

Investec Market Review

March 2024



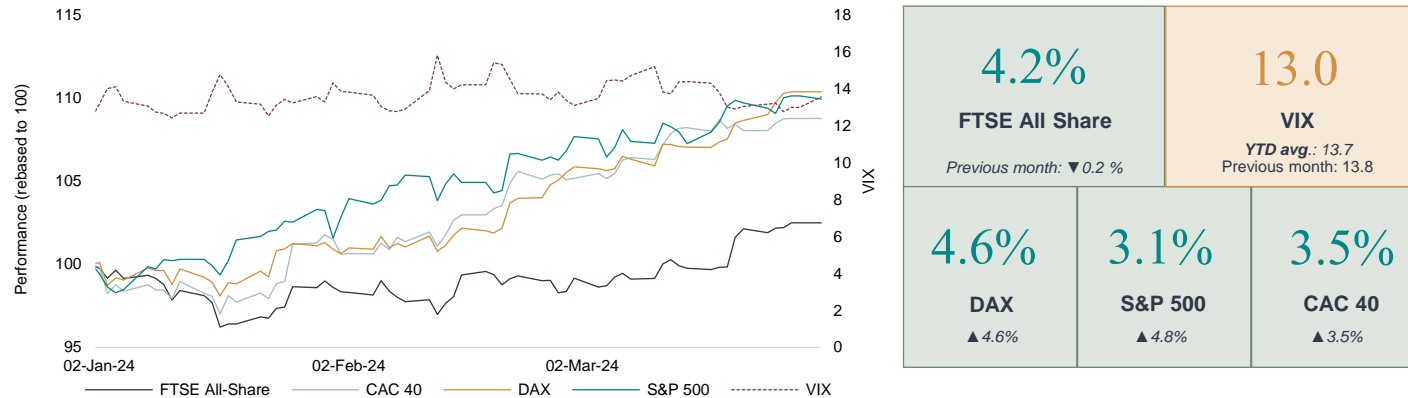
Executive summary

- March was another positive month for global equities as UK markets gathered momentum – UK midcaps outperformed with the FTSE 250 adding 4.4% whilst the FTSE All-Share gained 4.2% and global markets maintained their strong performance with the S&P 500, DAX and CAC 40 adding 3.1%, 4.6% and 3.5% respectively
- Sector performance improved in March with 20 out of 23 sectors delivering gains this month. Performance reversed in some sectors in March relative to year-to-date, with Mining stocks outperforming the wider market as the price of gold hit record highs meanwhile better-than-expected Chinese industrial production data lifted sentiment
- UK ECM activity was elevated this month in terms of total funds raised, which increased by 246% vs February following sizable sell-downs, most notably from Haleon as Pfizer reduced its stake in the Company from 32% to 24%. Primary issuance was muted with only £39m raised in three transactions
- UK public M&A activity remained prevalent in March – the total enterprise value of offers announced year-to-date increased by £4.3bn to £17.6bn. Five firm offers were announced, with all offerors being trade buyers
- Please contact your usual Investec contact if you would like to discuss the contents of this pack

Market drivers in March

UK markets gathered momentum in March whilst global indices continued their strong start to the year

UK markets deliver gains but continue to lag global peers



Economics headlines in March

Headline UK CPI inflation for February came in at 3.4% (y/y), marginally below consensus of 3.5%, marking a sharp fall relative to January's print

UK monthly GDP data reported a monthly rise in output of 0.2% in January, in line with consensus expectations, indicating that the UK economy is on track to exit recession in Q1

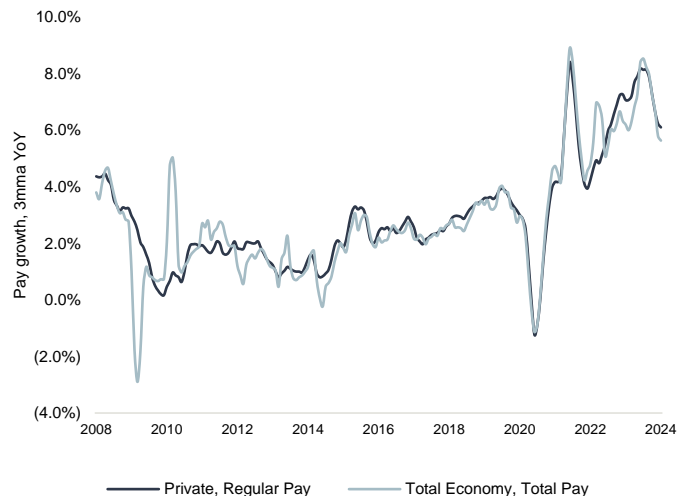
UK unemployment inched up in the three months to January to 3.9% from 3.8% whilst private sector wage growth slowed to 6.1% (y/y)

The ECB kept its three key rates unchanged but lowered its inflation expectations to average 2.3% in 2024, 2.0% in 2025 and 1.9% in 2026

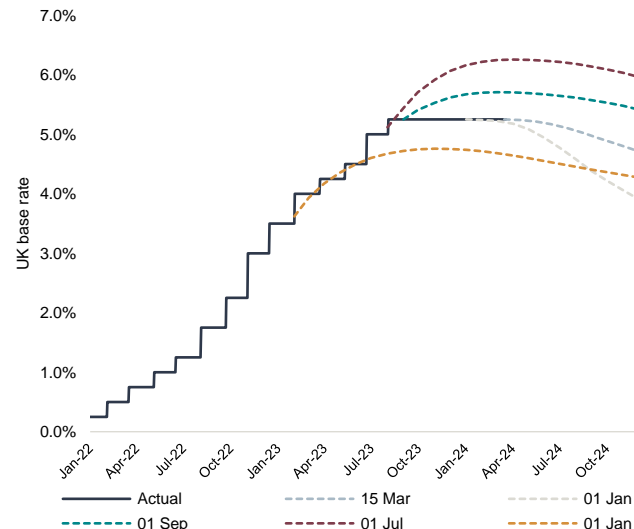
US CPI for February was 3.2%, marginally above consensus at 3.1% driven by a rise in energy costs. The core measure was also slightly hotter than expected at 3.8%

The Fed kept its benchmark rate in the 5.25% - 5.50% range and reiterated its expectations to cut the rate by 0.75% by the end of the year

UK wage growth decelerates



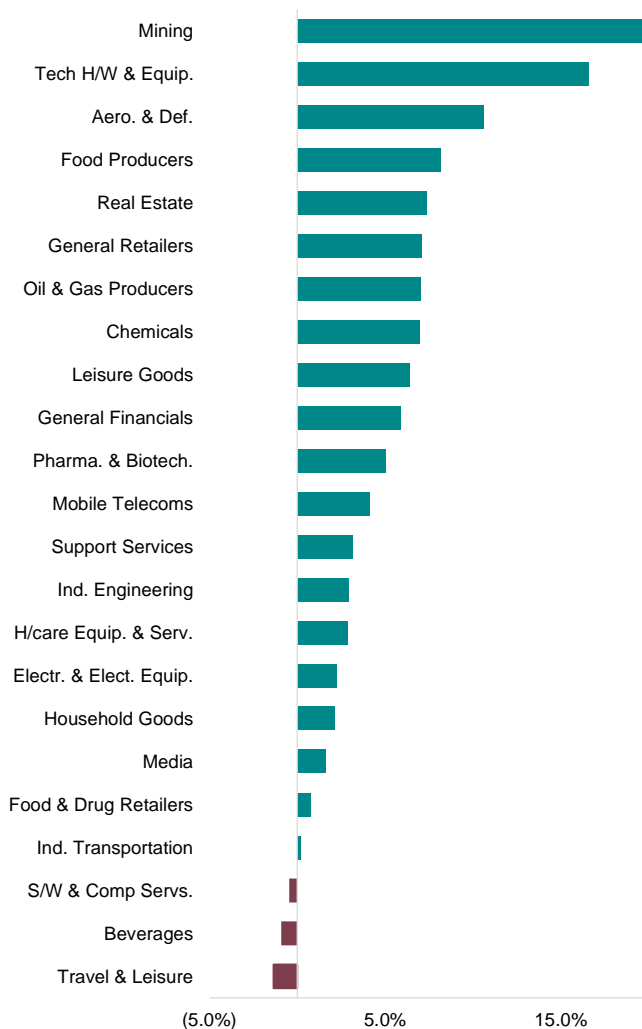
UK interest rate projections show signs of stabilisation



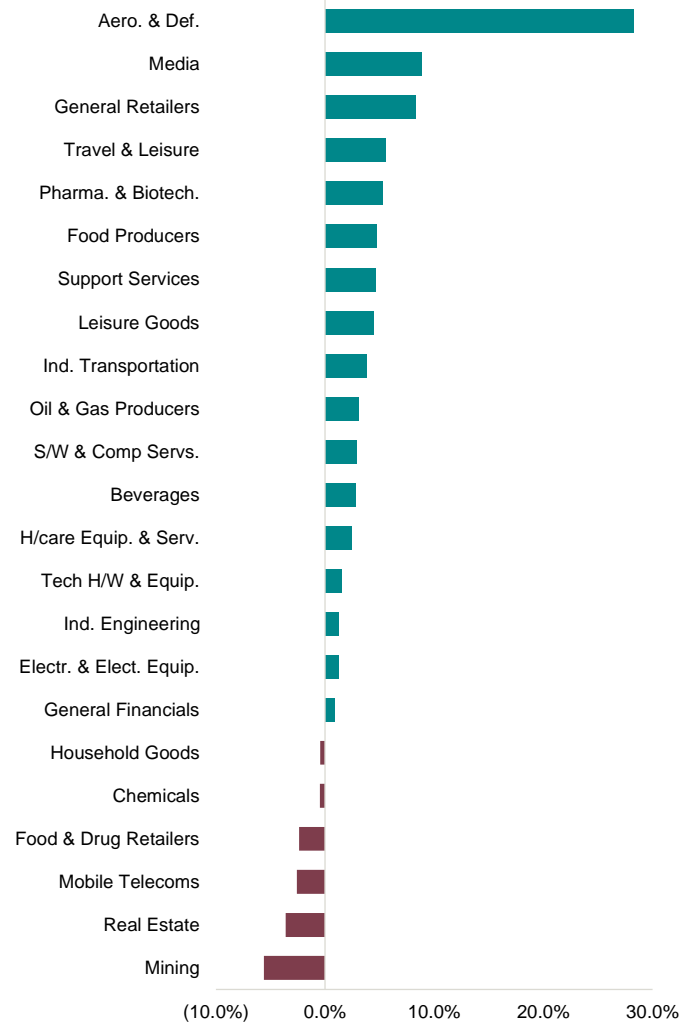
Sector performance in March

Mining stocks bounced back following a weak start to the year, whilst Travel & Leisure reversed to underperform in March

Sector performance – March 2024



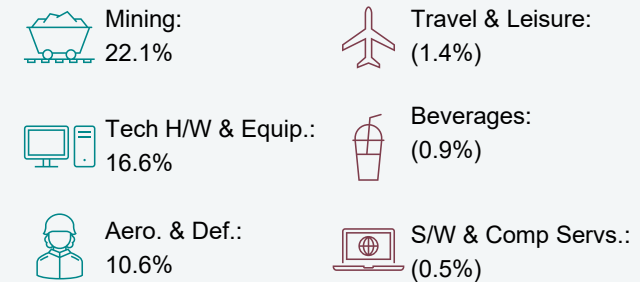
YTD Sector performance



Monthly sector snapshot



Monthly winners and losers



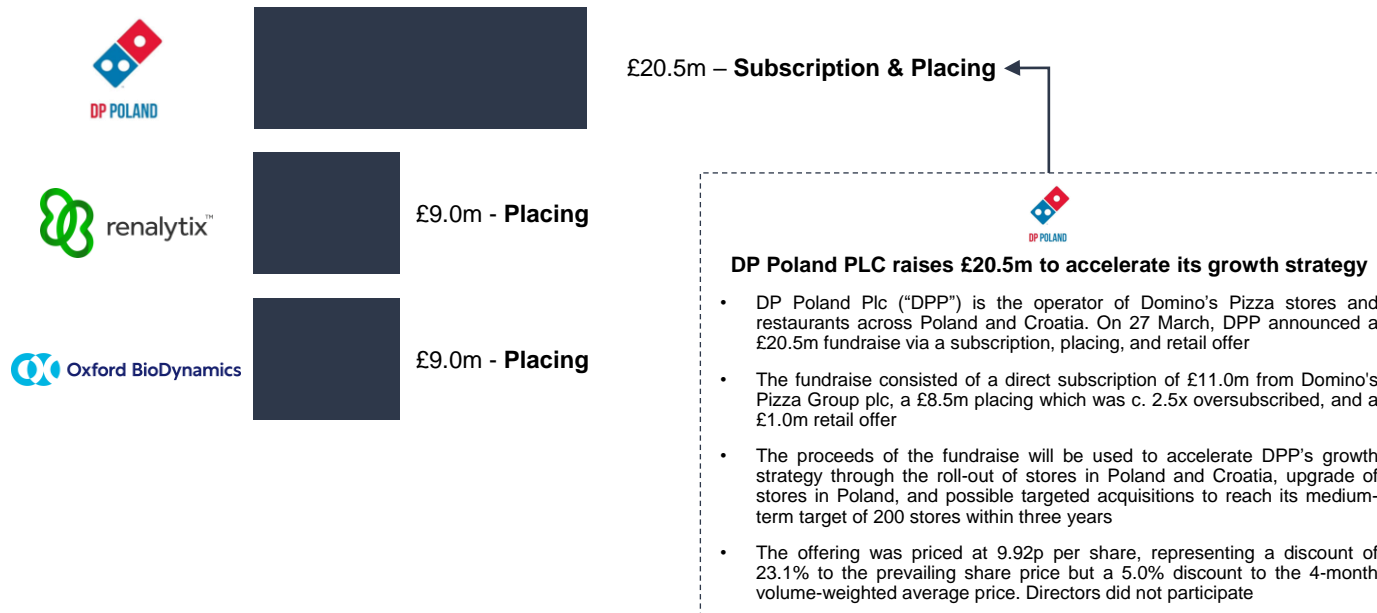
Drivers of sector performance in March

- Mining** stocks reversed their fortunes this month, delivering strong gains following a weak start to the year. This came amidst the price of gold rising 9.1% in March, hitting record highs and marking its strongest monthly performance since July 2020. Endeavour Mining correspondingly gained 26.2%, leading performance across the sector. In addition, Chinese industrial output data jumped 7% YoY in January and February, ahead of expectations, boosting sentiment for the sector.
- At the other end of the spectrum, **Food & Drug Retailer** stocks underperformed as Reckitt Benckiser shares declined c. 9.7% this month erasing c. £3.6bn of market value. This follows the verdict of an Illinois jury which ordered its Mead Johnson unit to pay \$60 million in compensation for the death of a premature baby

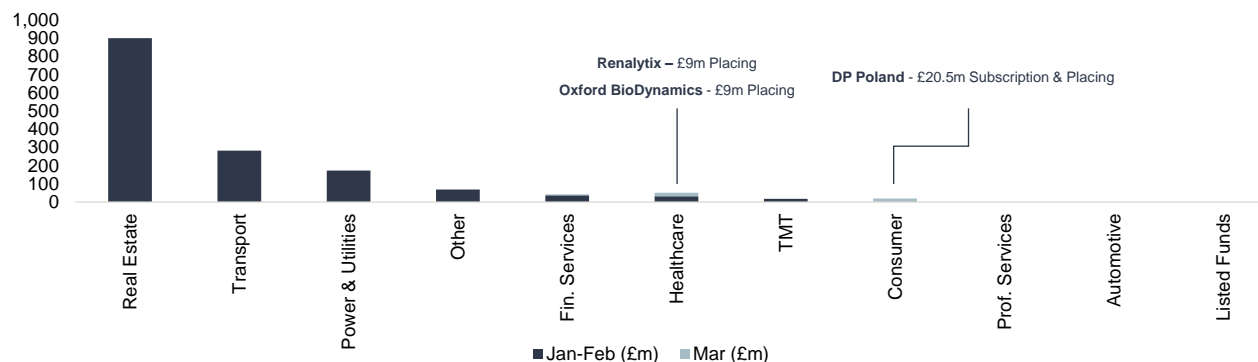
UK ECM activity in March

ECM activity ticked higher in March with transaction value rising sharply vs February due to a significant increase in sell-downs

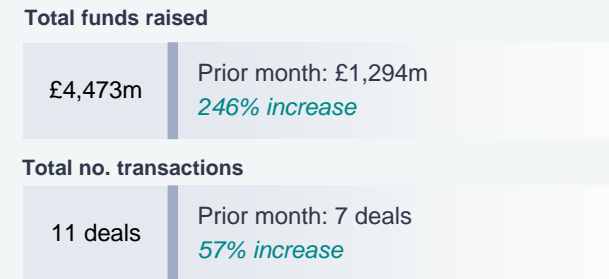
Primary ECM issuance across the deal size spectrum in March



Public equity fund-raises by sector and highlighted deals



ECM activity snapshot



Activity in March 2023



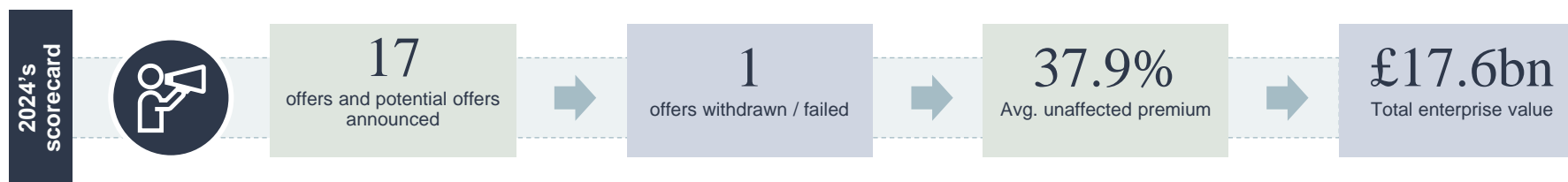
Sell-downs in March 2024



Announced IPOs in March 2024



UK Public M&A activity in March



Selected deals

| Offer Type | Date | Acquirer | Target | Pence per share | Premium | Offer value | Highlights |
|----------------|----------------------|----------------------|---|-----------------|---------|-------------|---|
| Firm offer | 8 th Mar | POLLEN STREET | <i>A provider of specialist pension, wealth management and employee benefit services</i> | 804 | 34.0% | £432m | <p>Highlights</p> <ul style="list-style-type: none"> Recommended cash offer by Pollen Street Capital Limited ("Pollen Street"), for the entire issued and to be issued share capital of Mattioli Woods plc ("Mattioli Woods") Pollen Street believes that Mattioli Woods would benefit from transitioning to private ownership with the support of a growth-focused shareholder, who can provide the capital and longer-term view of value creation to enable the management team to continue to invest in Mattioli Woods' capabilities and client propositions Further it also asserts that the acquisition will provide Mattioli Woods and its management team with the flexibility to take longer-term decisions to maximise the growth potential of the business |
| Possible offer | 20 th Mar | railer TOWERBROOK | <i>develops and sells scalable payment platforms to enable organisations to move and manage money flows through its payment and card products</i> | n/a | n/a | n/a | <p>Highlights</p> <ul style="list-style-type: none"> Equals Group plc ("Equals") confirmed on the 1 November 2023, in response to market speculation, that it is undertaking a strategic review of its operations – as part of the process, Equals contacted a limited number of potential counterparties to assess any proposal that would deliver greater value to Equals' shareholders On 20 March 2024, following press speculation, Equals announced that it had received an indicative non-binding proposal from a consortium comprising Railer and TowerBrook Capital Partners LLP regarding a possible offer for the entire issued and to be issued share capital of Equals |
| Firm offer | 21 st Mar | nationwide | <i>UK-based banking and financial services brand</i> | 220 | 38.0% | £2.9bn | <p>Highlights</p> <ul style="list-style-type: none"> On 7 March 2024, Nationwide Building Society ("Nationwide") and Virgin Money UK PLC ("Virgin Money") announced a joint statement regarding a preliminary agreement on the key terms of a potential cash acquisition of Virgin Money by Nationwide A recommended cash offer for the entire issued and to be issued share capital of Virgin Money by Nationwide was announced on 21 March The acquisition will create a combined group with total assets of approximately £366.3 billion and total lending and advances of approximately £283.5 billion, representing the second largest provider of mortgages and savings in the UK |
| Firm offer | 28 th Mar | KEYSIGHT | <i>Multinational telecommunications business providing of automated test and assurance solutions for networks, cybersecurity and positioning</i> | 201.5 | 85.9% | £1.2bn | <p>Highlights</p> <ul style="list-style-type: none"> Recommended cash offer by Keysight Technologies Inc. ("Keysight") for the entire issued and to be issued share capital of Spirent Communications plc ("Spirent") Follows on from recommended cash offer by Viavi Solutions Acquisitions Limited ("Viavi") on 5 March for the entire issued and to be issued share capital of Spirent which valued it at £1.0bn, a 61.4% premium Keysight believes there is strategic synergy between the two businesses, and that the parties' respective complementary products will help customers address their complex engineering challenges Keysight's offer represents an increase of 26.5 pence per Spirent Share relative to the Viavi Offer, a 15.1% increase |

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