

# Investec Market Review

January 2024



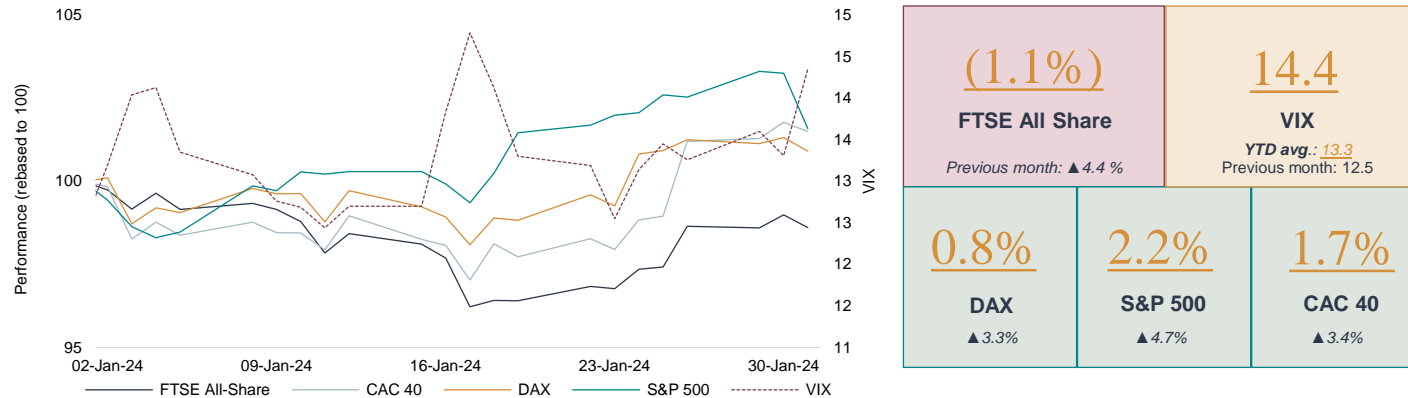
# Executive summary

- January has been a mixed month for global equities – performance diverged with US and European indices hitting record highs whilst UK indices lagged. FTSE 250 lost (1.7%), S&P and DAX gained 1.6% and 0.9% respectively
- Sector performance was balanced – 11 out of 23 sectors registered gains this month, notably Travel & Leisure stocks, which rallied on the back of positive booking trends noted by airlines
- Net outflows from UK funds persist, however, at a reduced rate as December 2023 registered the second smallest figure in the last 21 months
- Despite deal value increasing by c.44% in January, sell-downs stole the show once again as Haleon, Deliveroo, and Baltic Classifieds Group shareholders sold over £1bn worth of shares
- UK public M&A activity remained robust in January with 3 firm offers announced in the month with a total value comprising c.£2.8bn
- Please contact your usual Investec contact if you would like to discuss the contents of this pack

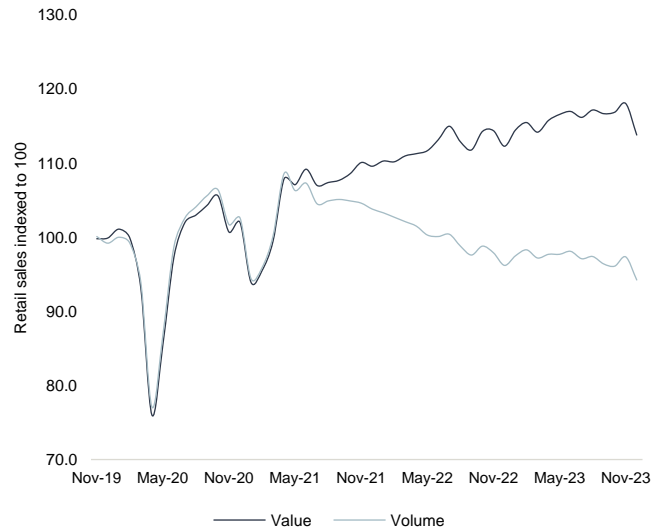
# Market drivers in January

Global equity markets diverged in January with US indices hitting records as domestic markets underperformed

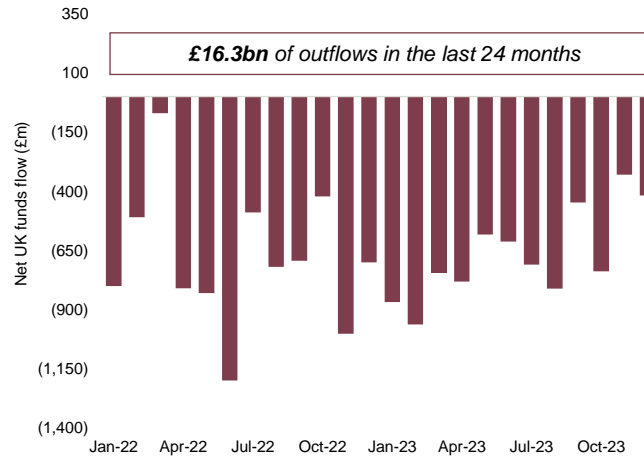
After a slow start to the year, global markets maintained last month's momentum, albeit key UK indices lagged



## UK Retail sales weakened



## UK equity outflows persist, but show signs of easing



## Economics headlines in January

UK CPI surprised on the upside in December, increasing to 4.0% (November: 3.9%). The core measure was up by 0.6% to 5.1%

UK Retail sales declined by 3.2% overall in December, the largest single-month fall since January 2021

UK GfK consumer confidence for January posted a third consecutive monthly gain, rising from a level of -22 in December to -19. This represents the highest level since January 2022

The US Q4 GDP print came in hotter-than-expected with output expanding by 3.3% in annualised terms (+0.8% QoQ), relative to consensus expectations of a 2.0% increase

The ECB kept key interest rates unchanged, as widely expected, with President Lagarde's narrative looking to temper market expectations for rate cuts early this year

Composite PMIs in the Eurozone, UK and US all rose relative to the December figures driven by increased demand and rising business optimism

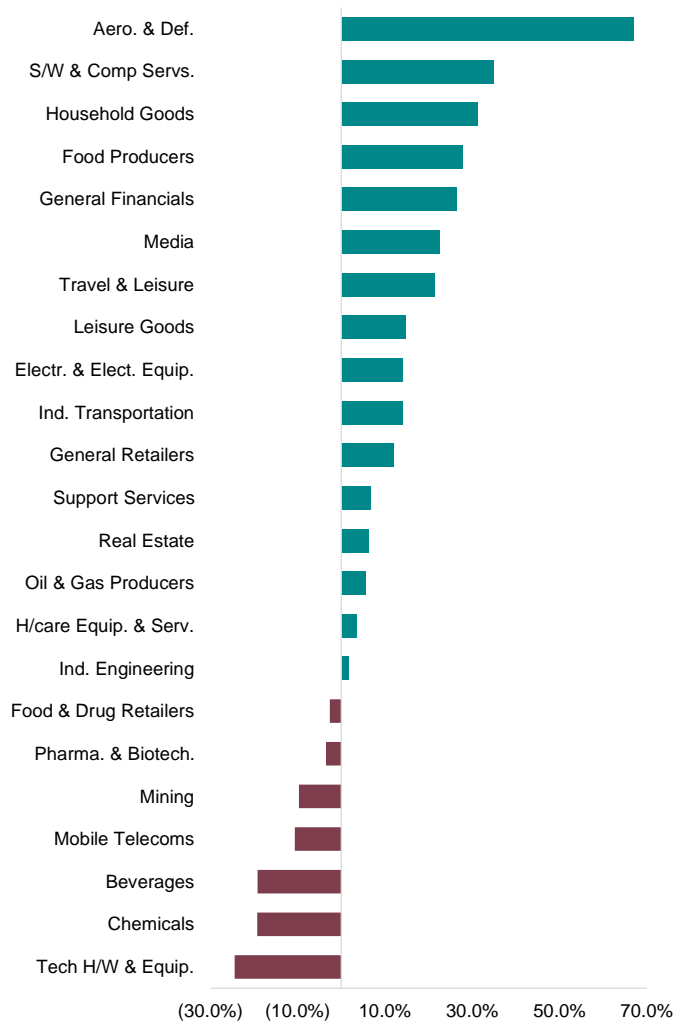
# Sector performance in January

January was a disappointing month after the strong gains registered in November and December

Sector performance - January 2024



Sector performance in 2023



Monthly sector snapshot



Winners and losers



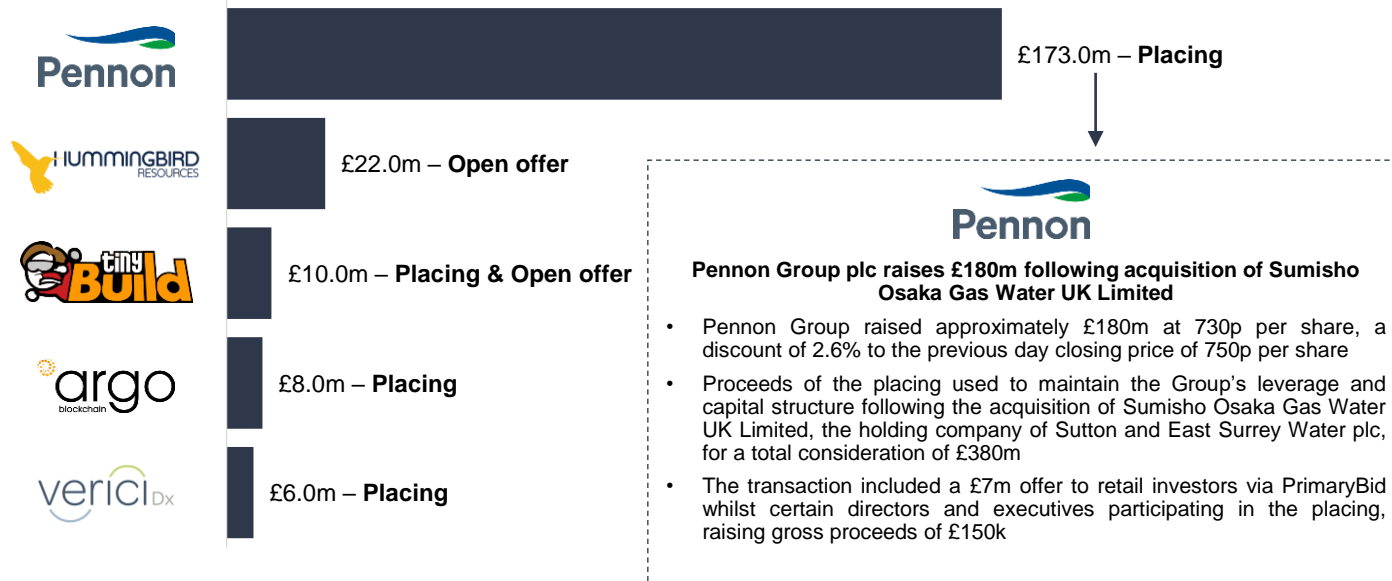
Drivers of sector performance in January

- **Travel & Leisure** stocks were the top performers over January, continuing their strong momentum as the top performing sector last month. Airlines delivered a strong performance as easyJet noted positive booking trends in its Q1 update
- **Aerospace & Defence** stocks also delivered a strong performance against a backdrop of continued conflict in the Middle East and escalating tensions in the Red Sea. Notably, QinetiQ rose 15.9% in the month as it reaffirmed full year expectations in a Q3 update and announced a £100m share buy back
- At the other end of the spectrum, **Mining** stocks underperformed on the back of softer economic data from China, a key market. Fresnillo was a notable laggard following its Q4 update, declining 10.6% for the month

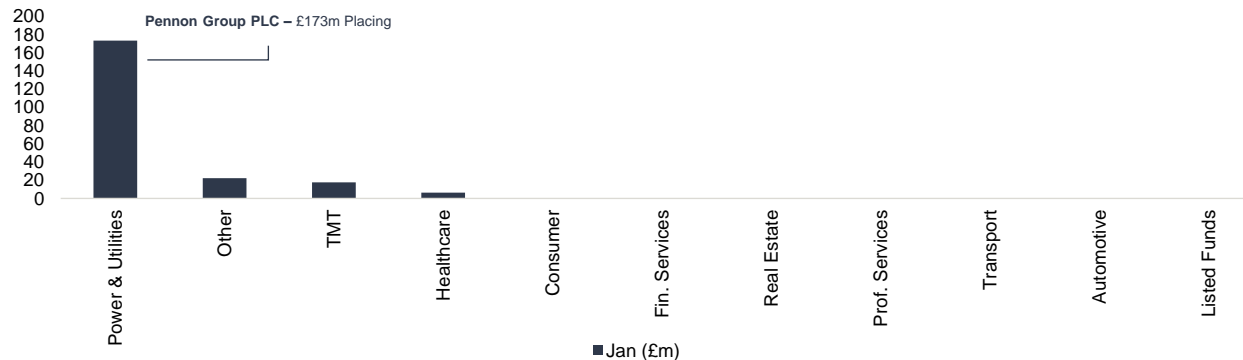
# UK ECM activity in January

Following on from last month, primary issuance remained subdued at £219 in January as sell-downs continued to dominate UK ECM activity

## Primary ECM issuance across the deal size spectrum in January



## Public equity fund-raises by sector and highlighted deals



## ECM activity snapshot

### Total funds raised

£1,334m

Prior month: £924m  
44% increase

### Total no. transactions

9 deals

Prior month: 12 deals  
25% decrease

## Activity in January 2023

### Funds raised

£150m

**Kaspi.kz**  
£68m  
Sell-down

**Ashtead**  
Technology  
£48m  
Sell-down

### Deal count

5 deals

**SHIELD**  
£18m  
Placing

**CYANCONODE**  
£5m  
Placing

## Sell-downs in January 2024

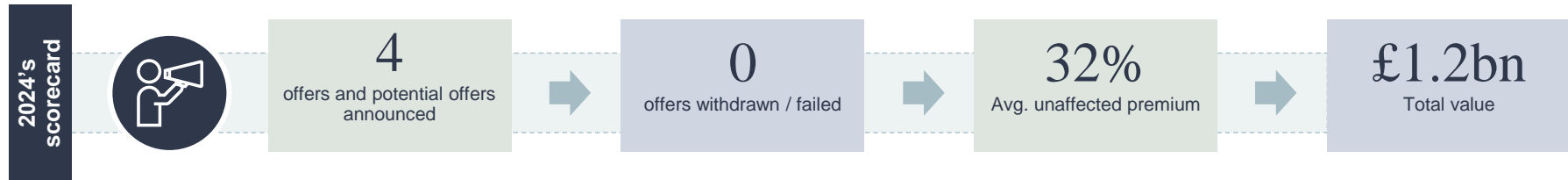


## Announced IPOs in January 2024



No notable announcements in January

# UK Public M&A activity in January



## Selected deals

Deal Type	Date	Company	Description	Key Metrics	Highlights
Firm offer	11th Jan	<b>LXi REIT</b> <i>Long Indexed Income</i>	<i>Specialist inflation-protected very long income REIT</i>	0.55 New LondonMetric shares 9.0% Premium £1.9bn Offer value	<p><b>Highlights</b></p> <ul style="list-style-type: none"> <li>Recommended all-share offer by LondonMetric Property Plc (LondonMetric) for the entire issued and to be issued share capital of LXi REIT plc (LXi)</li> <li>Following completion of the acquisition, existing LondonMetric shareholders will hold approximately 54% and LXi shareholders will hold approximately 46% of the enlarged issued share capital of LondonMetric</li> <li>The proposed merger will create the 4<sup>th</sup> largest UK REIT forming a combined £6.2 billion portfolio aligned to structurally supported sectors that LondonMetric and LXi believe will enable accelerated earnings growth and dividend progression through substantial cost and operating synergies</li> </ul>
Firm offer	19th Jan	<b>abrdrn</b>	<i>UK-based REIT investing in a variety of property assets to deliver high yield and capital growth</i>	0.78 New Custodian PI REIT shares 29.4% Premium £237m Offer value	<p><b>Highlights</b></p> <ul style="list-style-type: none"> <li>Recommended all-share offer by Custodian Property Income REIT plc (CREI) for the entire issued and to be issued share capital of abrdrn Property Income Trust Limited (API)</li> <li>Following completion of the acquisition, existing CREI shareholders will hold approximately 59.7% and API shareholders will hold approximately 40.3% of the combined group</li> <li>The proposed merger will create a portfolio with approximately 200 assets and a combined property value in excess of £1.0 billion (as at 31 December 2023) and the Boards of CREI and API believe enhanced portfolio diversification will support its performance in a variety of market conditions</li> </ul>
Firm offer	19th Jan	<b>Wincanton</b>	<i>Provides transport and logistics services supporting businesses with supply chain management</i>	450 Pence per share 52.0% Premium £567m Offer value	<p><b>Highlights</b></p> <ul style="list-style-type: none"> <li>Recommended cash offer by CEVA Logistics S.A. (CEVA), itself a subsidiary of CMA CGM S.A. (CMA CGM), for the entire issued and to be issued share capital of Wincanton plc (Wincanton)</li> <li>The Board of CEVA believes the acquisition will further develop CEVA's offering in contract logistics in the UK and Ireland</li> <li>Further it expects to build on Wincanton's proven expertise in partnering with prominent grocers and retailers in the UK to diversify CEVA's customer base whilst delivering cost synergies</li> </ul>
Formal sale process	22nd Jan	<b>Benchmark</b> <sup>®</sup>	<i>An aquaculture genetics, nutrition, and health business</i>	n/a Pence per share n/a Premium n/a Offer value	<p><b>Highlights</b></p> <ul style="list-style-type: none"> <li>Commencement of an offer period following the announcement of the undertaking of a review of its strategic options, including but not limited to, a formal sale process of the Company as a whole or alternatively the potential sale of one or more individual business units</li> <li>Its Board believes that the current share price materially undervalues the combined value of Benchmark's businesses and the long-term prospects of the Company, and it intends to establish whether there is a bidder or bidders prepared to offer a value for the Company or its individual business units that the Board considers attractive</li> <li>Benchmark confirmed that it is not currently in any discussions with any potential offeror at the date of the announcement</li> </ul>

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