



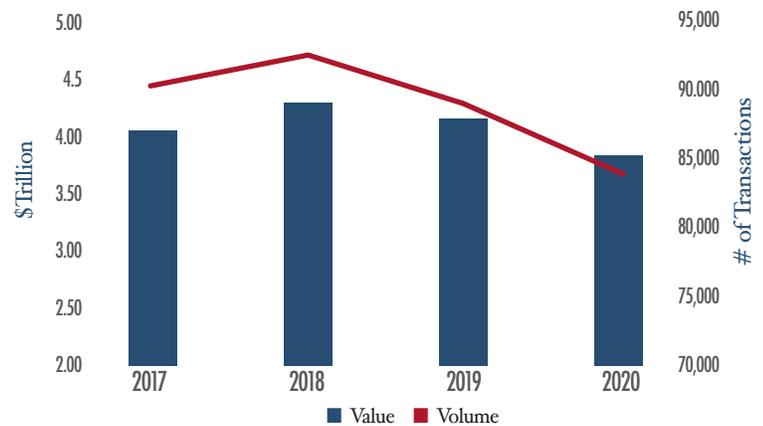
I. GLOBAL M&A RECOVERY

Driven by a number of large-scale transactions, the global M&A market has seen tremendous recovery in the second half of 2020. Total deal value was \$3.77tn and total volume was 83,769 transactions. Despite the pandemic, this represents only an 8% decrease in value and a 5% decrease in volume from 2019 figures of \$4.1tn and 88,500 transactions. With increasing vaccine distribution and continued access to low-cost debt, approximately \$2.5bn transaction deal value was announced in the second half of 2020. This reflects an astounding 96% increase from the \$1.3tn in the first half of 2020. When the Covid-19 Pandemic and economic shu downs began in April, there was a notable decline in global M&A activity. Transaction deal value fell to \$162bn and \$152bn for April and May as transactions that were in progress were put on hold. The resurgence in M&A activity commenced over the last four months of the year. Total transaction deal value averaged over \$467m for each month and peaked at \$488bn in October.

The most active geographic regions in terms of total deal value and volume in 2020 were North America and Asia/Pacific, accounting for 39.0% (\$1.5tn) and 33.4% (\$1.3tn) of the global transaction deal value, respectively. When combined, these markets represent approximately 73% of the deal value globally in 2020. The regions that were most impacted by the Covid-19 pandemic were the North American Region and Europe. Transaction volume decreased by 8.4% in North America (36,031 transactions) and 9.2% in Europe (21,095 transactions) in 2020. The impact of the pandemic was even more pronounced when comparing transaction value in North America. Transaction value decreased by 28% in North America in 2020, while the European region reported a slight increase of 3%. The increase in European transaction deal value was due to a few large-scale transactions including the \$54bn announced acquisition of AlticeEurope N.V. (France) by Next Private B.V. (Netherlands) and IHS Markit Ltd. (United Kingdom) by S&P GlobalInc.(UnitedStates). Geographically by country, the USA represented the highest share of M&A transaction value (36.9%), followed by China (18.0%), the United Kingdom (8.1%) and Japan (4.0%).

One the drivers of the recovery in the US M&A Market in the second half of 2020 was the record recovery in the U.S.A capital markets. The U.S. stock market (S&P 500 Index) experienced a 6

Chart I: 2017-2020 Global M&A Activity



Source: Standard and Poor's

Chart II: 2020 Global M&A Activity by Month



Source: Standard and Poor's



8% increase in value from the March 23, 2020 sell off. For the full year the index returned 15.3% in 2020. Moreover, what is encouraging is that the pace of the stock market recovery in 2020 has been the fastest on record over the past three decades. Since 1987, there have been four instances in which the S&P 500 index has fallen by more than 20% (bear market definition). These include the 1987 Stock Market Crash, 2001 Dot Com Bubble, 2008 Global Financial Crisis and the 2020 COVID-19 Crisis. The average time for recovery prior to the Covid-19 bear market (as defined as surpassing the previous all-time high) is 1065 trading days compared to only 130 trading days for the Covid-19 crisis.



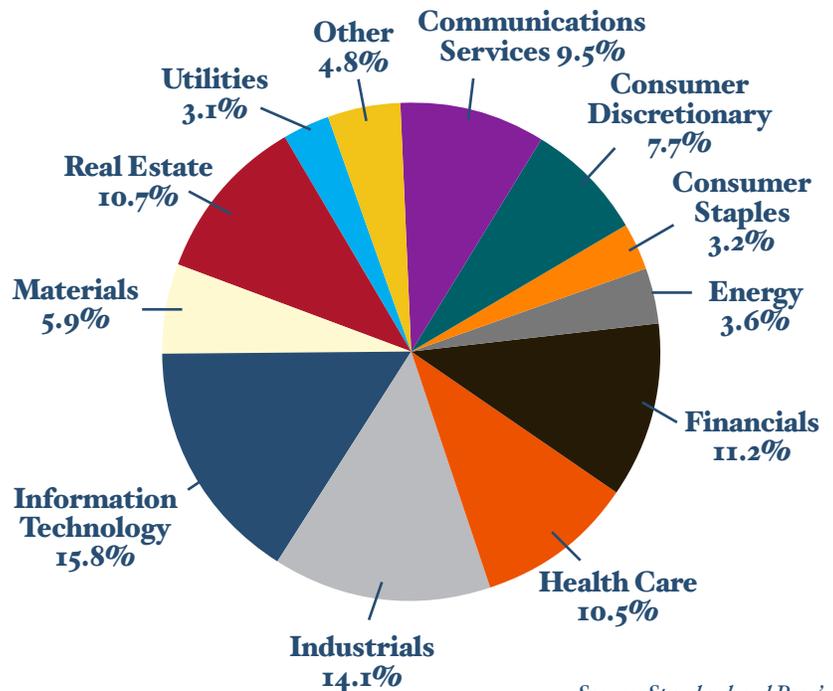
Source: Standard and Poor's

II. MAJOR GLOBAL M&A TRANSACTIONS 2020

The sectors demonstrating the highest international transaction values in 2020 to date have been information technology (15.8%), industrials (14.1%), and financials (11.2%). The second half of 2020 has produced a number of notable transactions. Nine of the ten largest transactions were announced in the second half of the year. The one transaction announced pre-Covid was the March 2020 \$30bn merger between Aon Plc (NYSE:AON) and Willis Towers Watson Public Limited Company (NasdaqGS:WLTW). This is one of a number of high-profile acquisitions that have been transacted in the insurance broker sector in the past several years. This announced acquisition will create one of the world's largest insurance brokers with annual revenues of more than \$20bn and a combined market value of approximately \$80bn. Willis Towers investors will receive 1.08 Aon shares for each of their shares and, once the deal is completed, Aon investors will own approximately 63% of the combined company. The merger is currently under a five-month EU antitrust investigation as regulators voiced concerns that the deal may reduce competition in a number of key European markets.

The largest announced transaction of 2020 was the \$54bn announced take private acquisition of telecoms company Altice Europe N.V. (ENXTAM:ATC) by Next Pri-

Chart IV: 2020 Global M&A Activity by Sector



Source: Standard and Poor's

vate B.V. Next Private B.V. is an investment vehicle of Alice Europe Founder Patrick Drahi. Drahi recently increased his offer price of €4.11 per share to €5.35, which represents a 61% premium to the Altice Europe share price prior to the September bid. Drahi currently holds approximately 78% of Alice Europe.

The largest US transaction was the \$43bn acquisition of Alexion Pharmaceuticals, Inc. (NasdaqGS:ALXN) by UK pharmaceutical company AstraZeneca PLC (LSE:AZN). The acquisition allows AstraZeneca to diversify further into rare disease and immunology drugs. The deal is expected to be completed in the third quarter of 2021.

The sector with the greatest number of transactions in the Top 10 for 2020 was the information technology sector with three transactions. The largest information technology transaction was U.S. chipmaker NVIDIA Corporation's (NasdaqGS:NVDA) \$38bn acquisition of British chipmaker ARM Limited from the SoftBank Vision Fund. The transaction was announced in September 2020 and is currently being reviewed by regulators in Europe as well as China since the company is a Chinese joint venture. The transaction is expected to be completed in 2022. Other notable transactions in the sector include the Advanced Micro Devices, Inc. (NasdaqGS:AMD) \$37bn announced acquisition of Xilinx, Inc. (NasdaqGS:XLNX) and the Salesforce.com, inc. (NYSE:CRM) announced \$29bn acquisition of software company Slack Technologies, Inc. (NYSE:WORK).

Table I: Leading Announced Global M&A Transactions in 2020

Announcement Date	Close Date	Target/Issuer	Buyers/Investors	Total Transaction Value (\$bn)	Sector
09/11/2020	Pending	Altice Europe N.V. (ENXTAM:ATC)	Next Private B.V.	54.27	Communication Services
11/30/2020	Pending	IHS Markit Ltd. (NYSE:INFO)	S&P Global Inc. (NYSE:SPGI)	44.46	Industrials
12/12/2020	Pending	Alexion Pharmaceuticals, Inc. (NasdaqGS:ALXN)	AstraZeneca PLC (LSE:AZN)	43.36	Health Care
09/29/2020	11/16/2020	NTT DOCOMO, INC. (TSE:9437)	Nippon Telegraph and Telephone Corporation (TSE:9432)	40.28	Communication Services
09/14/2020	Pending	ARM Limited	NVIDIA Corporation (NasdaqGS:NVDA)	38.59	Information Technology
10/27/2020	Pending	Xilinx, Inc. (NasdaqGS:XLNX)	Advanced Micro Devices, Inc. (NasdaqGS:AMD)	36.79	Information Technology
03/09/2020	Pending	Willis Towers Watson Public Limited Company (NasdaqGS:WLTW)	Aon Plc (NYSE:AON)	30.15	Financials
12/01/2020	Pending	Slack Technologies, Inc. (NYSE:WORK)	salesforce.com, inc. (NYSE:CRM)	29.35	Information Technology
11/01/2020	Pending	Xinjiang Guanghui Industry Investment (Group) Corporation Limited	Shenergy Group Company Limited	26.2	Industrials
07/13/2020	Pending	Maxim Integrated Products, Inc. (NasdaqGS:MXIM)	Analog Devices, Inc. (NasdaqGS:ADI)	22.84	Information Technology

Source: Standard and Poor's

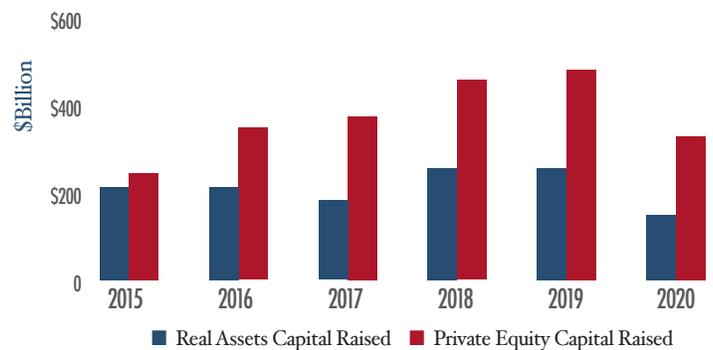


III. NEW BUYERS - PRIVATE EQUITY FUNDRAISING

With the disruption of travel from the Covid-19 crisis, Private Equity fundraising in 2020 experienced a decrease in new fundraising by 32% to \$349.48bn. Despite the challenges facing private equity funds, there were several notable fund closings in 2020. The largest fundraising of 2020 was CVC Capital Partners (Luxembourg) July 2020 closing of its €21bn CVC Capital Partners Fund VIII. The buyout fund will focus on investments in Europe and the U.S. with a target of €17.5bn for the fund. Eight of the ten largest private equity closings in 2020 were US based funds including the \$17.8bn Thoma Bravo Fund XIV. The fund is expected to target large equity investments; it is the largest flagship fund in the firm's history. Thoma Bravo currently has over \$70bn in assets under management. Other notable US funds included HPS Mezzanine Partners 2019 Fund (\$11bn), Platinum Equity Capital Partners V (\$10bn) and BDT Capital Partners III (\$9.1bn). The only other fund of the ten largest not domiciled in the United States is Nordic Capital's (Sweden) €6.1bn latest flagship fund – Nordic Capital Fund X. This fund originally had a target of €5.0bn and reached its hard cap of €6.1bn in October. The fund will focus on European investments in the healthcare, technology and financial services sector.

Real Asset fundraising in 2020 reported similar decreases in traditional private equity funds. Overall, \$162.5 bn was raised, a decrease of 39% from the 2019 value of \$267.5bn. Notably, three of the largest real asset funds raised in 2020 were infrastructure funds including Brookfield Infrastructure Fund IV (\$20.0bn), Antin Infrastructure Fund IV (€6.5bn) and BlackRock Global Energy and Power Infrastructure Fund III (\$5.10bn).

Chart V: Private Equity Fundraising 2015-2020



Source: Pitchbook

Table II: Largest Private Equity and Real Asset Fund Closings of 2020

Investor Name	Fund Name	Fund Size \$m	Fund Type	Investor HQ Country
Private Equity Funds				
CVC Capital Partners	CVC Capital Partners Fund VIII	23,981.29	Buyout	Luxembourg
Thoma Bravo	Thoma Bravo Fund XIV	17,800.00	Buyout	United States
HPS Investment Partners	HPS Mezzanine Partners 2019	11,000.00	Mezzanine	United States
Platinum Equity	Platinum Equity Capital Partners V	10,000.00	Buyout	United States
BDT Capital Partners	BDT Capital Partners Fund III	9,088.00	Buyout	United States
The Blackstone Group	Blackstone Core Equity Partners II	8,000.00	Buyout	United States
GTCR	GTCR Fund XIII	7,500.00	Buyout	United States
Francisco Partners	Francisco Partners VI	7,450.00	Buyout	United States
Nordic Capital	Nordic Capital Fund X	7,188.58	Buyout	United Kingdom
Clearlake Capital Group	Clearlake Capital Partners VI	7,068.00	Buyout	United States

Source: Pitchbook



Table II: Largest Private Equity and Real Asset Fund Closings of 2020

Investor Name	Fund Name	Fund Size \$m	Fund Type	Investor HQ Country
Real Asset Funds				
Brookfield Asset Management	Brookfield Infrastructure Fund IV	20,000.00	Infrastructure	Canada
The Blackstone Group	Blackstone Real Estate Partners Europe VI	10,760.98	Real Estate Opportunistic	United States
Antin Infrastructure Partners	Antin Infrastructure Fund IV	7,403.53	Infrastructure Opportunistic	France
BlackRock	BlackRock Global Energy and Power Infrastructure Fund III (GEPIF)	5,100.00	Global Energy & Infrastructure	United States
China Resources Capital Management	CR Land Residential Development Fund	4,277.79	Real Estate Core	Hong Kong

Source: Pitchbook

IV. CONTINUING GROWTH IN THE SPAC MARKET

The Special Purpose Acquisition Company (SPAC) IPO market has seen unprecedented growth in 2020.

Through the first three quarters of 2020 there have been 248 SPAC IPOs raising a record \$83.0bn. This represents a 320% increase over the 56 SPAC IPOs and a 511% increase over the \$13.6bn raised in 2019. There are currently 209 SPACs seeking transactions and 78 additional SPACs that have filed for an IPO. The rise in SPAC IPOs in 2020 was driven by the market turmoil in the first half of 2020 caused by the Covid-19 crisis. The traditional IPO market saw significant decline in the first half of 2020 as firms were not able to conduct IPO roadshows and due diligence due to travel restrictions.

SPACs are publicly traded company acquirers (known also as blank cheque companies) that raise capital through a listing with the purpose of acquiring one or more existing companies. The capital is raised through a public offering, and 98% of the capital is held in trust until it is released to fund a business acquisition. SPACs will often target a specific sector in which the SPAC sponsor has significant business experience or operating knowledge to create future value. SPACs will typically have 18-24 months following a capital raise to make an acquisition that must be approved by a majority of the shareholders. If an investment is not made in that time frame, the SPAC must file for an extension or return the funds to investors.

The largest SPAC IPO to date is the \$4.0bn raised by Pershing Square Tontine (NYSE:PSTH) in July 2020. This is the largest SPAC IPO in history and is nearly twice as large as the second largest IPO (\$2.07bn) of 2020 by Churchill Capital IV (NYSE:CCIV). Pershing Square Tontine is led by activist investor Bill Ackman and is targeting venture capital backed businesses that have achieved significant scale, market share, competitive dominance and cash flow. Pershing is pursuing acquisitions of scale and has been linked to firms such as Airbnb and Stripe, the online payment processor. Citigroup, Jefferies and UBS Investment Bank are the joint book running managers for Pershing Square Tontine.

The largest announced transaction was the \$16.1bn merger of wholesale mortgage originator United Wholesale Mortgage by Gores Holding IV (NasdaqCM:GHIV). Gores Holding is led by Alec Gores, Founder, Chairman and Chief Executive Officer of The Gores Group, a leading private equity firm that has invested over \$4bn and completed over 120 transactions. The transaction was valued at 9.5x the Company's estimated 2021 Adjusted Net Income of approximately \$1.7 billion. Post transaction, the current owners of UWM will retain approximately 94% of the combined company.



An exit through a SPAC continues to be an appealing alternative to a traditional IPO or trade sale. SPACs offer the opportunity for sellers to retain shares in the business, generate liquidity and enjoy the potential uplift of future value. A SPAC can be significantly less expensive when compared to a traditional IPO, and SPAC buyers are typically highly motivated to complete a transaction.

V. 2021 FORECAST

Economic Outlook

Continued momentum in capital markets will be sustained in the near term should the Biden Administration succeed in passing its proposed stimulus package that is expected to surpass \$1.9tn. This will positively impact the M&A market in the first half of 2021. The restoration of \$10.24tn in market value in the USA following the S&P 500's record low of \$21.42tn in March to its current record high of \$31.66tn was bolstered by unprecedented investment by the Federal Reserve to counter the adverse economic impact of the pandemic. This investment, combined with prevailing low interest rates, created a timely environment which provided global capital markets with hope.

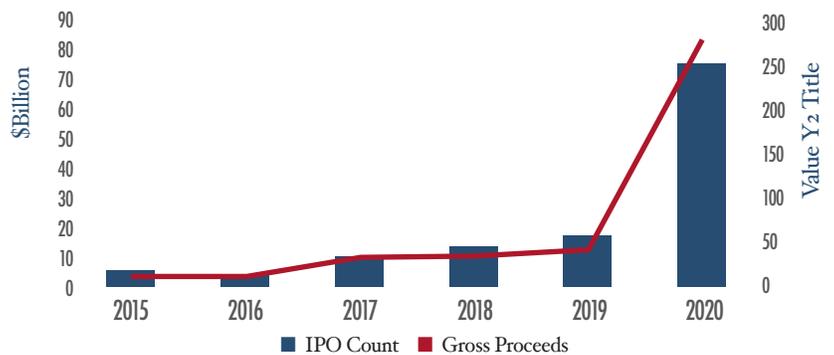
What is not clear is how the extent of the stimulus investment – projected to be over \$6tn in total – will sustain capital markets in the longer term. By comparison, \$3 tn is equal to 5.9% of the combined market cap of all USA listed companies and 60.7% of all listed companies on the LSE and AIM exchanges. Financing the stimulus is also a potential challenge. Although early in the year, the 10-year interest rate has climbed 23% over the past 30 days and the USA government is borrowing approximately \$260bn monthly. During the Trump Administration the national debt increased 39% from \$19.9tn to the current level of \$27.7tn. As the projected cost of borrowing increases and the positive impact of stimulus funds diminishes over time, we may see a slackening of M&A transaction volume and value in the second half of 2021.

M&A Forecast

We anticipate the continuing momentum of the Q4 2020 to continue into 2021 as strategic corporations and financial sponsors continue to adapt to the changing business environment. Election certainty in the United States, the UK Brexit completion and further roll-out of the Covid-19 vaccine following the American Presidential Inauguration will generate greater global market certainty to enhance economic activity globally.

- Private equity will continue to boost M&A activity in 2021. It is estimated that private equity funds have over \$1.4tn in dry powder in the form of committed but not yet invested capital sourced from pension funds, sovereign wealth funds and family offices. 2020 resulted in a raise of over \$350bn in new investment capital. We forecast that fundraising will increase back to pre-Covid levels as limited partners look for attractive equity investment strategies in a low debt yield environment. We also foresee greater emphasis on unique transaction origination for value due to increasing private equity competition, particularly in the mid-market range.
- Strategic corporations will look more aggressively to acquisitions to help fuel growth and diversify by acquiring new technologies and product offerings. We forecast an increase in the number of share acquisitions as corporations, particularly in the US seek to capitalize on rising share prices. Equally, the major U.S. tech companies, which have been in part responsible for the stock market recovery, may be positioned for selective divestment due to increasing focus on antitrust issues.

Chart VI: SPAC IPOs 2015-2020



Source: SPACInsider



- We forecast the record SPAC IPO market to continue into the first half of 2021. Further, we see many of the traditional fund managers who offer ten-year limited partnerships also launching associated SPAC vehicles. Additionally, we forecast the SPAC merger market to continue to rise as SPACs formed in 2019 and 2020 look to close transactions before SPAC deadlines in 2021 and 2022.
- The technology sector will continue to be the most active M&A sector in 2021 as companies look to acquire new technologies to spur growth.
- Renewable energy will continue as a major M&A focus, exceeding the \$42.2bn in 2020 volume due to the new fundraising of \$60.7bn in dedicated energy and infrastructure funds. There will be a further diversification in activity including areas such as green hydrogen and battery storage as institutional investors seek to combine investment with environmental awareness to reduce the carbon footprint. Wind and solar acquisitions will remain strong in 2021 having comprised \$35.2bn in deals value for 2020.
- ESG funds will continue to exhibit strong appeal for institutional investors having increased 42% over the past three years to a record \$17.1tr in 2020 in the US. Continuing focus in the automotive and power sectors on electric car, truck transport, self-drive and related technologies that preserve the environment will transform the automotive and related sectors.

ABOUT WINCHESTER CAPITAL

Founded in 1986, Winchester Capital provides in-depth global research and strategic alternatives to its family office, multinational corporate, SPAC and private equity clients. We are based in Central London and New Haven adjacent to the Campus of Yale University. Winchester Capital focuses on bespoke global strategic research and international M&A advisory services. Winchester has received seven Distinguished International Awards by our industry peer group, M&A Advisor including the Private Equity Deal of the Year, Boutique Investment Banking Firm of the Year and Energy Deal of the Year. We offer the highest quality research and origination of direct, non-auction opportunities for private equity groups and strategic acquirers. Over the past 35 years, our firm has successfully transacted in over 40 countries. We welcome your comments to our Insight and the opportunity to assist with in-depth research to maximize value in all market conditions and circumstances.

Please visit our website at www.winchestercapital.com or contact David Bowen, Ph.D. Managing Director at David.Bowen@winchestercapital.com.



19th Annual M&A Advisor Awards -2020 Energy Deal of the Year

We are pleased to announce that our industry organization, *M&A Advisor* has distinguished Winchester Capital as the Winner of the 2020 Energy Deal of the Year Award for the cross-border acquisition of Global Marine Group (UK) by J.F. Lehman and Co. This marks the 7th Industry Award received by Winchester Capital since 2015 and the second award in the Energy sector. The *M&A Advisor* is the preeminent M&A industry organization with over 100,000 professional members in 100 countries worldwide. This Award demonstrates Winchester's continuing focus and commitment to research and transaction origination in the energy sector. For further information on the *M&A Advisor* please visit www.maadvisor.com.

This research is not offered as advice or guidance for investment purposes. The research contained herein has been compiled from publicly available sources at the time of publication and may be subject to change without notice.

© COPYRIGHT Winchester Capital Global Research 2021. ALL RIGHTS RESERVED.

