SS&C Intralinks®

Deal Flow Predictor

Our quarterly prediction of future trends in the global M&A market

Forecast of global M&A activity through Q3 2021

Editor's note

M&A Markets: Roaring in 2021

Brian Hwang

Director, Strategic Alliances & Corporate Development

It's been interesting trying to determine the inflection point during the global pandemic when dealmakers decided to press ahead and spearhead new deals, new deal structures and drive value creation through mergers and acquisitions (M&A). In March 2020, during the early onset of COVID-19 and the global lockdown, new deals came to a screeching halt. Ongoing deals weren't able to close for about three weeks. The markets froze and the forecast for 2020 looked bleak. But as if in a single, coordinated effort, dealmakers collectively hit the resume button, and into Q1 2021 they took the markets to new highs.

Q1 2021 early-stage, pre-announced M&A deal volume that came across our desks was historic. No region of the globe sat out of this record quarter, and the results of all the deals initiated in 2020 led to Q1 2021 announced deal volume hitting over USD 1.3 trillion, according to Refinitiv. While it may have been reasonable to assume that a majority of deals in 2020 would have stayed intra-country, Refinitiv data shows that cross-border M&A value for Q1 2021 increased 135 percent QoQy, an amazing feat during a global lockdown.

Our prediction for deal volume in Q3 2021 is viewed against two factors: 1. We compared proprietary pre-announced M&A activity on a quarter-over-quarter yearly (QoQY) basis, so our Q3 2021 prediction will track against Q3 2020, and 2. Continued volatility due to remote work can push the due diligence timeframe beyond the average of six months.

Potential headwinds in the M&A markets certainly exist. There's uncertainty in the commercial real estate market as companies re-size their lease portfolios with new hybrid work policies. Retail real estate, already competing with a consumer shift toward e-commerce, will continue to face significant speed bumps as social distancing, in some form, will exist for the foreseeable future. The issues facing Energy and Power, two sectors severely disrupted by the lack of travel, have been compounded through this pandemic. Despite these challenges, we're seeing pockets of opportunities that will be additive to an already healthy M&A pipeline. The remainder of 2021 and early 2022 should see significant growth in distressed pipelines as insolvency moratoriums lift across the globe. Areas of stress should provide ample room for consolidation and value creation.

We remain optimistic through the remainder of 2021 that dealmakers will continue to be active in all aspects of the capital markets — capital formation, venture investments, IPOs and M&A. As stated previously, no dealmaker wants to be caught sitting on the sidelines during these unique times.

Overview

IPOs*

Initial public offerings (IPOs) have continued to retain market share and grab headlines in the current news cycle, especially with the strong Q1 performance of new SPAC issuances. We saw a precipitous drop in new SPACs in April as the U.S. Securities and Exchange Commission (SEC) was considering drafting new guidance around the issue of warrants being treated as liabilities.[1] Globally, IPO volume across our desks remain strong, as we've seen a 56 percent increase, QoQ, in early-stage deals in Q1 2021. Latin America showed flat growth QoQ, carrying the same volume of deals in Q1 2021 as the region did in Q4, showing continued strength in the territory.

	QoQ change
Asia Pacific	85%
Europe, the Middle East and Africa	36%
Latin America	0%
North America	167%

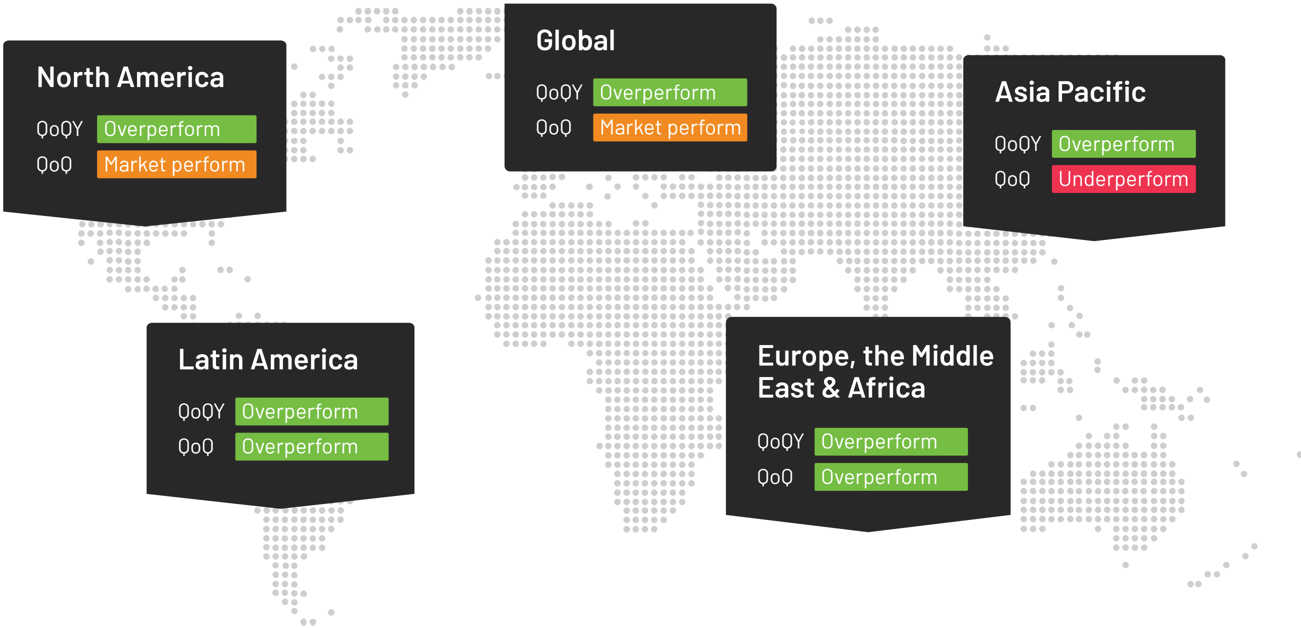
*We are not providing any volume forecasting guidance for IPOs or bankruptcies. Our data is reflective of pre-announced IPO and bankruptcy deals that come to us for pricing.

[1] Staff Statement on Accounting and Reporting Considerations for Warrants Issued by Special Purpose Acquisition Companies ("SPACs")

Global Forecast

In Q3 2021, we anticipate global M&A announced volume will overperform against Q3 2020 with APAC leading the way. No territory has a negative forecast compared to the same period last year. This indicates continued upward momentum in the market as it's compared against the recovery period that occurred in Q3 of last year. Globally, we anticipate Q3 2021 to market perform against announced volume for Q2 2021, with Latin America seeing the largest percentage increase. Our regional market forecasts are as follows.

Q3 2021 Global M&A Volume Forecast



Ratings Legend (%):

Overperform: > 10% | Market Perform: > 5% to 10% | Neutral: -5% to 5% | Underperform: < -5%

Our ratings indication forecast the range against announced Refinitiv M&A volume for the stated period.

*Quarter over Quarter Yearly (QoQY) will be our forecast for announced M&A volume in Q3 2021 compared to the same period last year.

*Quarter over Quarter (QoQ) will be our forecast for announced M&A volume in Q3 2021 compared to Q2 2021.

*Our regional highlights do not forecast announced volume but indicate deal volume as seen by SS&C Intralinks in Q1 2021 for the specific industries and deal types, compared against the stated periods.

Asia Pacific

APAC continues to lead global performance on a QoQy basis with China, Hong Kong and India acting against COVID-19 headwinds and driving volume for the region.

Australia

M&A	
QoQY Overperform	QoQ Underperform

IPO	
QoQY Overperform	QoQ Underperform

Bankruptcy	
QoQY Overperform	QoQ Overperform

China

M&A	
QoQY Overperform	QoQ Overperform

IPO	
QoQY Overperform	QoQ Overperform

Bankruptcy	
QoQY Neutral	QoQ Neutral

Hong Kong

M&A	
QoQY Overperform	QoQ Underperform

IPO	
QoQY Overperform	QoQ Overperform

Bankruptcy	
QoQY Underperform	QoQ Neutral

India

M&A	
QoQY Overperform	QoQ Overperform

IPO	
QoQY Overperform	QoQ Overperform

Bankruptcy	
QoQY Neutral	QoQ Underperform

Japan

M&A	
QoQY Market perform	QoQ Underperform

IPO	
QoQY Neutral	QoQ Underperform

Bankruptcy	
QoQY Neutral	QoQ Neutral

New Zealand

M&A	
QoQY Underperform	QoQ Underperform

IPO	
QoQY Neutral	QoQ Neutral

Bankruptcy	
QoQY Neutral	QoQ Neutral

Singapore

M&A	
QoQY Overperform	QoQ Underperform

IPO	
QoQY Neutral	QoQ Neutral

Bankruptcy	
QoQY Underperform	QoQ Neutral

South Korea

M&A	
QoQY Overperform	QoQ Underperform

IPO	
QoQY Neutral	QoQ Neutral

Bankruptcy	
QoQY Neutral	QoQ Neutral

For further information, please contact your SS&C Intralinks sales representative.

APAC M&A – Key Sector Data

Australia	QoQY	QoQ
Energy & Power	Overperform	Overperform
Consumer Retail	Neutral	Underperform
Technology	Neutral	Underperform

China	QoQY	QoQ
Banking	Underperform	Underperform
Real Estate	Neutral	Underperform
Technology	Neutral	Neutral

Hong Kong	QoQY	QoQ
Banking	Underperform	Underperform
Consumer Retail	Underperform	Underperform
Industrials	Underperform	Neutral

India	QoQY	QoQ
Banking	Overperform	Overperform
Industrials	Neutral	Overperform
Energy & Power	Neutral	Overperform

Japan	QoQY	QoQ
Banking	Overperform	Underperform
Consumer Retail	Underperform	Neutral
Life Sciences	Neutral	Neutral

New Zealand	QoQY	QoQ
Banking	Neutral	Neutral
Healthcare	Neutral	Underperform
Consumer Retail	Neutral	Neutral

Singapore	QoQY	QoQ
Banking	Underperform	Underperform
Consumer Retail	Underperform	Neutral
Real Estate	Neutral	Overperform

South Korea	QoQY	QoQ
Life Sciences	Underperform	Overperform
Consumer Retail	Underperform	Underperform
Technology	Underperform	Neutral

Europe, the Middle East and Africa

The U.K., France, Germany and Italy — four countries that have been severely impacted by the pandemic — have rebounded against last year's announced volume. Collectively, they continue to show that there's room for upward movement as Q1 2021 maintained or added to the strong volume in early-stage deals from Q4 2020.

Austria

M&A	
QoQY Underperform	QoQ Underperform
IPO	
QoQY Neutral	QoQ Neutral
Bankruptcy	
QoQY Neutral	QoQ Neutral

France

M&A	
QoQY Overperform	QoQ Market perform
IPO	
QoQY Neutral	QoQ Overperform
Bankruptcy	
QoQY Underperform	QoQ Neutral

Germany

M&A	
QoQY Overperform	QoQ Overperform
IPO	
QoQY Neutral	QoQ Neutral
Bankruptcy	
QoQY Underperform	QoQ Neutral

Israel

M&A	
QoQY Overperform	QoQ Neutral

IPO	
QoQY Neutral	QoQ Overperform

Bankruptcy	
QoQY Neutral	QoQ Neutral

Italy

M&A	
QoQY Overperform	QoQ Overperform

IPO	
QoQY Neutral	QoQ Neutral

Bankruptcy	
QoQY Neutral	QoQ Neutral

Netherlands

M&A	
QoQY Overperform	QoQ Overperform

IPO	
QoQY Neutral	QoQ Neutral

Bankruptcy	
QoQY Neutral	QoQ Neutral

Saudi Arabia

M&A	
QoQY Overperform	QoQ Underperform

IPO	
QoQY Neutral	QoQ Underperform

Bankruptcy	
QoQY Neutral	QoQ Neutral

South Africa

M&A	
QoQY Overperform	QoQ Overperform

IPO	
QoQY Neutral	QoQ Neutral

Bankruptcy	
QoQY Neutral	QoQ Neutral

Spain

M&A	
QoQY Market perform	QoQ Neutral

IPO	
QoQY Neutral	QoQ Neutral

Bankruptcy	
QoQY Underperform	QoQ Neutral

Sweden

M&A

QoQY	QoQ
Overperform	Market perform

IPO

QoQY	QoQ
Neutral	Underperform

Bankruptcy

QoQY	QoQ
Neutral	Neutral

Switzerland

M&A

QoQY	QoQ
Neutral	Overperform

IPO

QoQY	QoQ
Neutral	Neutral

Bankruptcy

QoQY	QoQ
Neutral	Neutral

UAE

M&A

QoQY	QoQ
Overperform	Neutral

IPO

QoQY	QoQ
Neutral	Neutral

Bankruptcy

QoQY	QoQ
Neutral	Neutral

United Kingdom

M&A

QoQY	QoQ
Overperform	Overperform

IPO

QoQY	QoQ
Neutral	Underperform

Bankruptcy

QoQY	QoQ
Overperform	Overperform

EMEA M&A – Key Sector Data

Austria

Austria	QoQY	QoQ
Banking	Underperform	Underperform
Energy & Power	Neutral	Neutral
Technology	Neutral	Neutral

France

France	QoQY	QoQ
Consumer Retail	Overperform	Overperform
Energy & Power	Underperform	Underperform
TMT	Overperform	Overperform

Germany

Germany	QoQY	QoQ
Banking	Market perform	Overperform
Energy & Power	Underperform	Overperform
Industrials	Overperform	Overperform

Israel

Israel	QoQY	QoQ
Consumer Retail	Underperform	Underperform
Industrials	Neutral	Underperform
Life Sciences	Overperform	Overperform

Italy

Italy	QoQY	QoQ
Banking	Overperform	Overperform
Industrials	Overperform	Overperform
Technology	Overperform	Overperform

Netherlands

Netherlands	QoQY	QoQ
Banking	Underperform	Underperform
Life Sciences	Neutral	Neutral
Technology	Underperform	Underperform

Saudi Arabia

Saudi Arabia	QoQY	QoQ
Banking	Underperform	Underperform
Consumer Retail	Underperform	Neutral
Technology	Neutral	Neutral

South Africa

South Africa	QoQY	QoQ
Banking	Overperform	Neutral
Energy & Power	Neutral	Overperform
Technology	Neutral	Neutral

Spain	QoQY	QoQ
Banking	Underperform	Neutral
Consumer Retail	Neutral	Underperform
Energy & Power	Overperform	Overperform

Sweden	QoQY	QoQ
Banking	Overperform	Overperform
Industrials	Neutral	Neutral
Life Sciences	Neutral	Neutral

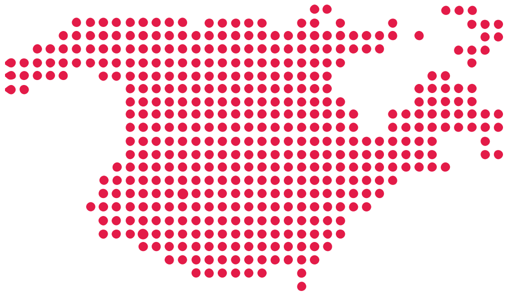
Switzerland	QoQY	QoQ
Banking	Overperform	Overperform
Consumer Retail	Neutral	Neutral
Technology	Neutral	Neutral

UAE	QoQY	QoQ
Banking	Overperform	Overperform
Energy & Power	Underperform	Neutral
Technology	Neutral	Neutral

United Kingdom	QoQY	QoQ
Banking	Overperform	Overperform
Industrials	Overperform	Overperform
Technology	Overperform	Overperform

North America

North America is continuing to exceed the volume of deals and the ceiling for both volume and value keep shifting upward. Q1 2021 early-stage deal volume in the U.S. exceeded the same period last year by nearly 30 percent, as well as against Q4 2020. With mass vaccination rollouts and a steady pace of re-openings taking place in America, we anticipate further tailwinds to drive the remainder of 2021 into record territory.



Canada

	QoQY	QoQ
M&A	Market perform	Underperform
IPO	Neutral	Neutral
Bankruptcy	Neutral	Neutral

U.S.

	QoQY	QoQ
M&A	Overperform	Market perform
IPO	Overperform	Overperform
Bankruptcy	Underperform	Overperform

North America M&A – Key Sector Data

Canada	QoQY	QoQ
Industrials	Underperform	Underperform
Energy & Power	Underperform	Underperform
Mining	Neutral	Underperform

U.S.	QoQY	QoQ
Consumer Retail	Underperform	Overperform
Energy & Power	Overperform	Underperform
Technology	Underperform	Underperform

Latin America

We are tracking toward over-performance across all the major economies of Latin America. SS&C Intralinks saw the highest growth in the territory on a QoQy basis with investors continuing to show confidence, particularly in Brazil.

Argentina

	QoQY	QoQ
M&A	Overperform	Overperform
IPO	Neutral	Neutral
Bankruptcy	Neutral	Neutral

Brazil

	QoQY	QoQ
M&A	Overperform	Overperform
IPO	Overperform	Underperform
Bankruptcy	Neutral	Underperform

Chile

	QoQY	QoQ
M&A	Overperform	Overperform
IPO	Neutral	Neutral
Bankruptcy	Neutral	Neutral

Colombia

M&A

QoQY	QoQ
Overperform	Overperform

IPO

QoQY	QoQ
Neutral	Neutral

Bankruptcy

QoQY	QoQ
Neutral	Neutral

Mexico

M&A

QoQY	QoQ
Overperform	Market perform

IPO

QoQY	QoQ
Neutral	Neutral

Bankruptcy

QoQY	QoQ
Neutral	Neutral

Latin America M&A – Key Sector Data

Argentina	QoQY	QoQ
Banking	Overperform	Underperform
Energy & Power	Neutral	Overperform
Life Sciences	Overperform	Neutral

Brazil	QoQY	QoQ
Banking	Overperform	Overperform
Energy & Power	Overperform	Overperform
Industrials	Overperform	Overperform

Chile	QoQY	QoQ
Banking	Overperform	Overperform
Energy & Power	Neutral	Overperform
Mining	Neutral	Neutral

Colombia	QoQY	QoQ
Banking	Overperform	Neutral
Energy & Power	Neutral	Neutral
Industrials	Neutral	Neutral

Mexico	QoQY	QoQ
Banking	Overperform	Underperform
Energy & Power	Underperform	Neutral
Industrials	Neutral	Neutral

The Tide Is Turning on the SPACs Wave

In a red-hot M&A market, SPACs have attracted investments from A-list celebrity investors and business leaders. Now that watchdogs are starting to scrutinize the frothy market, what does the future hold?

Mergers and acquisitions (M&A) activity boomed in the first quarter of 2021 as businesses increasingly thought beyond the pandemic and engaged in dealmaking. The number of announced deals increased by six percent from a year ago. However, the total value of pending and completed transactions rose by 93 percent to USD 1.3 trillion, the second-biggest quarter on record, according to data provider Refinitiv.[2]

Against the backdrop of renewed dealmaking, special purpose acquisition companies (SPACs) have emerged as the hottest topic in M&A. A SPAC is a company with no commercial operations that is formed strictly to raise capital through an initial public offering (IPO) for the sole purpose of acquiring an existing company.[3] A SPAC has a limited window to identify and complete the acquisition of a target and go public."

2020 was a boom year for SPACs. According to data published by Bloomberg, 248 SPACs with a total value of USD 83 billion were brought to market, compared to 59 in 2019 and 48 in 2018. As of January 28, 2021, 91 SPACs had been launched suggesting that this year's number would easily be higher than last year's.[4] Examples of SPAC-led deals are found across a wide range of industries with technology featuring heavily such as electric vehicle start-ups Nikola and Arrival who both chose SPACs as a route to market.

[2] "Global M&A Sets First-Quarter Record as Dealmakers Shape Post-COVID World" | Reuters
[3] Special Purpose Acquisition Company (SPAC) Definition | Investopedia
[4] "What Are SPACs and How Do They Work?" | Bloomberg

However, the tide is beginning to turn. According to the Financial Times, the volume of SPAC IPOs and de-SPAC mergers coming to market have fallen since mid-March.[5] Another indication of the waning of the SPAC star are the rules introduced by the U.S. Securities and Exchange Commission (SEC) under Gary Gensler. Confirmed in April as the chair of the SEC, Gensler seems intent on taking some of the sizzle out of the SPAC market.[6] Already, trading and pricing are severely impacted. The proposed rules that seek to classify SPAC warrants as liabilities instead of equity could further diminish the value proposition made by SPACs. The changes could also lead to a significant administrative burden on the SPACs that will have to restate their financial statements.

Highly competitive deal market

The recent activities of SPACs have put pressure on traditional M&A participants in the search for deals. Anecdotes suggest that corporates and private equity funds alike have felt the squeeze.

"We all like to think that it's our differentiation that gives us the edge in a competitive auction process," says one PE practitioner, "but that notion is currently being called into question as I hear of more and more situations in which PE funds are being outbid by SPACs."

In the past, particularly venture capital-backed start-ups, saw private equity as the next step in their liquidity journey and an eventual IPO. However, the offering provided by SPACs with its seemingly easy access to money and a much less burdensome route to the public markets is swaying many, particularly tech businesses, to partner with SPACs.[7]

SPACs from a global perspective

In the U.S., SPACs have become a force to be reckoned with. In the first quarter of 2021, SPAC M&A activity totaled USD 172.3 billion, a staggering 3,000 percent increase from the previous year, accounting for close to 75 percent of the total SPAC deal activity worldwide.[8]

---

[5] Grab Is Lunging For the Top of the SPAC Market" | *Financial Times*

[6] Staff Statement on Accounting and Reporting Considerations for Warrants Issued by Special Purpose Acquisition Companies ("SPACs") | SEC.gov

[7] "Why PE Firms Targeting Tech Buyouts Could Face Competition From SPACs" | PitchBook

[8] "Global M&A Sets First-Quarter Record as Dealmakers Shape Post-COVID World" | Reuters

The enthusiasm for this instrument is not yet a global phenomenon. Currently, regulation prevents SPACs from operating as freely in the United Kingdom as they have been in the U.S. However, in March, the U.K.'s Financial Conduct Authority (FCA) opened a new consultation on them.[9]

In a statement, the FCA said they will "be consulting shortly on amendments to our Listing Rules and related guidance to strengthen protections for investors in Special Purpose Acquisition Companies (SPACs)." The statement goes on to say that the consultation will consider the structural features and enhanced disclosure, including a minimum market capitalization and a redemption option for investors, required to provide appropriate investor protection. Subject to that process, the FCA is aiming to make the new rules and/or guidance by early summer. Already there are voices that argue recommended rules around the use of SPACs in the U.K. should be liberalized to help London maintain its competitiveness post-Brexit.[10]

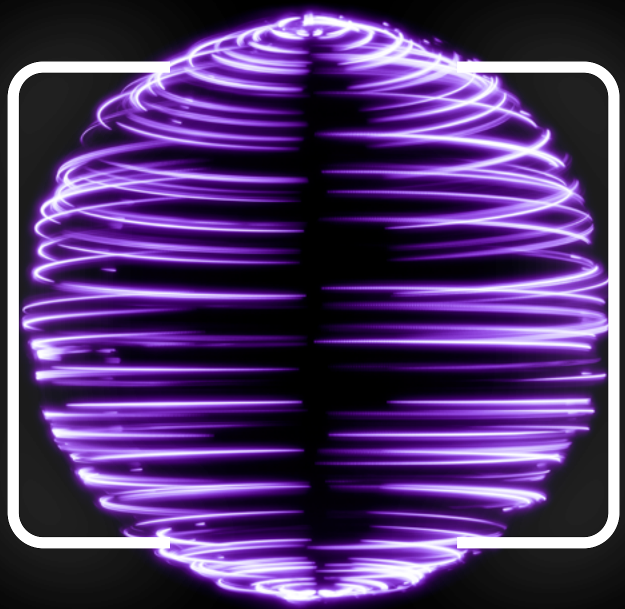
Meanwhile, Asia saw the largest SPAC-led deal so far come to market with Singapore-based ridesharing app Grab listing on the Nasdaq via a SPAC with a value close to USD 40 billion. In addition to transportation, the company offers food delivery and digital payments services via mobile app.

Cautionary voices about SPAC-led activity were getting louder, even before the recent intervention of the SEC. The Financial Times recently published an article reporting a "rapidly deflating" SPAC market "with potentially dire consequences for investors and entrepreneurs who hope to tap a relatively quick method of joining a stock market of Nasdaq."[11] It argues that SPACs are targeting such large companies that they need to find additional resources to fund the transaction. In this situation, institutional investors are often called on to provide this additional financial firepower but they, so the newspaper states, are growing unenthusiastic.

[9] Future Consultation on Strengthening Investor Protections in Special Purpose Acquisition Companies (SPACs) | FCA
{10} "FCA To Consult on SPACs Rules" | FTAdviser.com
[11] "Grab Is Lunging For the Top of the SPAC Market" | *Financial Times*

The emergence of SPACs as potential buyers has added pressure on the competitive landscape and contributed to an increase in valuations, to the degree that some market observers are now talking of a developing valuation bubble. Prices were already edging up, driven by low-cost financing options being widely available pre-pandemic, the pressure on corporates to seek inorganic paths to growth as organic growth became more challenging and the vast quantities of dry powder in PE funds. Now sellers are even more spoiled for choice when it comes to choosing a potential partner: Traditional buyers such as strategic and financial investors compete for their attention and both have significant amounts of cash to offer, while SPACs have even deeper pockets and, along with a traditional IPO, offer a faster route to the public markets with more price certainty. This amplified competition for attractive targets is certainly having an impact on valuations and anecdotes from dealmakers suggest that there has rarely been a better time to be a truly qualified seller.

The coming months will show the direction of travel for SPACs. Will they remain the force they have proven to be over the past few months, or will they lose their appeal? As for valuations, the recent disappointing IPO of U.K.-based online food delivery company Deliveroo may serve as a cautionary tale that not all hype leads to big returns.



The Battle for Deals Deepens

In a fast-moving marketplace with lots of money chasing lots of deals, corporate acquirers and private equity firms are fiercely competing against SPACs. A private equity dealmaker on the front line weighs in on what it's like competing for assets in the current seller's market.

Jeff White

Senior Vice President,
Business Development
Skyview Capital

Jeff White, senior vice president, business development at private equity fund Skyview Capital, knows first-hand about the challenges facing private equity (PE). In a revealing conversation, he shares insights into how his firm's portfolio companies have dealt with the multitude of challenges brought on by the COVID-19 pandemic as well as subsequent lockdowns and travel bans.

To tie in with this edition's Spotlight feature on special purpose acquisition companies (SPACs), Jeff discussed how well-capitalized blank-check companies have impacted M&A deal flow as well as valuations and how private equity is now differentiating itself in this tighter field of competition. The discussion wrapped up with an outlook on the coming months.

Jeff has been actively involved with all M&A efforts at Skyview Capital since its inception. He has decades of experience that encompass private equity, investment banking and executive management. He has held critical positions at many distinguished firms, such as Merrill Lynch and Platinum Equity Holdings.

Prior to Skyview Capital, Jeff was an integral part of Platinum Equity's USD 8 billion global business development and M&A team. After Platinum Equity, Jeff established and continues to successfully head up Skyview Capital's business development team. In addition, he is responsible for driving growth through acquisitions by identifying, negotiating and assessing all transaction opportunities within the M&A and business development team. Jeff is also a member of the firm's investment committee. Recently, Jeff expanded his role to work more closely with Alex Solanti, founder, chairman and CEO of Skyview Capital, to spearhead the firm's global M&A, strategic alliances and corporate development strategy.

SS&C Intralinks: Hello, Jeff. Thank you for taking the time to talk to us. With the pressure of the pandemic slowly easing, tell us how the private equity industry has been affected by it?

Jeff White: The pandemic has had a huge impact on the industry overall. We were in the middle of an upward trajectory when things came to a sudden halt. Initially, processes took longer and longer but as the pandemic wore on with no apparent end in sight, deals started breaking up and lots of transactions were lost. We found ourselves just sitting on the sidelines, waiting. But it was not just deals that fell apart. Without being able to travel, network at conferences and meet people informally, our ability to originate deals was also compromised. We, therefore, shifted our attention to our portfolio companies.

Talk to us about the impact of the pandemic on your portfolio companies?

I think every fund has taken a large hit on their portfolio companies. To give you a few examples, we own a call center business, Continuum Global Solutions. The pandemic meant that a good portion of our employees had to work from home, which could have an impact on confidentiality and privacy issues surrounding its clients. By contacting clients and openly talking about some challenges we were facing, we were able to find a workaround, but it was definitely a challenging time. Not surprisingly, our cybersecurity business Fidelis Cybersecurity fared much better. Meanwhile, our food manufacturing and distributing business Passport Foods saw a shift within its client base. Things are starting to even out a little, but they were challenging times. Retail and hospitality, anything with a heavy emphasis on brick-and-mortar operations, had a tough time. And yes, it has all had an impact on our holding periods.

Moving along to one of the hottest topics in M&A at the moment, how concerned are you about the emergence of special purpose acquisition companies (SPACs)?

Yes, even with the slight declines in SPAC activity that the press has been reporting, they are still quite obviously parties we run into. We are currently in 15 processes and have exclusivity in three. Once we find ourselves at the letter of intent stage and we are aware of more than one SPAC in the running, we are significantly less excited about the process as, to put it bluntly, they can overpay. In the recent past, there have been a few instances where we were outbid, and we just couldn't understand why. We figured out, if someone just blows past you like that in an auction, chances are it's a SPAC.

"In the recent past, there have been a few instances where we were outbid, and we just couldn't understand why. We figured out, if someone just blows past you like that in an auction, chances are it's a SPAC."

How do you differentiate yourself against SPACs?

We take the approach of working out precisely what the seller is looking for. If they are looking for a maximum valuation, then we don't have much leverage over the SPACs in the market. But if they are looking for industry expertise and ways to create value in the future, say, by doing add-on deals, then we may well be the right fit for them. So having good relationships with the sell-side advisory teams so you can work out these nuances really helps to secure deals.

Have you had to adjust your approach to compete with them?

I don't think we have. We have always been very detail-orientated in our offering. The one change we have recently tried to make is to shorten the time frames to get deals done more quickly. Making speed and certainty-of-close cornerstones to our bid are factors that we have been relying on heavily to get deals over the finishing line.

How do you feel about the SEC-proposed changes to SPACs and the reported slowdown in SPAC activity?

On that, I can only comment based on my reading on the topic, not actual experience. But, yes, if those rules come into force, it will slow down. But the same would happen if SPACs don't in fact deliver on their promises to their investors.

Moving away from SPACs now, could you share your views on valuations and how concerned are you about a developing valuation bubble?

A bubble implies an upcoming crash, and that I don't see. What I do see is a lot of highly priced companies and a lot of cash chasing good deals. So, the question we need to be asking ourselves is: Does the price reflect the actual value of the business? And in some cases, I don't think so; in some cases, it makes more sense to pass on that opportunity, find something cheaper and then grow that value. But no, I am not expecting a crash.

Looking ahead, what do you see as the greatest opportunities for the industry, and what are its biggest challenges?

On the challenges front, I see an overvalued deal market, regulation that might be enacted and any COVID-19 variant we may need to deal with. Also, debt keeping up with equity in transactions as we are seeing more and more equity being pumped into deals. On the opportunities side, I actually see the whole market as an opportunity. There are a number of businesses that have been negatively affected by the pandemic. Therefore, they present a real opportunity for PE funds to acquire at a lower valuation now and get a great return on their investment a few years down the line. I see some real bargains to be had. I think we could be entering a golden age for private equity investments.

Jeff, thank you very much for sharing your expertise with us. Stay safe and well.

Thank you very much for having me.

Reach your closest Intralinks office

intralinks.com/mylocation

The *SS&C Intralinks Deal Flow Predictor* provides Intralinks' perspective on the level of early-stage M&A activity taking place worldwide during any given period. The statistics contained in this report reflect the volume of VDRs opened or proposed to be opened, through Intralinks and other providers for conducting due diligence on proposed transactions, including asset sales, divestitures, equity private placements, financings, capital raises, joint ventures, alliances and partnerships. These statistics are not adjusted for changes in Intralinks' share of the VDR market or changes in market demand for VDR services. These statistics may not correlate to the volume of completed transactions reported by market data providers and should not be construed to represent the volume of transactions that will ultimately be consummated during any period nor of the revenue or M&A deal volume that Intralinks may generate for any financial period. Indications of future completed deal activity derived from the *SS&C Intralinks Deal Flow Predictor* are based on assumed rates of deals going from the due diligence stage to completion. In addition, the statistics provided by market data providers regarding announced M&A transactions may be compiled with a different set of transaction types than those set forth above.

To verify the predictive nature of the *SS&C Intralinks Deal Flow Predictor*, we compared the data underlying the *SS&C Intralinks Deal Flow Predictor* with subsequent announced deal volume data reported by Refinitiv to build an econometric model (using standard statistical techniques appropriate for estimating a linear regression model) to predict the future reported volume of announced M&A transactions two quarters ahead, as recorded by Refinitiv. We engaged Analysis & Inference ("A&I"), an independent statistical consulting and data science research firm, to assess, replicate and evaluate this model. A&I's analysis showed that our prediction model has a very high level of statistical significance, with a more than 99.9 percent probability that the *SS&C Intralinks Deal Flow Predictor* is a statistically significant six-month predictive indicator of announced deal data, as subsequently reported by Refinitiv. We plan to periodically update the independent statistical analysis to confirm the *SS&C Intralinks Deal Flow Predictor*'s continuing validity as a predictor of future M&A activity.

The *SS&C Intralinks Deal Flow Predictor* is provided "as is" for informational purposes only. Intralinks makes no guarantee regarding the timeliness, accuracy or completeness of the content of this report. This report is based on Intralinks' observations and subjective interpretations of due diligence activity taking place or proposed to take place, on Intralinks' and other providers' VDR platforms for a limited set of transaction types. This report is not intended to be an indicator of Intralinks' business performance or operating results for any prior or future period. This report is not intended to convey investment advice or solicit investments of any kind whatsoever.

About SS&C Intralinks

SS&C Intralinks is a leading financial technology provider for the global banking, dealmaking and capital markets communities. As pioneers of the virtual data room, our technology enables and secures the flow of information, empowering our customers to work more productively and with complete confidence. Intralinks facilitates strategic initiatives such as mergers and acquisitions, capital raising and investor reporting. Our solutions enhance these activities by streamlining operations, reducing risk, improving client experiences and increasing visibility.

For more information, visit: www.intralinks.com.

Thanks to Refinitiv for permission to use their M&A deal reports and data on announced deals in the *SS&C Intralinks Deal Flow Predictor*.

intralinks.com/insights