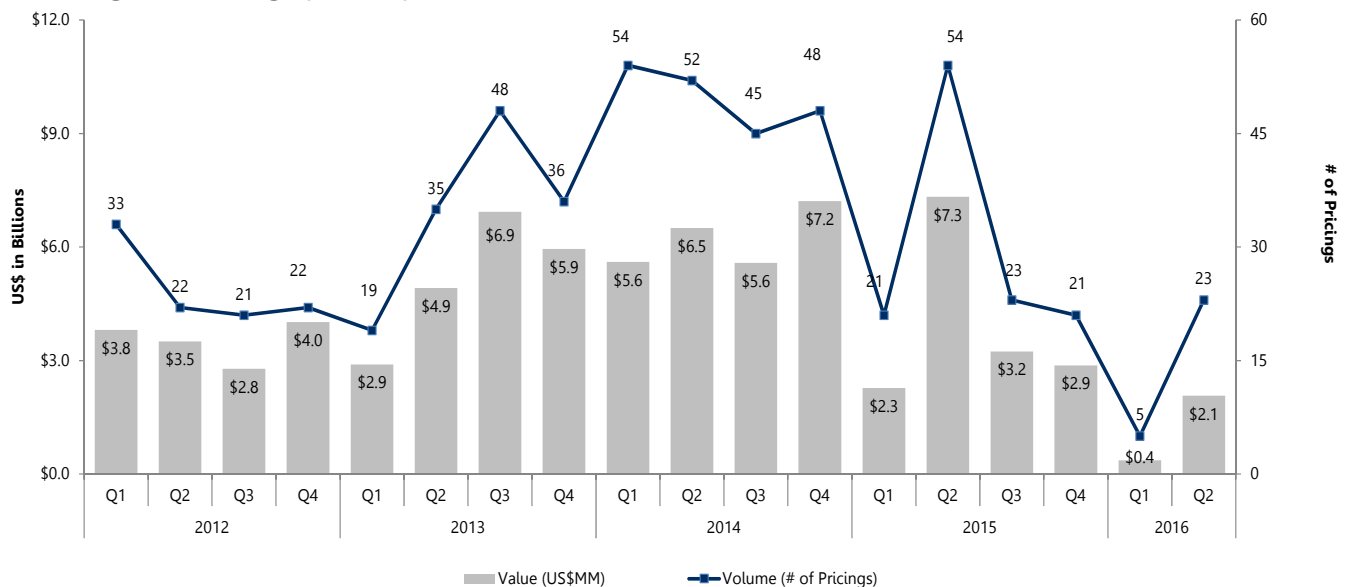
M&A Activity by Sector – Middle Market

Deal activity in the second quarter of 2016 was characterized by larger increases in average deal size than increases in number of transactions compared the second quarter of 2015. For instance, in Technology, deal volume fell by 7% compared to the prior year quarter, but average deal size increased by 51% overall thanks to deal sizes doubling in the verticals of Application Software, Communications Equipment, and IT Consulting. Notably, in the Energy sector, there were more Oil and Gas Exploration deals driving the growth for the sector. The average transaction size for the Financials sector was driven up by a 77% increase in the average deal size for the Regional Banks vertical.



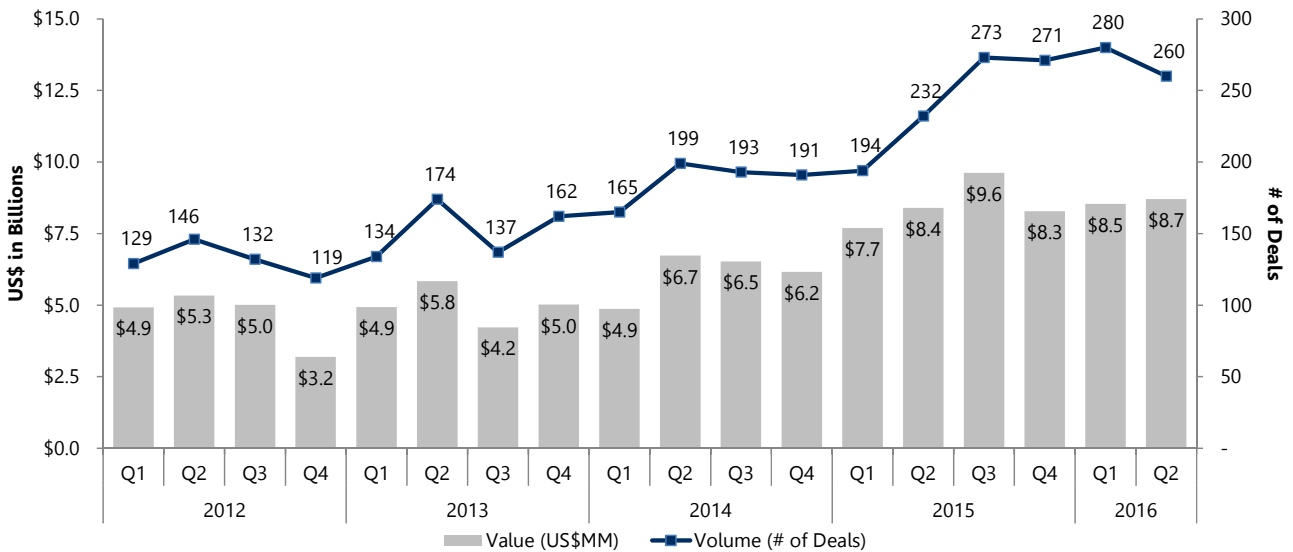
IPO Activity – Middle Market

The IPO market showed weak signs of recovery as 23 middle market IPOs were completed in the face of continued market volatility. Healthcare remained the most active sector, swelling to 15 middle market IPOs or 65% of all IPOs, although Technology and Industrials also debuted 3 IPOs each. Average offering size rose slightly to \$90 million, but nevertheless represented a 34% drop over the prior year period. Tepid IPO activity continues to reflect the importance of alternative financing and the trend of companies' pursuing private capital raising strategies as they look to keep their strategic fundraising options open.



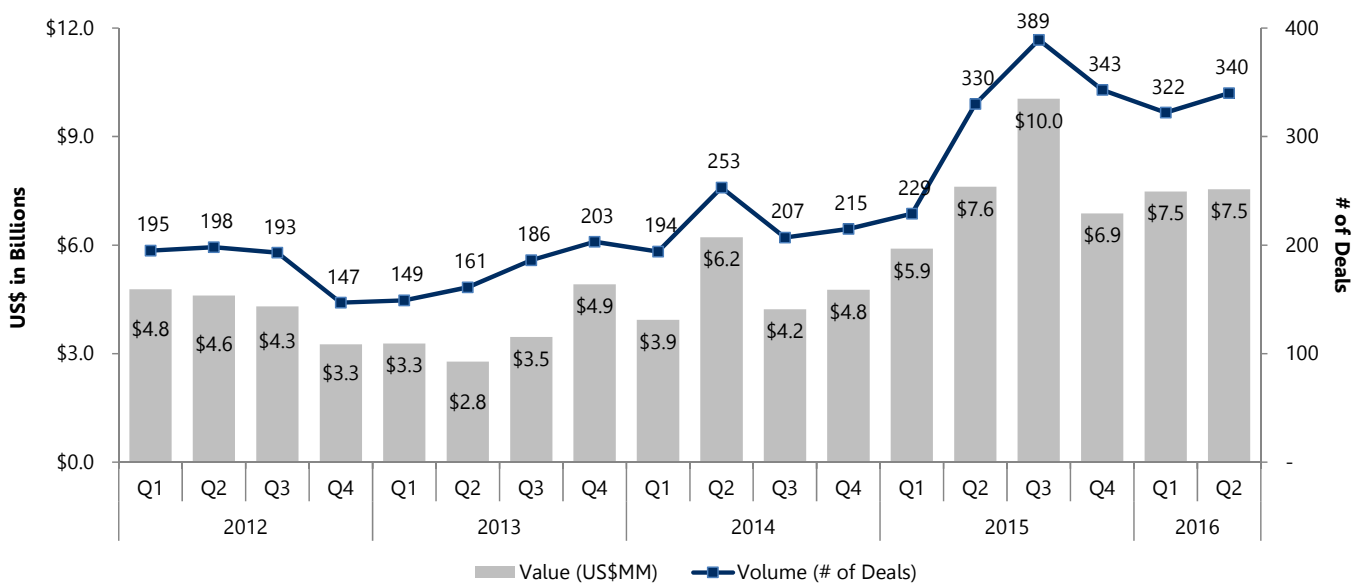
Private Placement Activity – Middle Market

Middle market private placement activity in the second quarter continued to slowly trek higher when compared with the prior year quarter as institutional investors continue to expand their portfolios. Interestingly, transaction value for the 12 month period ended 2Q16 increased by 22% and transaction volume increased by 34% over the prior year 12 month period, demonstrating how private capital is funding companies in lieu of IPO activity. The most active sectors during the quarter were Technology and Healthcare representing two-thirds of transaction volume, followed by Consumer Discretionary, Financials and Industrials, which represented approximately a quarter of total transaction volume.



Venture Capital Investment Activity – Middle Market

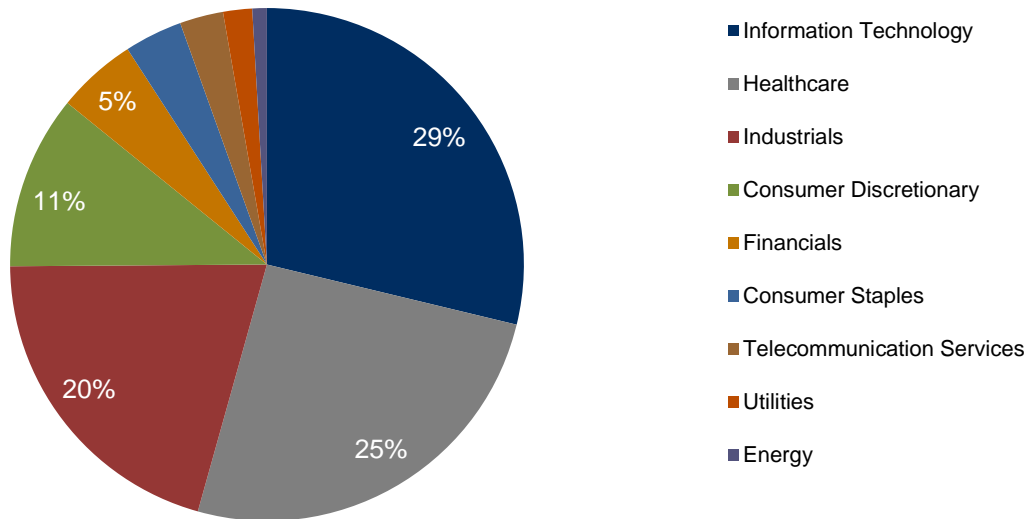
Venture capital activity was essentially flat with the prior year quarter and remains at healthy levels. When viewed on a trailing 12 month period, middle market venture capital transaction volumes and values grew by over 40% as compared to the prior 12 month period, demonstrating the vast availability of capital for well run and positioned companies. The Technology and Healthcare sectors continued to dominate venture transactions during the second quarter with Technology investments constituting just under half of all deals and Healthcare transactions accounting for 20% of all transactions.



San Diego M&A Activity by Sector

There were 53 San Diego region M&A transactions during the quarter with a mix of both buy and sell-side transactions. Of the 53 regional transactions, 34 were San Diego-based companies that were targeted by acquirors, with 16 San Diego-based companies other businesses outside of the local region. Some notable transactions included Baby Tula LLC being acquired by The ERGO Baby Carrier, Inc. for \$82 million as a strategic add-on acquisition. And in April Novatel Wireless, Inc. carved out its IP and Cellular Module Products business in a \$22 million sale to Telit Wireless Solutions Inc. Also in the technology sector, Freedom Voice Systems, Inc. was sold to GoDaddy, Inc. for \$47 million.

San Diego Transaction Mix
(Last Twelve Months)



San Diego M&A Transaction Details for Q2 2016

Announced Date	Target	Acquiror	Target Industry	Target Business Description	Size (\$mm)	TEV ¹ /Revenue	TEV ¹ /EBITDA
Consumer Discretionary							
06/30/2016	Baja Designs, Inc.	Bestop Inc.	Auto Parts and Equipment	Manufactures lighting products	-	-	-
06/30/2016	R.W. Smith & Co., Inc.	TriMark USA, LLC	Distributors	Restaurant supply and equipment	-	-	-
06/29/2016	Sector 9 Inc.	Bravo Sports Corporation	Leisure Products	Skateboard and accessory manufacturer	\$12	-	-
06/23/2016	Project Pie, LLC	Pieology Pizzeria	Restaurants	Pizza restaurants	-	-	-
05/09/2016	Baby Tula LLC	The ERGO Baby Carrier, Inc.	Home Furnishings	Manufactures toddler carrier products	\$82	3.3x	6.3x
05/05/2016	eChristian, Inc.	Recorded Books, Inc.	Publishing	Christian e-publisher	-	-	-
04/27/2016	Aerial MOB, LLC	5D Robotics Inc.	Movies and Entertainment	Unmanned aerial cinematography	-	-	-
Consumer Staples							
06/22/2016	Rapid Fire Marketing, Inc. (OTCPK:RFMK)	GELI Holdings, Inc.	Tobacco	Developer of vapor inhalers	-	-	-
06/16/2016	Pure of Holland, LLC	Kashi Company	Packaged Foods and Meats	Produces/sells healthy snacks	-	-	-
Financials							
06/23/2016	Figtree Company, Inc.	Dividend Solar, Inc.	Specialized Finance	Financier of environmentally focused businesses	-	-	-
06/06/2016	AmeriPro Funding, Inc.	Guild Mortgage Company, Inc.	Thriffs and Mortgage Finance	Home mortgage loans	-	-	-
05/05/2016	Sloan Mas on Insurance Services, Inc.	Worldwide Facilities, LLC	Insurance Brokers	Commercial insurance brokerage service	-	-	-
04/30/2016	North Island Credit Union	California Credit Union	Specialized Finance	Credit union	-	-	-

1. Total enterprise value.

Note: Reflects all disclosed M&A transactions excluding real estate where the acquiror, target or seller headquarters are in the greater San Diego area. The San Diego-based company is denoted in bold. * indicates that the seller was one of a group of sellers.

Sources: S&P Capital IQ and W Partners research and estimates.

San Diego M&A Transactions (Cont'd)

Announced Date	Target	Acquiror	Target Industry	Target Business Description	Size (\$mm)	TEV ¹ /Revenue	TEV ¹ /EBITDA
Healthcare							
06/28/2016	ChartLogic, Inc.	Medsphere Systems Corporation	Health Care Technology	Electronic health records software	-	-	-
06/24/2016	Experea Healthcare, Inc.	ABC Home Medical Supply Inc.	Healthcare Supplies	Disposable medical supply provider	-	-	-
06/20/2016	Asklepion Pharmaceuticals, LLC, Liquid Formulation Of Ursodeoxycholic Acid	Retrophin, Inc. (NasdaqGM:RTRX)	Pharmaceuticals	Pharmaceutical for treatment of biliary cholangitis	\$59	-	-
06/06/2016	BNN Holdings Corp.	NuVasive, Inc. (NasdaqGS:NUVA)	Health Care Technology	Provides neurophysiologic monitoring solutions	\$98	2.0x	-
06/06/2016	Peak Health Solutions, Inc.	AMN Healthcare Services Inc. (NYSE:AHS)	Healthcare Services	Health information management services	-	-	-
06/03/2016	Health Tech, Inc.	Merry X-Ray Corporation	Healthcare Distributors	Distributor of X-ray systems	-	-	-
06/03/2016	ValueGene Inc.	Integrated DNA Technologies, Inc.	Biotechnology	Gene discovery services	-	-	-
06/01/2016	Tokalas, Inc.: Seller - Mesa Verde Venture Partners	Oncternal Therapeutics, Inc.	Biotechnology	Targeted cancer treatment developer	-	-	-
05/31/2016	Ciclofilin Pharmaceuticals Inc.	ContraVir Pharmaceuticals, Inc. (NasdaqCMCTRV)	Biotechnology	Developing hepatitis-C treatment	-	-	-
05/31/2016	The INGroup, Inc.	DrFirst.com, Inc.	Health Care Technology	Hospital management and reporting software	-	-	-
05/25/2016	SynteractHCR	Amulet Capital Partners LP	Life Sciences Tools and Services	Contract healthcare research organization	-	-	-
05/23/2016	Southeast Correctional Medical Group	Correctional Medical Group Companies, Inc.	Healthcare Services	Clinical based correctional healthcare services	-	-	-
05/03/2016	Ionis Pharmaceuticals, Inc., Global Rights to Develop and Commercialize KYNAMRO	Kastle Therapeutics, LLC	Pharmaceuticals	Developer of pharmaceuticals	-	-	-
05/02/2016	Nintamed GmbH & Co. KG	DexCom, Inc. (NasdaqGS:DXCM)	Healthcare Distributors	Glucose monitoring systems	\$7	-	-
05/02/2016	Vericare Management Inc.	Med Options, Inc.	Healthcare Services	Elderly patient wellness programs	-	-	-
04/21/2016	CareFusion Corporation, CareFusion Vertebral Compression Fracture Portfolio of Products	Stryker Corporation (NYSE:SYK)	Healthcare Equipment	Vertebral compression fracture products	-	-	-
Industrials							
06/02/2016	The Credit Bureau of San Luis Obispo & Santa Barbara Counties	Credit Data Solutions, LLC	Research and Consulting Services	Mortgage and credit reporting services	-	-	-
06/02/2016	Border Assembly, Inc.	TECMA Group LP	Office Services and Supplies	Corporate shelter program for American maquiladoras in Tijuana	-	-	-
05/11/2016	Vanguard Space Technologies, Inc.	Alliance Spacesystems LLC	Aerospace and Defense	Aerospace structure engineering and manufacture	-	-	-
04/27/2016	HD Supply Interior Solutions	Interior Specialists, Inc.	Trading Companies and Distributors	Interior design services	-	-	-
04/25/2016	Global Resource Options, Inc.	EDF Renewable Energy, Inc.	Construction and Engineering	Solar photovoltaic (PV) engineering and project management	\$35	-	-
04/21/2016	Pak Mail Centers of America, Inc.	Annex Brands, Inc.	Air Freight and Logistics	Packing and shipping services	-	-	-
04/05/2016	Richard Brady & Associates, Federal Services Division	ACT Environmental Services	Environmental and Facilities Services	Environmental engineering and remediation services	-	-	-

1. Total enterprise value.

Note: Reflects all disclosed M&A transactions excluding real estate where the acquiror, target or seller headquarters are in the greater San Diego area. The San Diego-based company is denoted in bold. * indicates that the seller was one of a group of sellers.

Sources: S&P Capital IQ and W Partners research and estimates.

San Diego M&A Transactions (Cont'd)

Announced Date	Target	Acquiror	Target Industry	Target Business Description	Size (\$mm)	TEV ¹ /Revenue	TEV ¹ /EBITDA
Information Technology							
06/23/2016	Suite of 19 Games	AppSwarm, Inc. (OTCPK:SWRM)	Application Software	Mobile device game suite	-	-	-
06/22/2016	ROXIMITY, Inc.	Verve Wireless, Inc.	Internet Software and Services	Location-based ad platform for retailers	-	-	-
06/22/2016	Business.com Media, Inc.	Purch, Inc.	Internet Software and Services	Performance-based marketing platform	-	-	-
06/20/2016	Actio Software Corporation	Enviance, Inc.	Internet Software and Services	Supply chain management software	-	-	-
06/19/2016	Digital Dimensions, Inc.	DASI Solutions L.L.C.	Technology Distributors	EDA/ECAD products and services	-	-	-
06/14/2016	InterOcean Systems Inc.	Delmar Systems, Inc.	Electronic Equipment and Instruments	Oceanographic and environmental equipment manufacture	-	-	-
06/01/2016	Appealtrack, LLC	Tax Compliance, Inc.	Application Software	Property tax appeal management software	-	-	-
06/01/2016	XyberNET, Inc.	Blue Hill Data Services, Inc.	Application Software	Software solutions for insurance, financial, and automotive industries	-	-	-
05/09/2016	Caterra Pty Ltd	Hunter Industries Incorporated	Electronic Equipment and Instruments	Irrigation control systems developer	-	-	-
04/12/2016	Maxwell Technologies, Inc., Microelectronics Product Line	Data Device Corporation	Electronic Components	Microelectronic product line	\$21	-	-
04/11/2016	Novatel Wireless, Inc., IP and Cellular Module Products	Telit Wireless Solutions Inc.; Telit Technologies (Cyprus) Limited	Communications Equipment	Cellular module product line provider	\$22	-	-
04/04/2016	Arynga, Inc. - Seller: Qualcomm Labs, Inc.	Wind River Systems, Inc.	Application Software	Industry-targeted wireless solutions	-	-	-
Telecommunication Services							
05/25/2016	Leap Licenseco, Inc., 700 MHz A-Block Spectrum	T-Mobile US, Inc. (NasdaqGS:TMUS)	Wireless Telecommunication Services	Mobile communications services	-	-	-
05/17/2016	Freedom Voice Systems, Inc.: Seller - Newstar Ventures Ltd.	GoDaddy Inc. (NYSE:GDDY)	Integrated Telecommunication Services	Toll-free number provider	\$47	-	-
05/09/2016	Broadcom Corporation, Wireless Backhaul Business	MaxLinear, Inc. (NYSE:MXL)	Integrated Telecommunication Services	Wireless data and intellectual property	\$80	2.7x	-
Utilities							
04/26/2016	EnergySouth, Inc. - Seller: Sempra U.S. Gas & Power, LLC	Spire Inc. (NYSE:SR)	Gas Utilities	Natural gas distribution	\$390	-	-
M&A Exits for Companies that have a Financial Investor Based in San Diego							
06/22/2016	Carolina Bank Holdings Inc. (NasdaqGM:CLBH) - Seller: Blue Pine Financial Opportunities Fund II, LP	First Bancorp (NasdaqGS:FBNC)	Regional Banks	Holding company for Carolina Bank	\$98	-	-
06/01/2016	Fiksu, Inc. - Seller: QUALCOMM Ventures*	ClickDealer Ltd	Internet Software and Services	Mobile marketing technology platform	-	-	-
05/31/2016	On Campus Media, Inc. - Seller: HCAP Partners	Rouge Media Group Inc.	Broadcasting	Digital place-based college television network	-	-	-
05/25/2016	Pronoun, Inc. - Seller: Avalon Ventures, LLC*	Macmillan Limited	Internet Software and Services	Professional publishing platform	-	-	-
04/26/2016	Foundation Bancorp, Inc. (OTCBB:FDNB): Seller - Castle Creek Capital LLC	Pacific Continental Corp. (NasdaqGS:PCBK)	Regional Banks	Foundation Bank holding company	\$66	-	-

1. Total enterprise value.

Note: Reflects all disclosed M&A transactions excluding real estate where the acquiror, target or seller headquarters are in the greater San Diego area. The San Diego-based company is denoted in bold. * indicates that the seller was one of a group of sellers.

Sources: S&P Capital IQ and W Partners research and estimates.

San Diego Private Placement and Venture Capital Activity

San Diego companies raised over \$475 million in private capital during the first quarter. Approximately three-fourths of all funding was allocated to the healthcare sector where significant capital is required for drug and product development. The largest investment during the quarter was in San Diego-based Human Longevity, Inc., a genomics and cell therapy-based diagnostic and therapeutic company, which raised \$220 million from existing investors along with Illumina and GE Ventures as new investors to the company. Other notable non-healthcare investments included a \$6 million funding for microbrewer Associated Microbreweries, Inc. and a \$40 million investment by JMI Equity, General Atlantic and Jackson Square Ventures into Seismic Software, Inc. who provides a sales enablement and content management platform for marketing teams.

Announced Date	Issuer	Round/Investors(s)	Issuer Industry	Issuer Business Description	Amount Raised (\$mm)
Consumer Staples					
06/30/2016	Associated Microbreweries, Inc.	Not disclosed	Brewers	Beer producer and distributor	\$6
Financials					
04/15/2016	Applied Data Finance, LLC	Not disclosed	Consumer Finance	Provides loans and financial analytics	\$10
Healthcare					
06/22/2016	Reflexion Health, Inc.	The West Health Investment Fund	Health Care Technology	Digital health solutions for physical therapy	\$18
06/22/2016	Oncternal Therapeutics, Inc.	Not disclosed	Biotechnology	Clinical stage oncology drug therapies	\$13
06/10/2016	toSense, Inc.	Not disclosed	Healthcare Equipment	Digital health heart device and data analysis	\$4
06/07/2016	Angionetics Inc.	Pineworld Capital Limited	Biotechnology	Gene therapeutics	\$3
06/06/2016	Suneva Medical, Inc.	Essex Woodlands Health Ventures	Pharmaceuticals	Dermatology products	\$25
06/03/2016	Presbyopia Therapies, LLC	Not disclosed	Pharmaceuticals	Ophthalmology products	\$3
05/27/2016	Oncternal Therapeutics, Inc.	Not disclosed	Biotechnology	Clinical stage cancer drug therapies	\$13
05/20/2016	PDI Therapeutics Inc.	Avalon Ventures, LLC; GlaxoSmithKline plc, Investment Arm	Pharmaceuticals	Immunology therapies	\$10
05/20/2016	AristaMD, Inc.	Not disclosed	Healthcare Services	Referral management system for physicians	\$5
05/18/2016	AnaBios Corporation, Inc.	Not disclosed	Pharmaceuticals	Contract research services	\$5
05/11/2016	VantagePoint Laboratory Partners, LLC	Enhanced Equity Fund, L.P.	Healthcare Services	Laboratory tests for healthcare providers	\$10
04/11/2016	Ascus Bioscience, Inc.	Not disclosed	Life Sciences Tools and Services	Computational genomics platform	\$13
04/04/2016	Human Longevity, Inc.	Illumina Inc. (NasdaqGS:ILMN); Celgene Cellular Therapeutics, Inc.; GE Ventures	Biotechnology	Gene and cell therapy	\$220
Information Technology					
06/29/2016	Ostendo Technologies Inc.	Not disclosed	Technology Hardware and Storage	Virtual reality display technology	\$41
06/24/2016	Auptix, Inc.	Not disclosed	Internet Software and Services	Shipping and freight logistics	\$3
05/25/2016	Seismic Software, Inc.	General Atlantic LLC; JMI Equity ; Jackson Square Ventures	Internet Software and Services	Cloud-based sales enablement solution	\$40
04/28/2016	SLANTRANGE, Inc.	The Investor Group	Electronic Equipment and Instruments	Agriculture remote sensing and intelligence	\$3
04/20/2016	Ostendo Technologies Inc.	Not disclosed	Technology Hardware and Storage	Virtual reality display technology	\$20
04/16/2016	Nimble Software Systems Inc.	SEEK Limited (ASX:SEK)	Internet Software and Services	Workforce management software	\$4
04/05/2016	SkySafe, Inc.	Founder Collective; Andreessen Horowitz LLC; SV Angel; BoxGroup	Electronic Equipment and Instruments	Radio wave anti-drone device	\$3

Note: Reflects disclosed private placement and venture capital transactions greater than \$5.0 million where the issuer is headquartered in the greater San Diego area. San Diego-based companies and funds are denoted in bold. Sources: S&P Capital IQ and W Partners research.

Please contact the W Partners team for additional information regarding M&A transactions, private placements, venture capital investments or public market valuations in your particular industry or sector:

Todd Wilson
 Managing Director
 Phone: 858.333.8445
 twilson@wpartners.com


Joel Weinstein
 Director
 Phone: 858.333.8447
 jweinstein@wpartners.com

San Diego Office
 4370 La Jolla Village Drive
 Suite 303
 San Diego, CA 92122
 Phone: 858.333.8444


Salt Lake City Office
 6340 South 3000 East
 Suite 500
 Salt Lake City, UT 84121
 Phone: 801.890.4175

www.wpartners.com


Selected Transactions by W Partners




Private Placement of
Equity Securities



Financial Advisory



Joint-Venture
Agreement with



Financial Advisory



Was Acquired by




Financial Advisory




Private Placement of Debt
and Equity Securities


Financial Advisory



Strategic Advisory



Master Franchisee and
Exclusive Development
Agent for



Financial and Strategic
Advisory



Acquired the Marine
Transportation Assets of




Financial Advisory




\$100 Million Private
Placement



Financial Advisory



Was Acquired by



Financial Advisory

The information contained herein is for informational purposes only, and we are not soliciting any action based upon it. This material should not be read as advice or recommendations. It has not been prepared taking into account any person's particular objectives or needs. Any person should consider whether the information is appropriate to their needs or seek advice before making a decision based on this information. The material is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such. Opinions expressed are our current opinions as of the date appearing on this material only. No part of this material may be copied, photocopied or duplicated in any form by any means or redistributed without W Partners' prior written consent.

Securities-related services, including M&A advisory for transactions involving stock or debt and private capital raising, are offered through Burch & Company, Inc., member FINRA / SIPC. W Partners and Burch are not affiliated entities. Principals of W Partners are registered investment banking agents with Burch and perform such services on behalf of Burch.

Copyright© 2016 W Partners Group LLC. All rights reserved