

THE MAGAZINE DEDICATED TO THE DEALMAKERS

DealMakers

MONTHLY

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December 2011

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Silver Lane

A clear winner

An M&A advisory firm specialising in the wealth management sector and broader asset management industry, New York-based Silver Lane Advisors successfully represents global clients. Its managing partner, Elizabeth Bloomer Nesvold, throws light on the firm and its most recent deal representing Avalon Advisors and involving an investment by The Carlyle Group.

Founded in 2007, Silver Lane Advisors is a boutique investment bank that provides financial advisory services in a range of areas, including mergers and acquisitions, divestitures, recapitalisations, strategic

alliances, valuations, due diligence, fairness opinions, market entry strategies, and equity transitions.

Silver Lane's clients include Avalon Advisors, Stadion Money Management, Westmount Asset

Management, E*Trade, KAPITALL, Laird Norton Tyee, Gresham Investment Management, and The Sienna Group.

Managing Partner Nesvold believes her firm's successful representation as

financial advisor to Avalon Advisors, a Houston-based wealth advisor and asset manager, is another feather in Silver Lane's cap. Avalon received a minority investment from global alternative asset manager, The Carlyle Group.

Speaking on the deal, Nesvold says: "We were retained by Avalon to provide advice, as the company evaluated a strategic and financial option that could help drive its future growth." Initially, Avalon had one potential partner in mind but Silver Lane, building off its knowledge of, and contacts with, industry players, worked with Avalon to expand that universe to incorporate several potential companies that it believed could provide a good fit.

Elaborating, Nesvold says: "This particular effort was complicated by Avalon's shareholder structure which included five founding partners and a minority stake held by Houston-based private equity firm Platform Partners LLC. This meant Silver Lane had to ensure that the interests of all parties were aligned as the process moved forward."

Initially, Silver Lane arranged several management meetings that were followed by thorough due diligence sessions. Following substantive business and financial negotiations with the parties, Carlyle was selected as the best financial partner.

Following this decision to pursue a deal exclusively with Carlyle, Silver Lane organised several in-person management meetings to allow principals on both sides to establish a personal rapport and delve into the details of their respective businesses. Given the complexities of the deal, each side hired legal and accounting representation to help with diligence and drafting of the definitive agreements for the transaction. Silver Lane advised Avalon on structuring and negotiating the transaction with Carlyle, and the deal was successfully closed 26 September, 2011.

Equity for the investment came from Carlyle Global Financial Services Partners, a \$1.1 billion fund that invests in a range of financial services companies. Platform Partners

participated in the recapitalisation with a significant portion of its existing stake in Avalon and continues to serve as a strategic partner.

Carlyle's minority investment in Avalon is its first foray into the wealth management industry. Avalon, founded in 2001, is a fast-growing wealth and asset manager that has become one of the leading independent firms in the Southwest, with some \$4 billion in assets under management (AUM). Avalon manages money across the traditional equity, fixed income and balanced products range.

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Managing director at Carlyle, Randy Quarles, expects his firm to benefit from Avalon's "committed leadership, a talented team, and an excellent track record of investment performance and client service." He adds: "Avalon has deep market penetration and focused expansion plans that we look forward to supporting."

Avalon, meanwhile, expects the new partnership to provide a spectrum of investment solutions from a partner with complementary asset management capabilities and an understanding of its business and client base. In addition, Avalon expects to derive some benefit reputationally from the association with a major brand name in the private equity and asset management industries.

"Avalon also plans to expand in the Southwest, assisted by the support of Carlyle. Additionally, the company

sees the partnership as a means for extending equity participation in the firm and thereby attracting and retaining talent," says Nesvold.

The transaction also provides liquidity to some of the founding partners at Avalon. Importantly, Nesvold notes, while Avalon gains the benefits of this partnership, it will continue to enjoy operating independence.

Says Robert Gauntt, one of the founding partners of Avalon: "We believe this new partnership will better enable us to expand our spectrum of investment solutions with a partner who can provide expertise in complementary asset capabilities. This investment by Carlyle is in line with our desire to maintain operating independence with a partner who understands our business, our client base and works collaboratively with management."

Having completed another high-profile deal, Nesvold – who over a 20-year career has advised on 140 completed merger, acquisition, valuation and strategic advisory assignments for a variety of clients – says that such success fuels Silver Lane's ambition to be a market leader in financial services M&A.

"Silver Lane continues to pursue the same game plan that inspired its founding and continues to drive its success - zero in on a niche in the financial services industry; focus on identifying and completing successful transactions and related advisory work for clients; and maintain the highest ethical and social responsibility standards."

In order to further those goals, Silver Lane has implemented improvements in its operating business, Nesvold says, including a rebranding effort, several technology upgrades, several significant hires and board designations, and a relocation to new offices in Midtown Manhattan. The firm also organised its charitable endeavours under a formal foundation called Silver Lane Cares. The firm donates between five per cent and 10% of its profits annually to the foundation.

"Our philanthropic efforts are a reflection of the values that drive our business," says Nesvold. **DM**