

STARTING SHORTLY

Strategic Horizons Live: Global markets and M&A outlook

Oaklins

Roger Lee

Equity Strategy

“I think the war is very complete, pretty much”

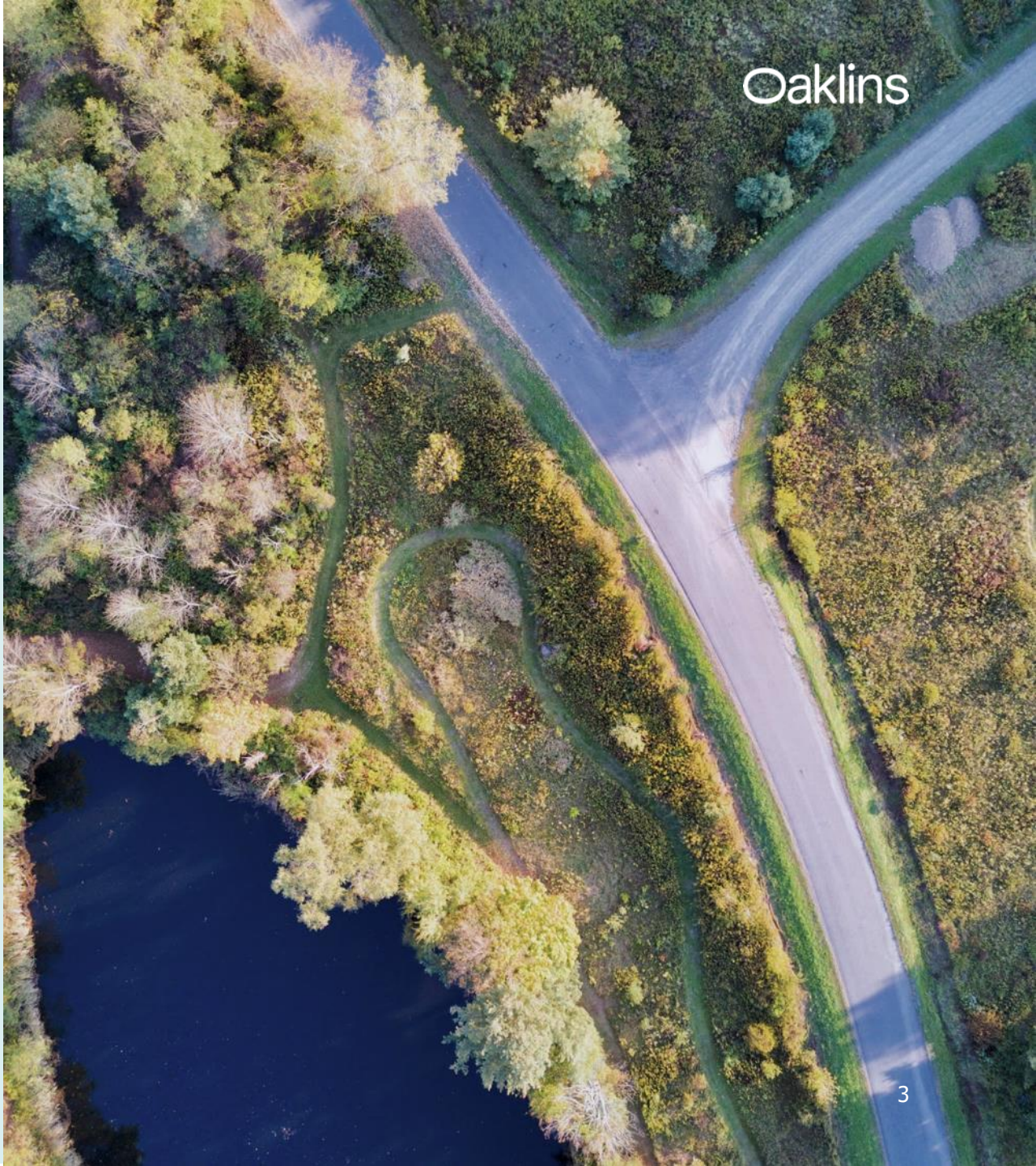
PRESIDENT DONALD J. TRUMP I MARCH 2026

May 2026

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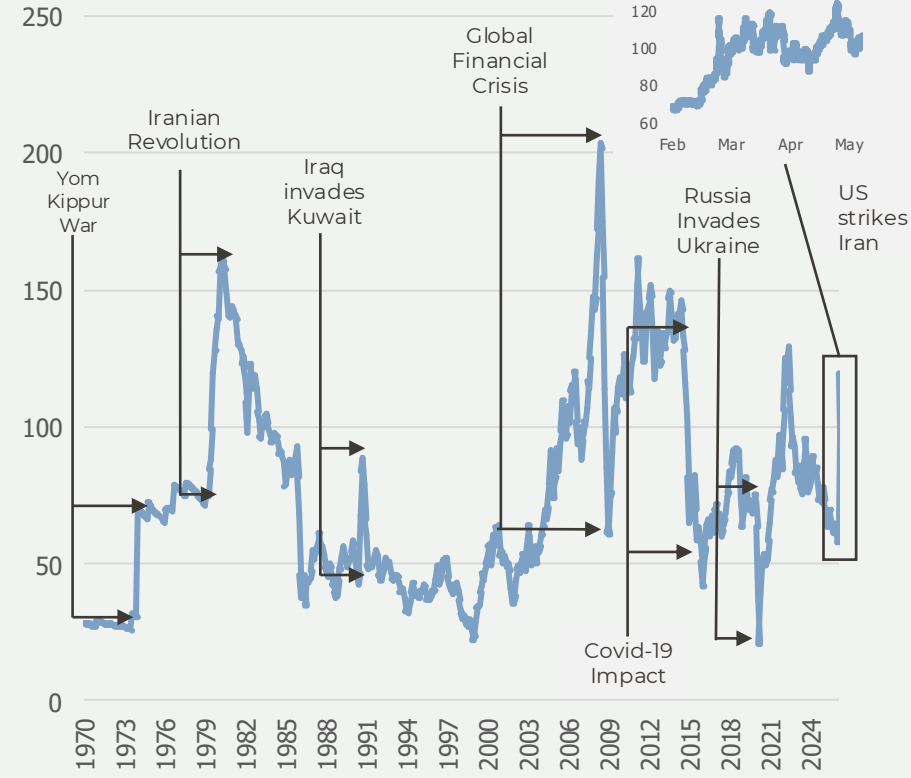
Equity Strategy

Major reversal of market trends – major asset rotation



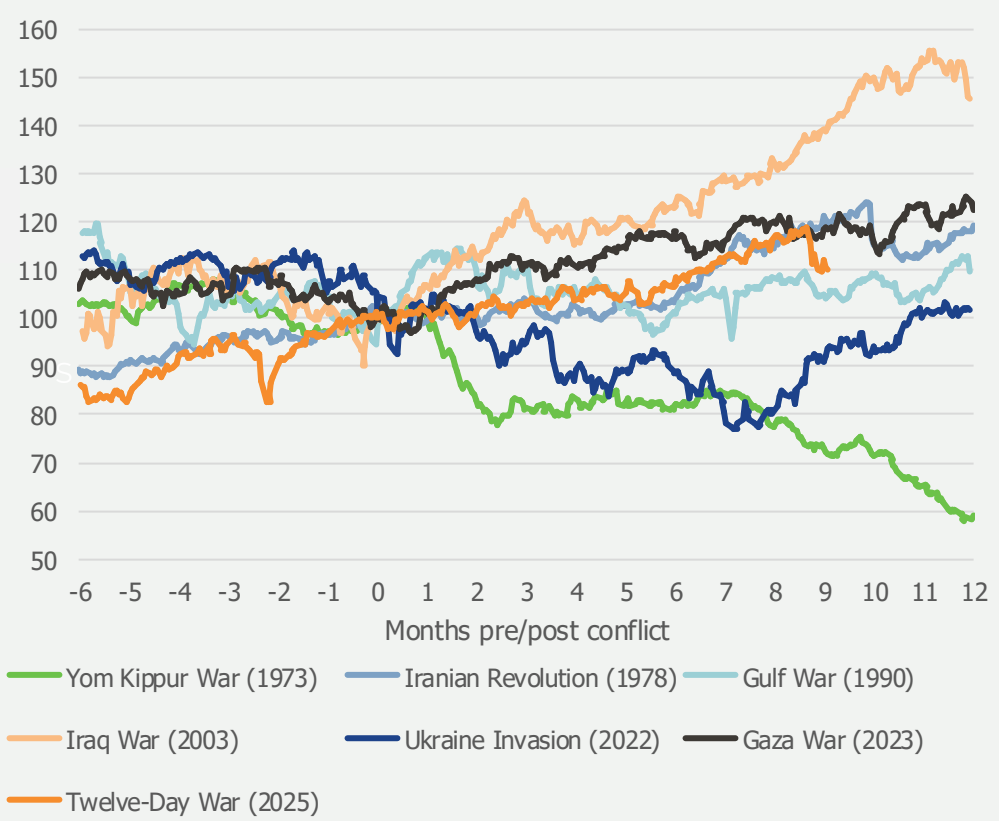
Past oil crises have been opportunities other than 1973

CRUDE OIL (WTI) PRICES 1970-PRESENT (US 2025 CPI ADJUSTED)



Source: Bloomberg, Cavendish

MSCI EUROPE PERFORMANCE AROUND PREVIOUS CRISES (LOCAL CCY)

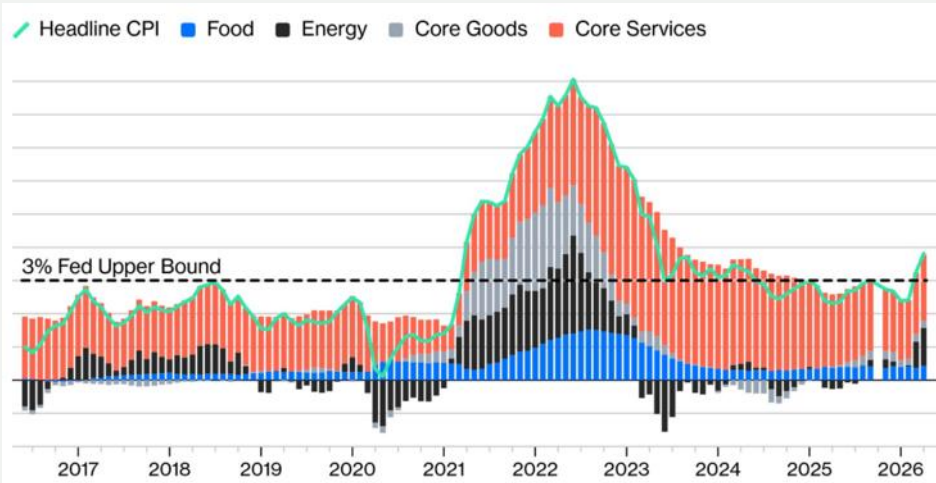


“The energy problem is a crisis now. But it can be a historic opportunity to free America forever of dependence on unstable foreign oil.”

PRESIDENT RONALD REAGAN – JANUARY 1974

Current crisis is around supply of oil, not production of oil

ENERGY PRICES CONTRIBUTING TO RISING US CPI



Source: Bloomberg

Source: Bloomberg

US CPI IS OUTPACING WAGE GROWTH DUE TO ENERGY SHOCK AGAIN



Source: Bloomberg

Source: Federal Reserve Banks of Atlanta & Cleveland, Bloomberg

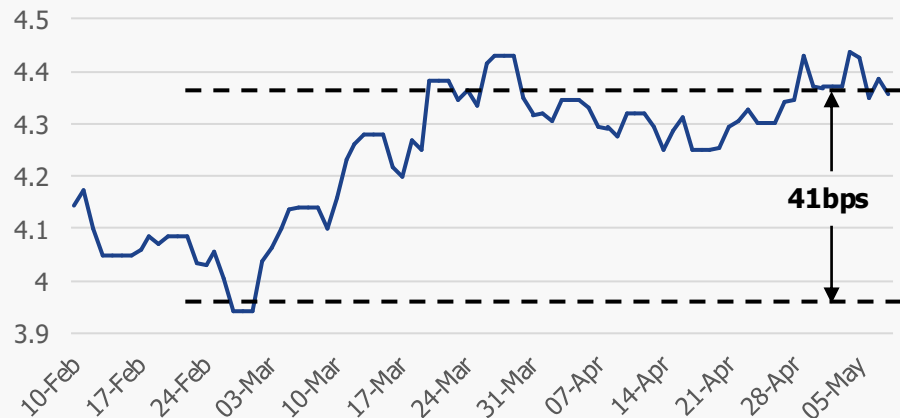
“The consequences for global oil markets could be catastrophic if the Strait of Hormuz remains blocked.”

AMIN NASSER – CEO SAUDI ARAMCO

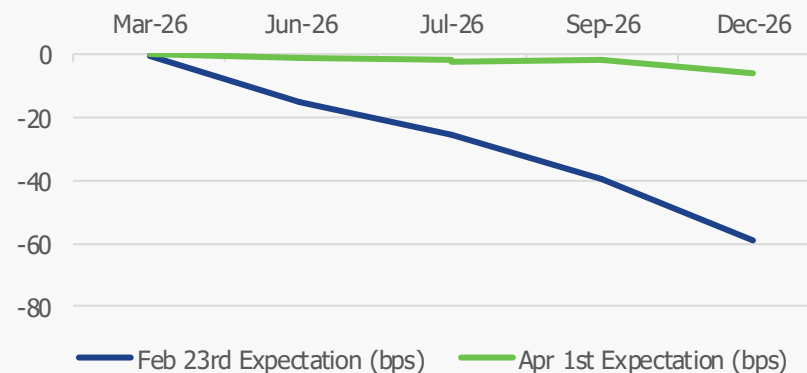
Major reversal in US Dollar and interest rate expectations

US policy volatility and AI risk drove asset allocation out of US; risk aversion reversed trend.

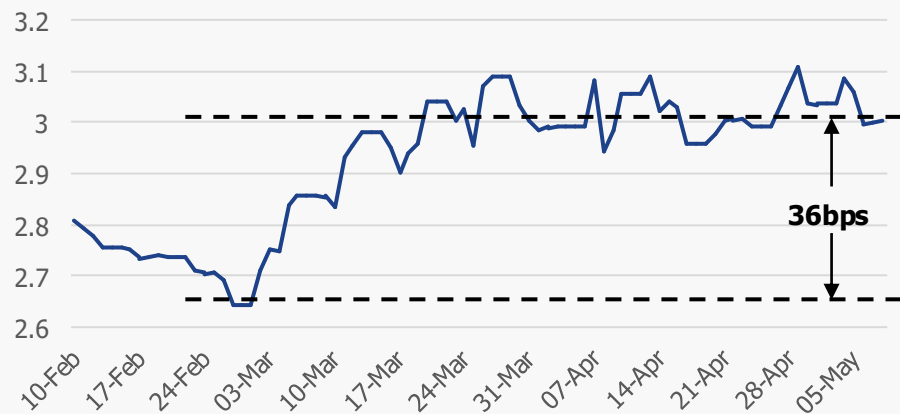
US 10-YR TREASURY



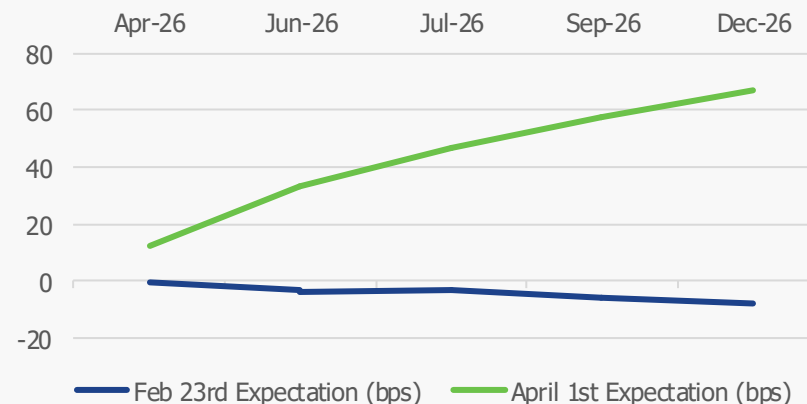
INTEREST RATE EXPECTATIONS US



GERMAN 10-YR BUND



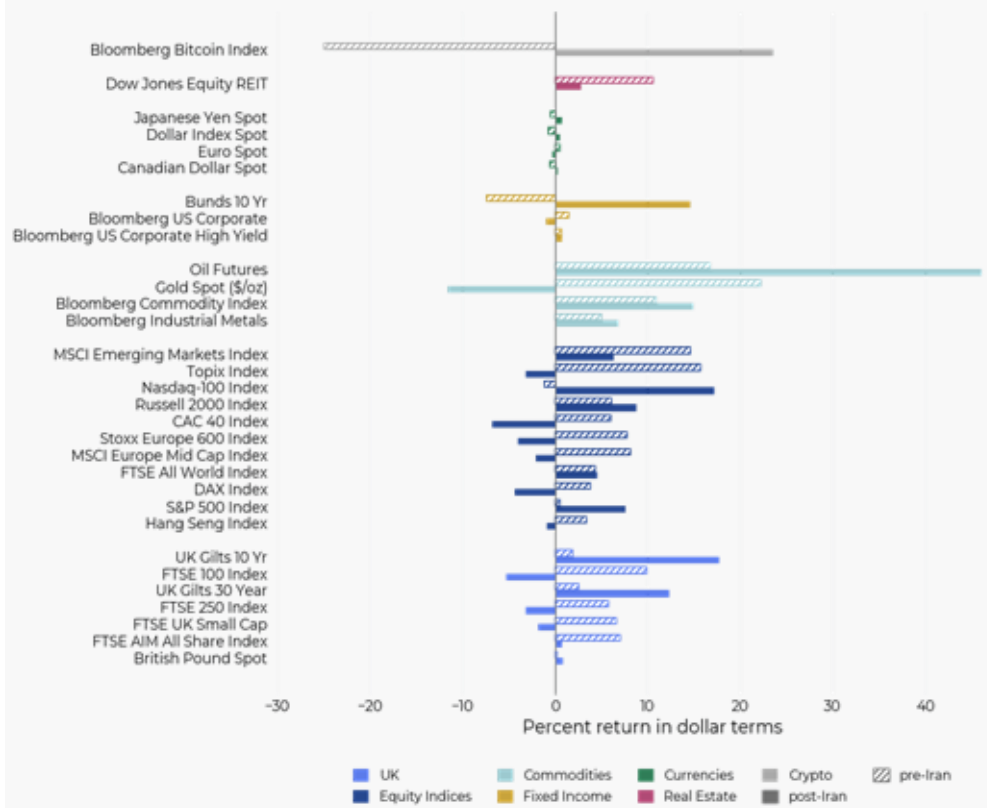
INTEREST RATE EXPECTATIONS EUROPE



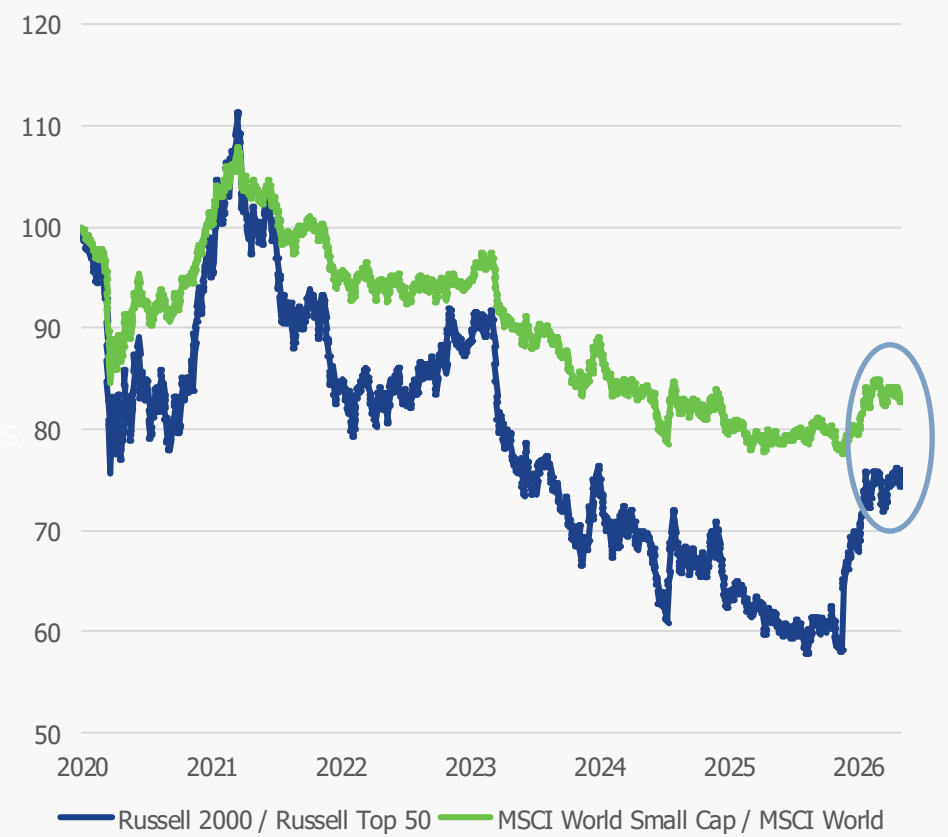
Source: Bloomberg, Cavendish

Major rotation in asset prices since the conflict, correlated to oil

MULTI ASSET PERFORMANCE POST IRAN AND YTD PRE-IRAN



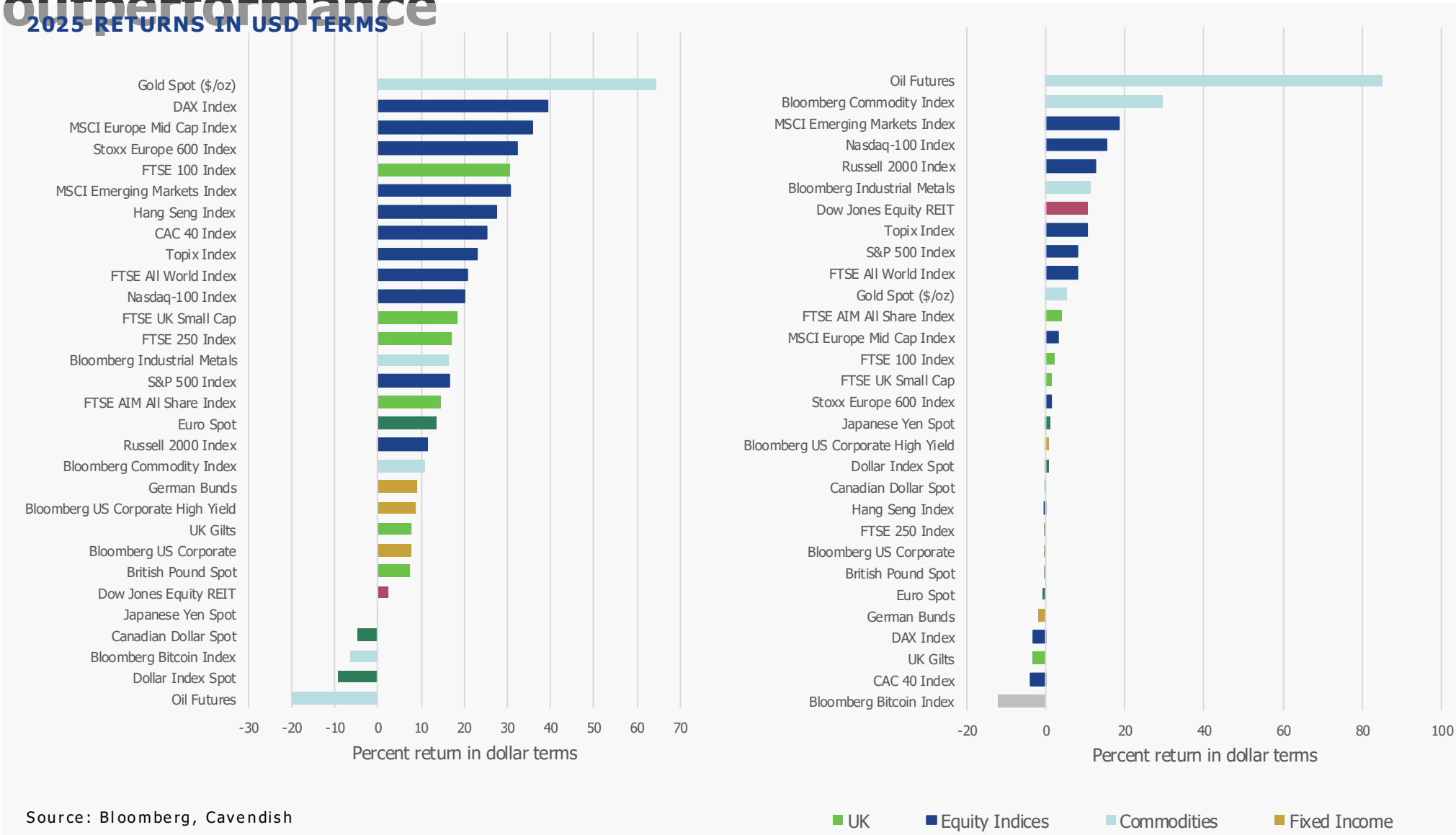
SMALL CAPS VS LARGE CAPS REBASED PERFORMANCE



Source: Bloomberg, Cavendish

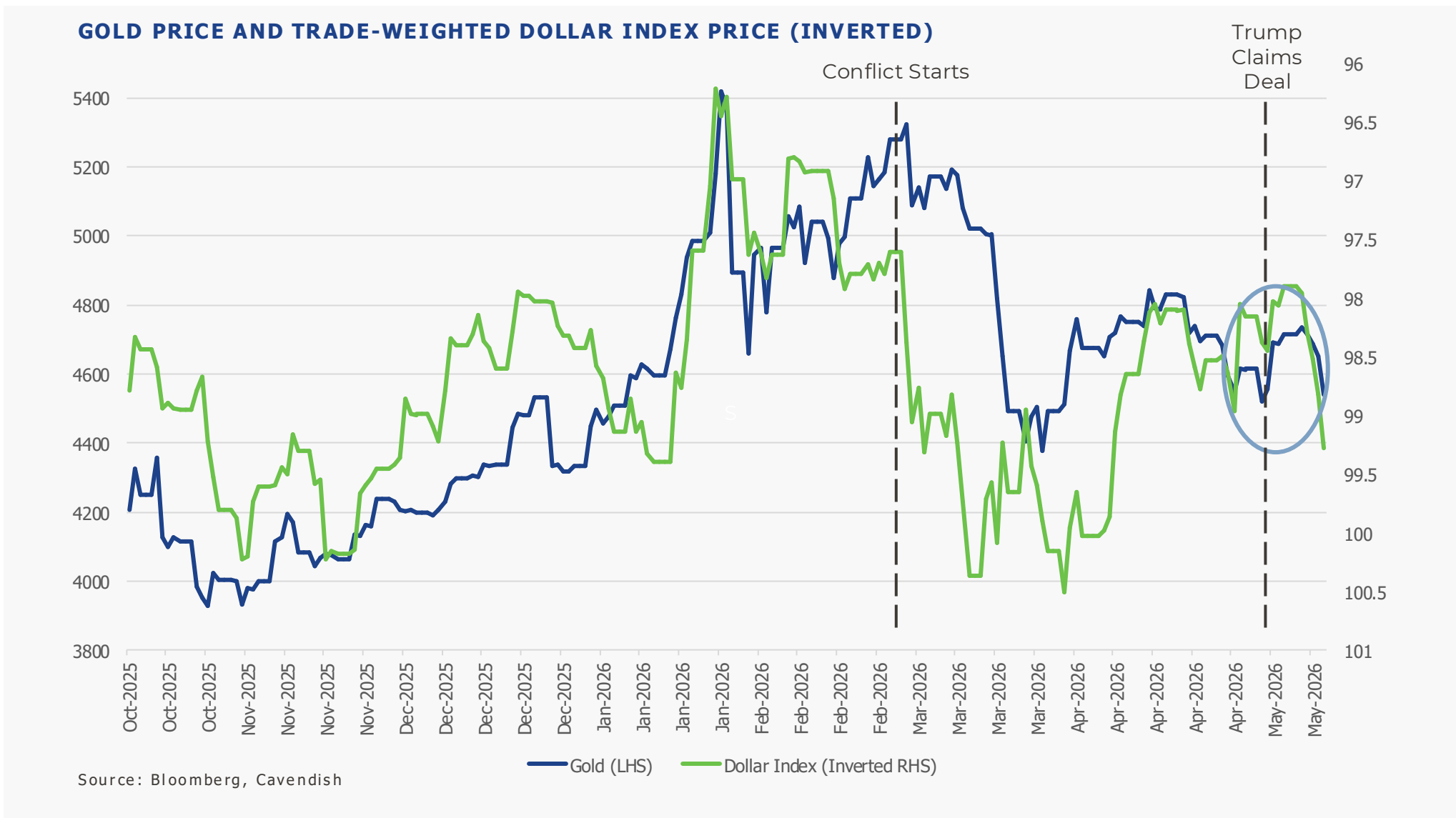
Policy volatility in 2025 led to "Anything but US" outperformance

2025 RETURNS IN USD TERMS



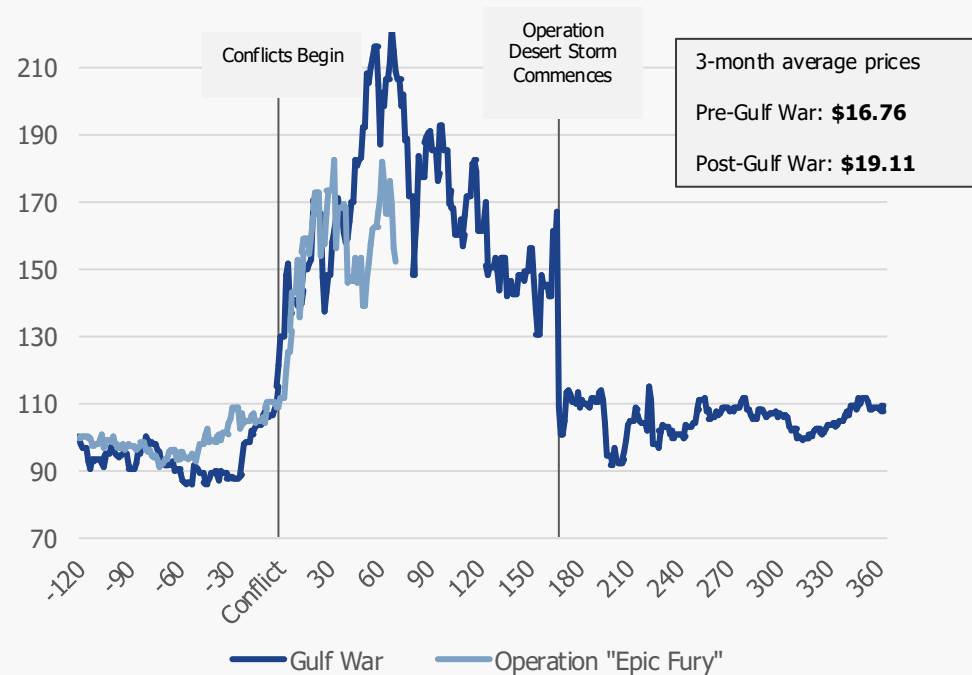
Source: Bloomberg, Cavendish

Close inverse correlation between gold and US Dollar



Prices fell following the conclusion of the First Gulf War

OIL PRICES BEFORE AND AFTER THE FIRST GULF WAR AND OPERATION "EPIC FURY" (REBASED)



Source: Bloomberg, Cavendish

KUWAITI OIL FIELDS BURN



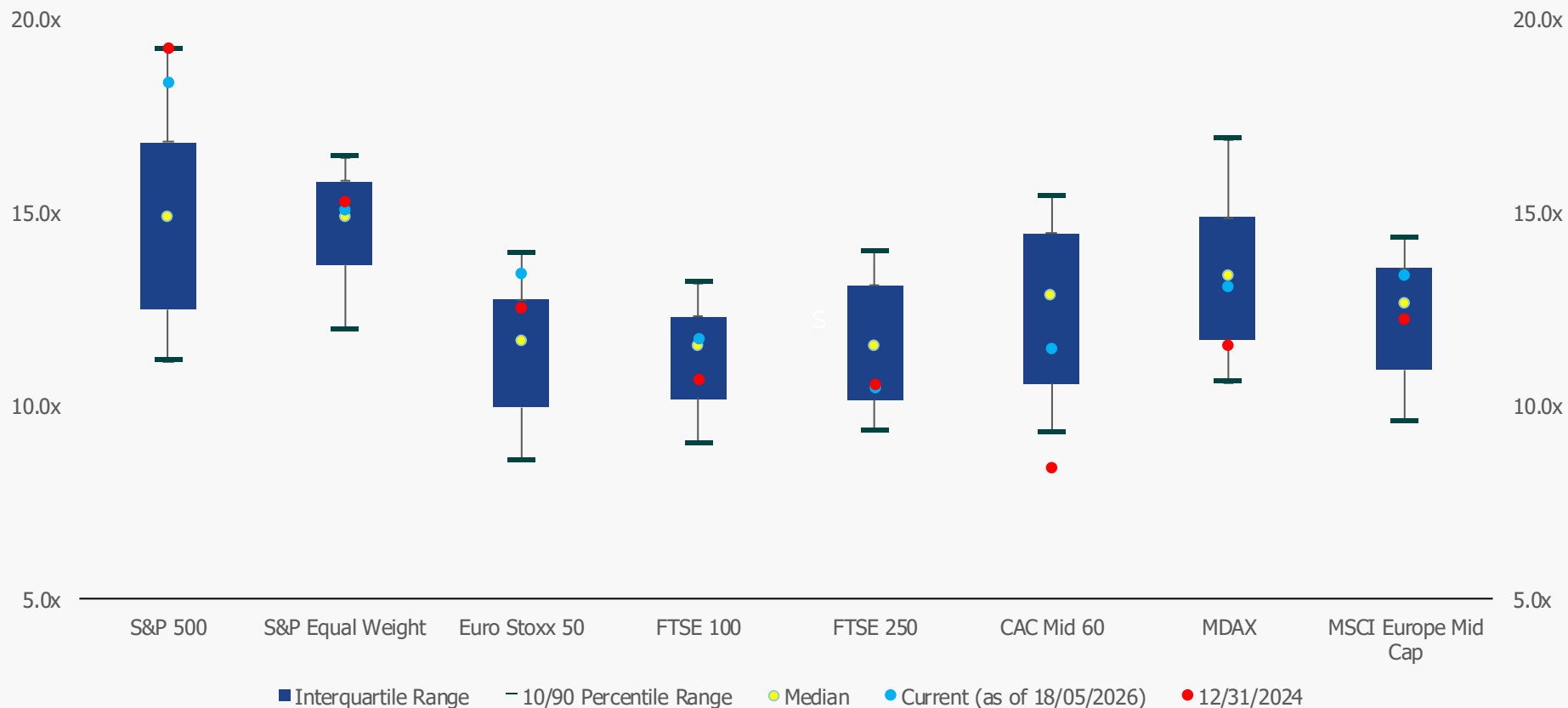
- The UAE left OPEC effective 1 May 2026 – could this put downwards pressure on the oil price?
- Will KSA defend market share or price?

“The cure for high prices is high prices.”

COMMODITY-MARKET ADAGE

Global equities have re-rated but SMID still very attractive

2Y FORWARD PE RATIO OF GLOBAL INDICES SINCE 2005

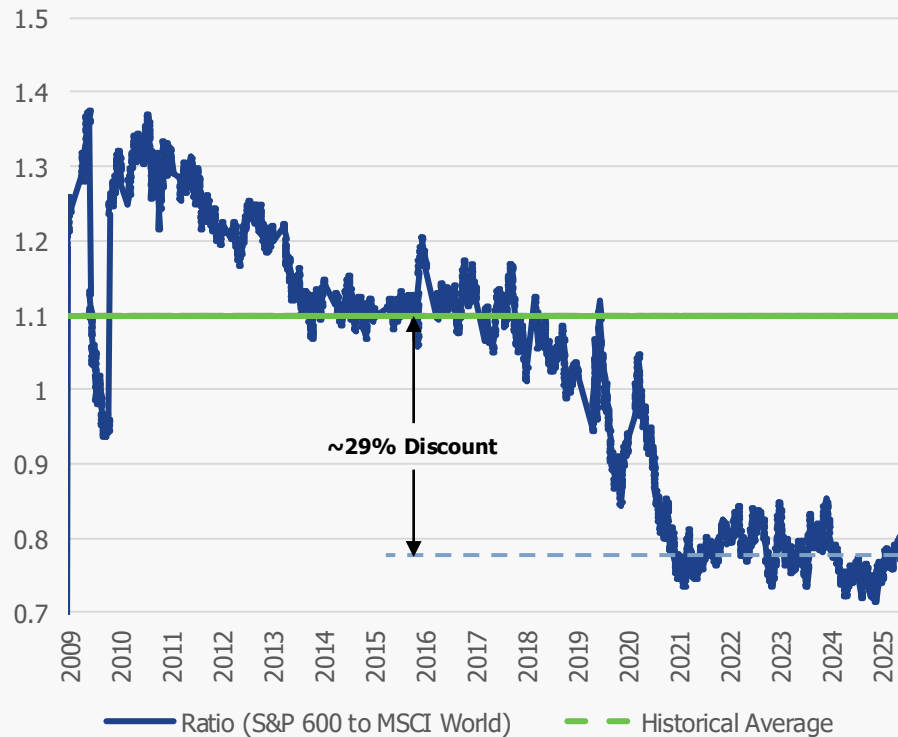


Source: Bloomberg, Cavendish

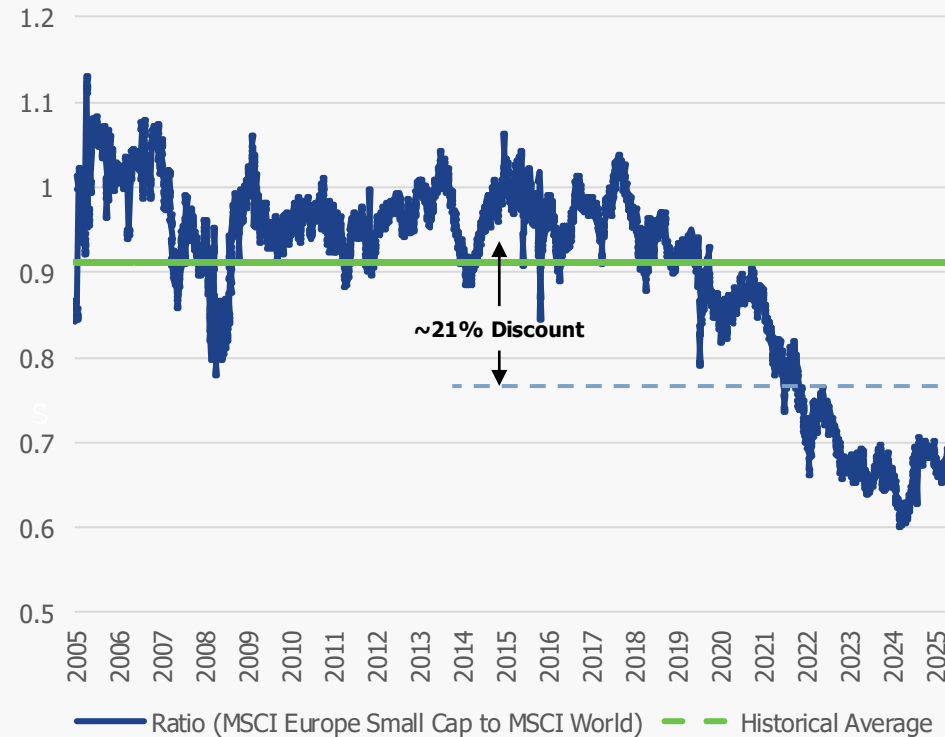
* Data dates back to 2010 for US Equal Weight due to availability

Global SMID trades at historic discount to Large Cap

RELATIVE 2Y FORWARD PE RATIO OF S&P600 AND MSCI WORLD



RELATIVE 2Y FORWARD PE RATIO OF MSCI EUROPE SMALL CAP AND MSCI WORLD



Source: Bloomberg, Cavendish

A professional portrait of Frank de Hek, a man with short brown hair and blue eyes, wearing a blue suit jacket, a white shirt, and a yellow tie with small black dots. He is sitting in a red armchair, looking slightly to the right of the camera. The background is a blurred office or lounge area with a plant in a blue pot and a person in the distance.

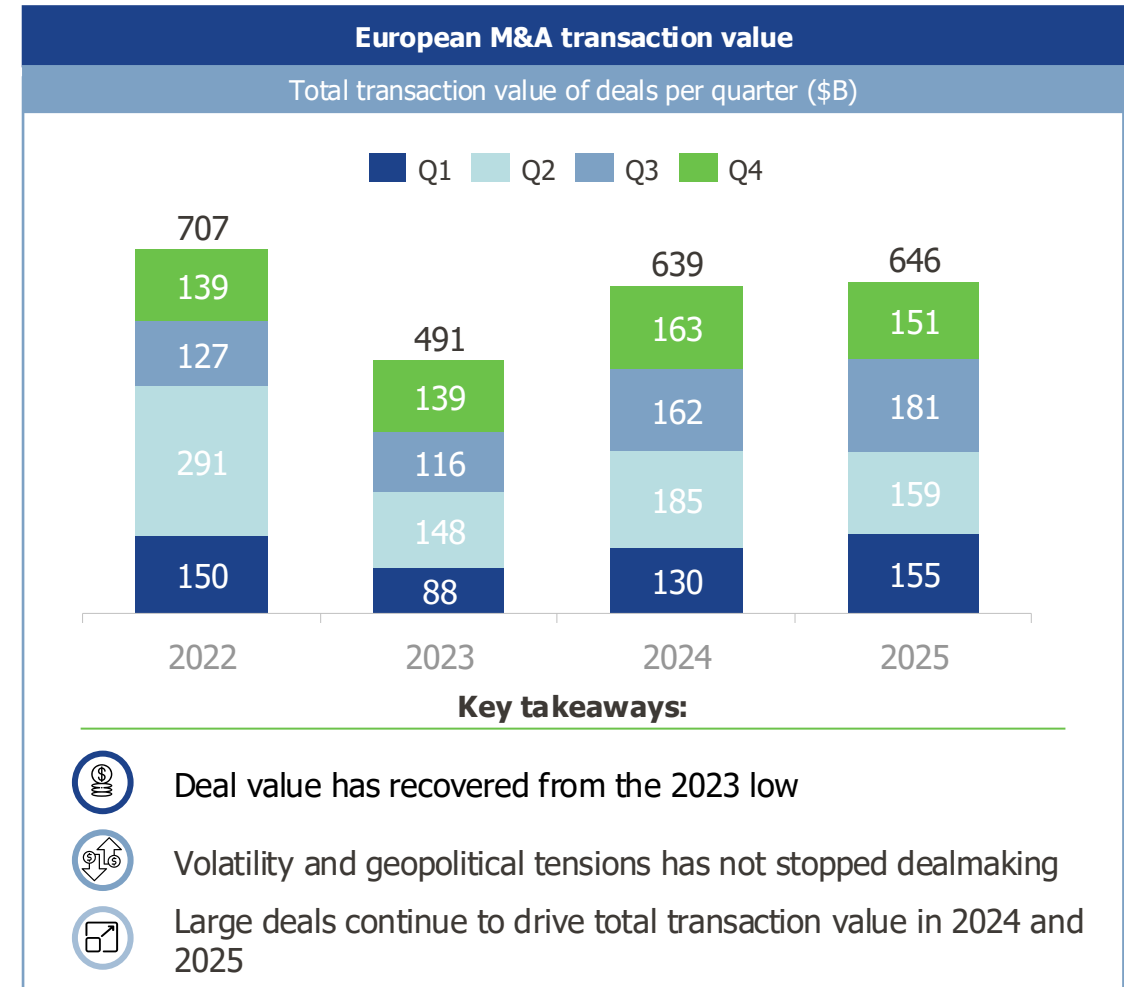
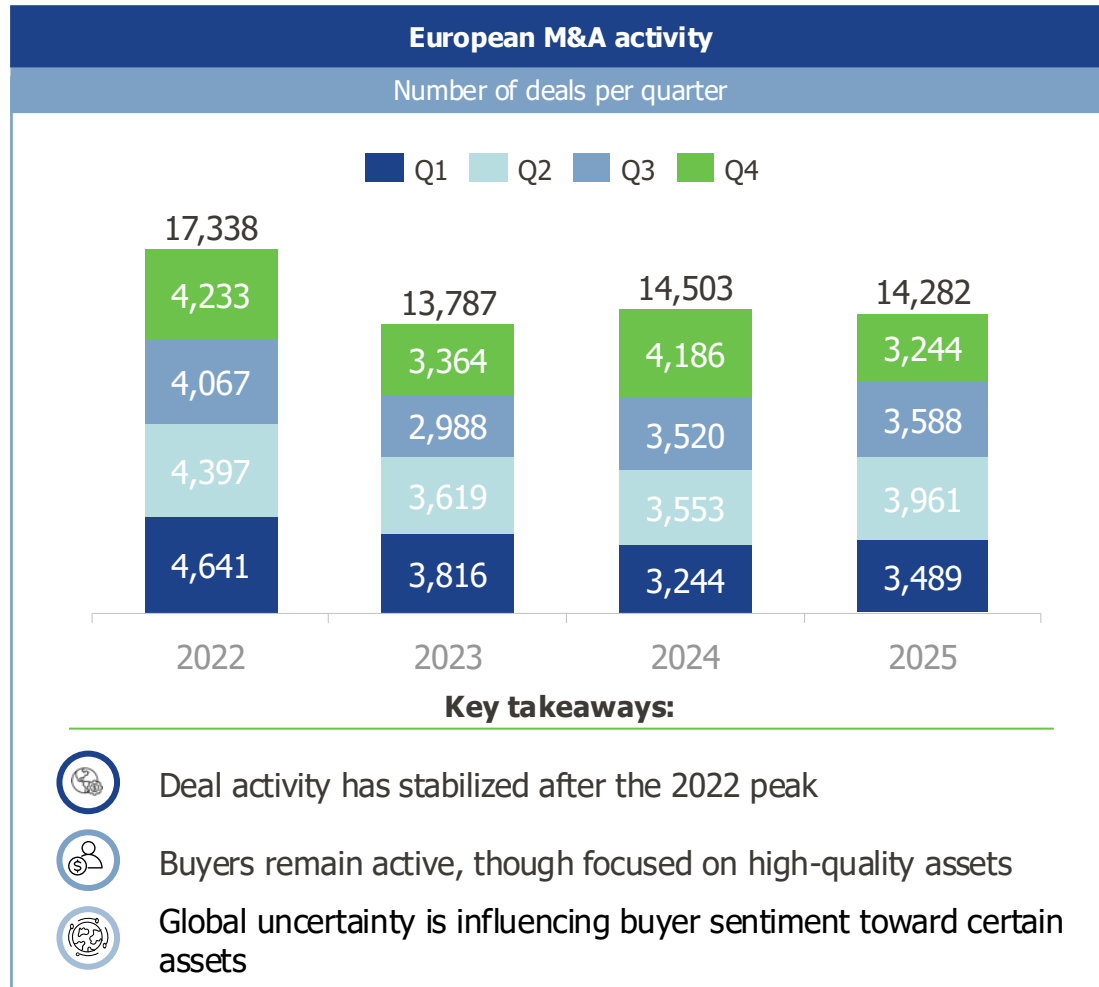
Frank de Hek

European update

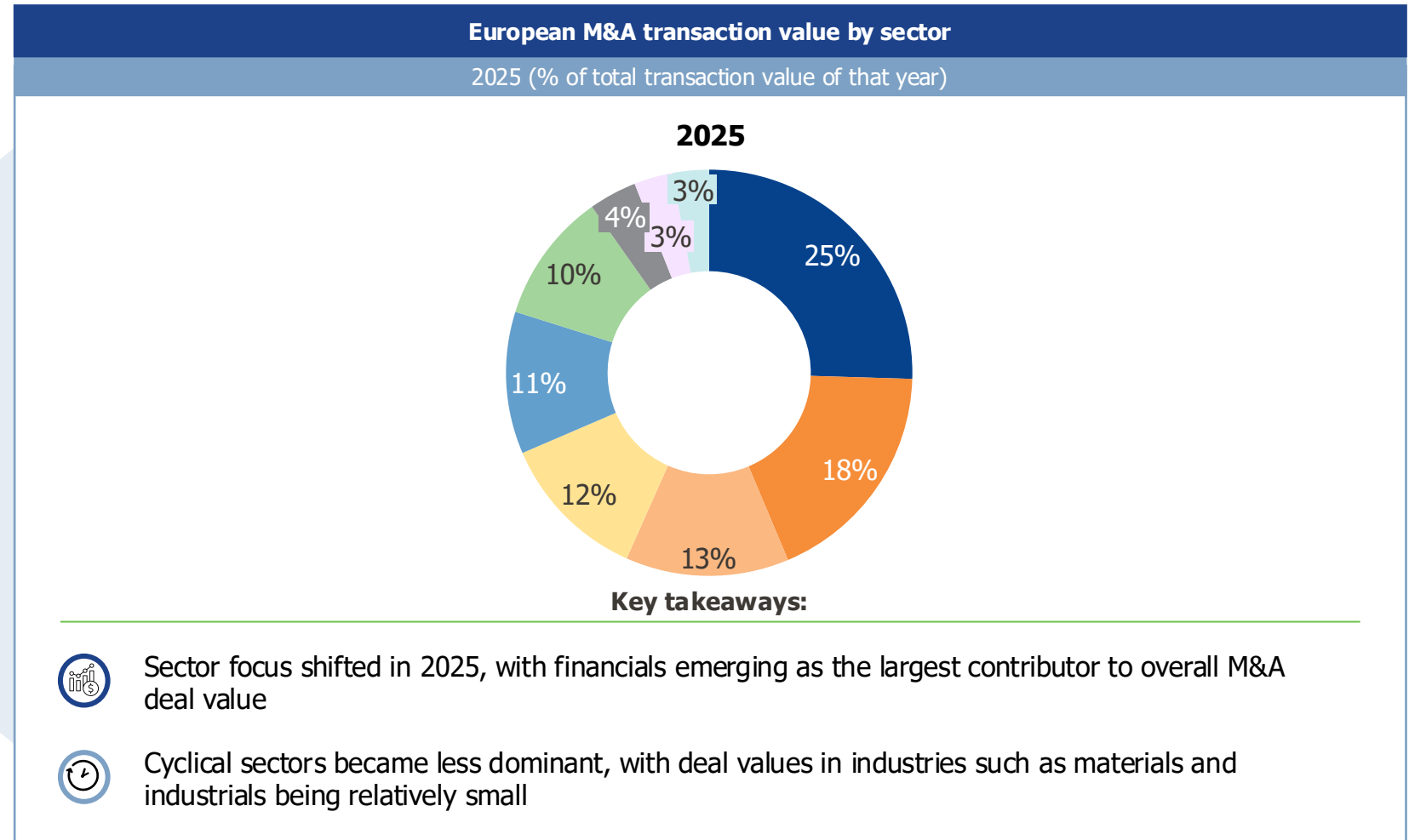
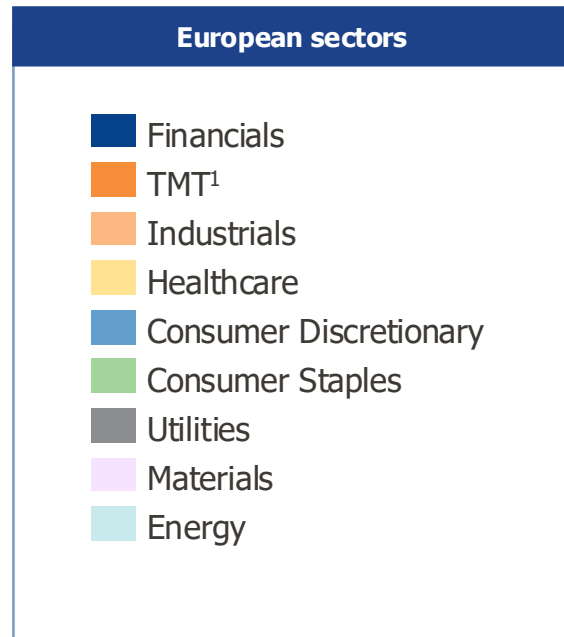
Frank de Hek, Partner, Oaklins Netherlands

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Latest European market insights – deal numbers and transaction value



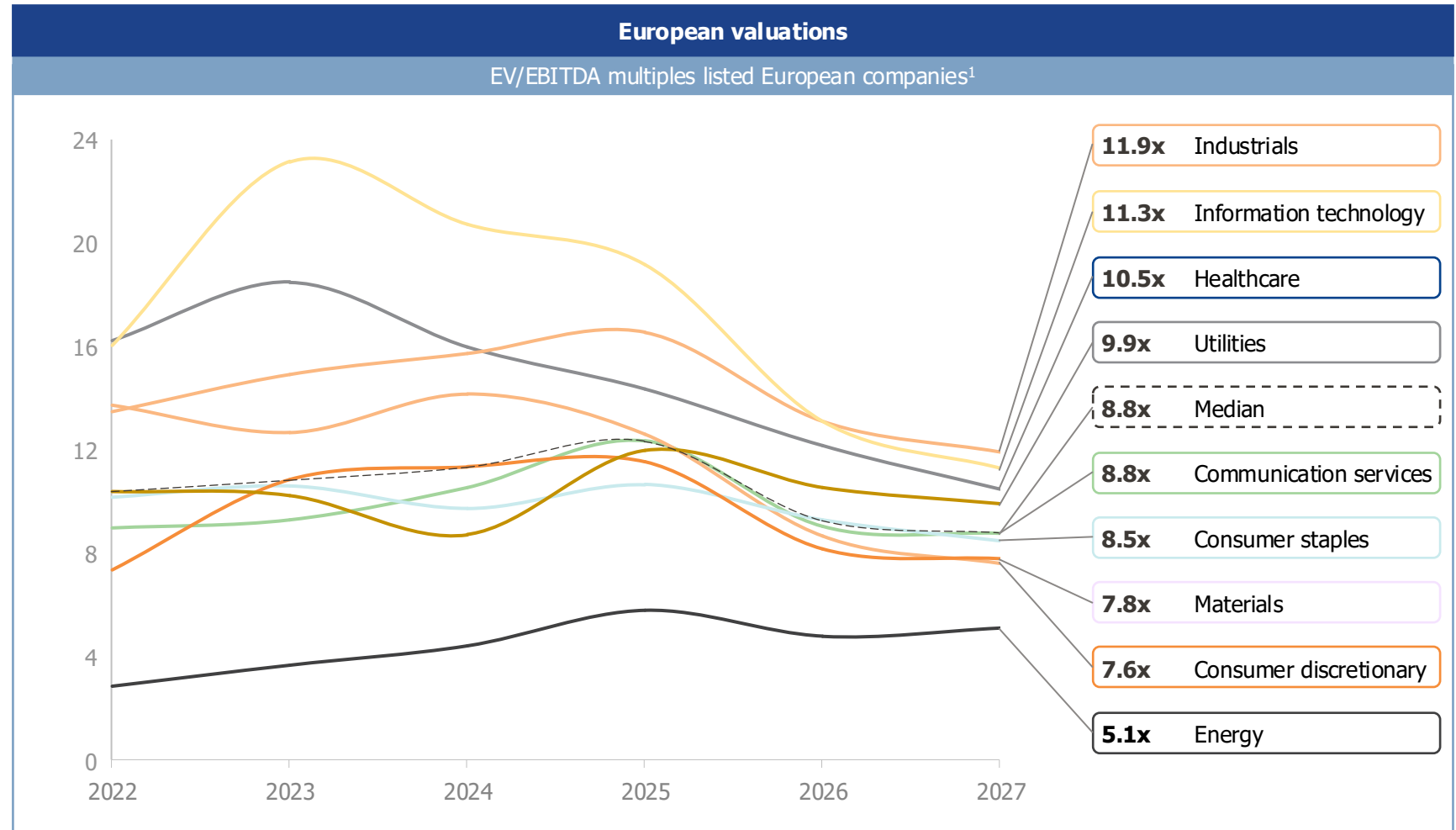
Latest European market insights – sector activity



Latest European market insights – listed valuations per sector

Valuation
Key takeaways

- Valuations have remained under pressure in 2025
- Across Europe, economic growth remains modest and investor sentiment fragile amid geopolitical uncertainty
- Information technology valuations have declined notably, due to uncertainty around AI



Source: Oaklins desk research and S&P Capital IQ. Note 1: EV/EBITDA multiples are unavailable for the Financials sector and have therefore been excluded



Joanna Stone

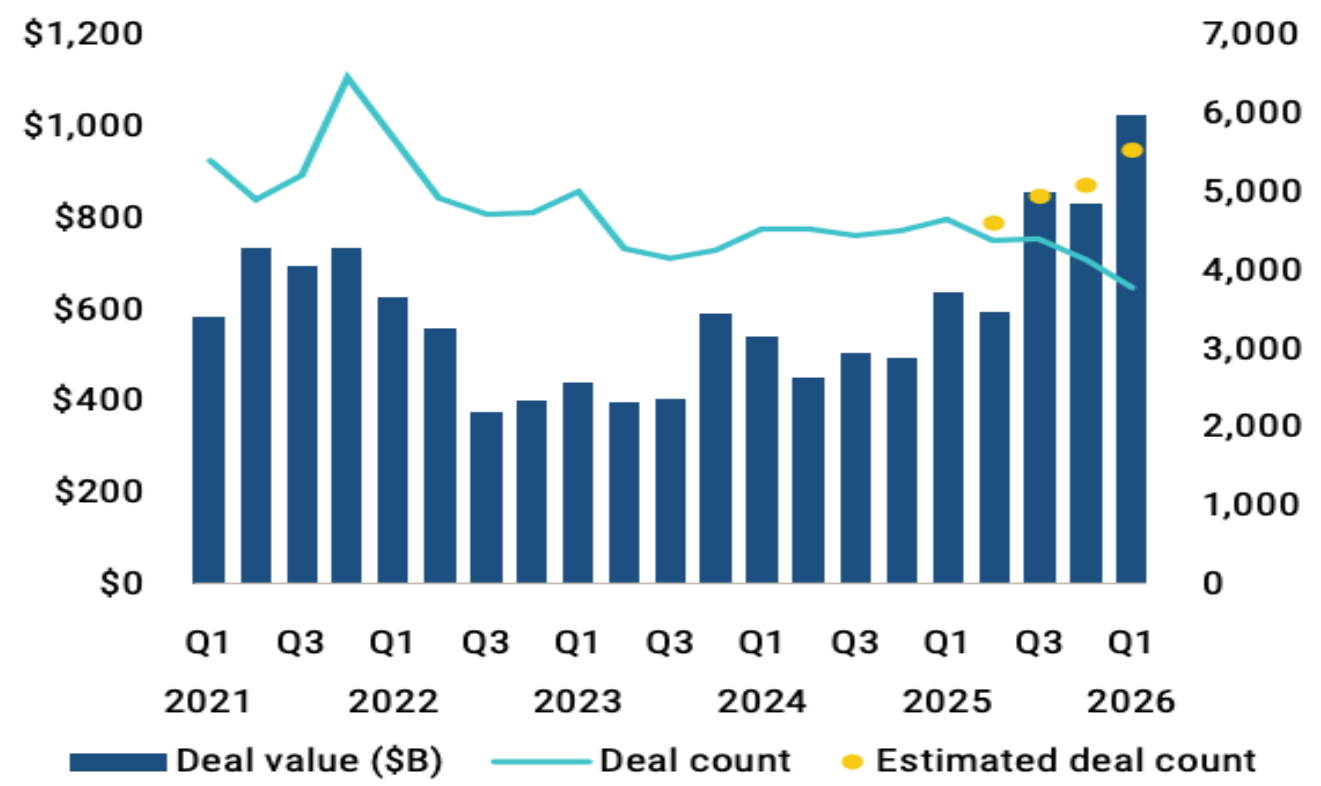
United States update

Joanna Stone, Partner, Oaklins DeSilva+Phillips

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Deal value and volume continue to grow in North America

M&A activity by quarter

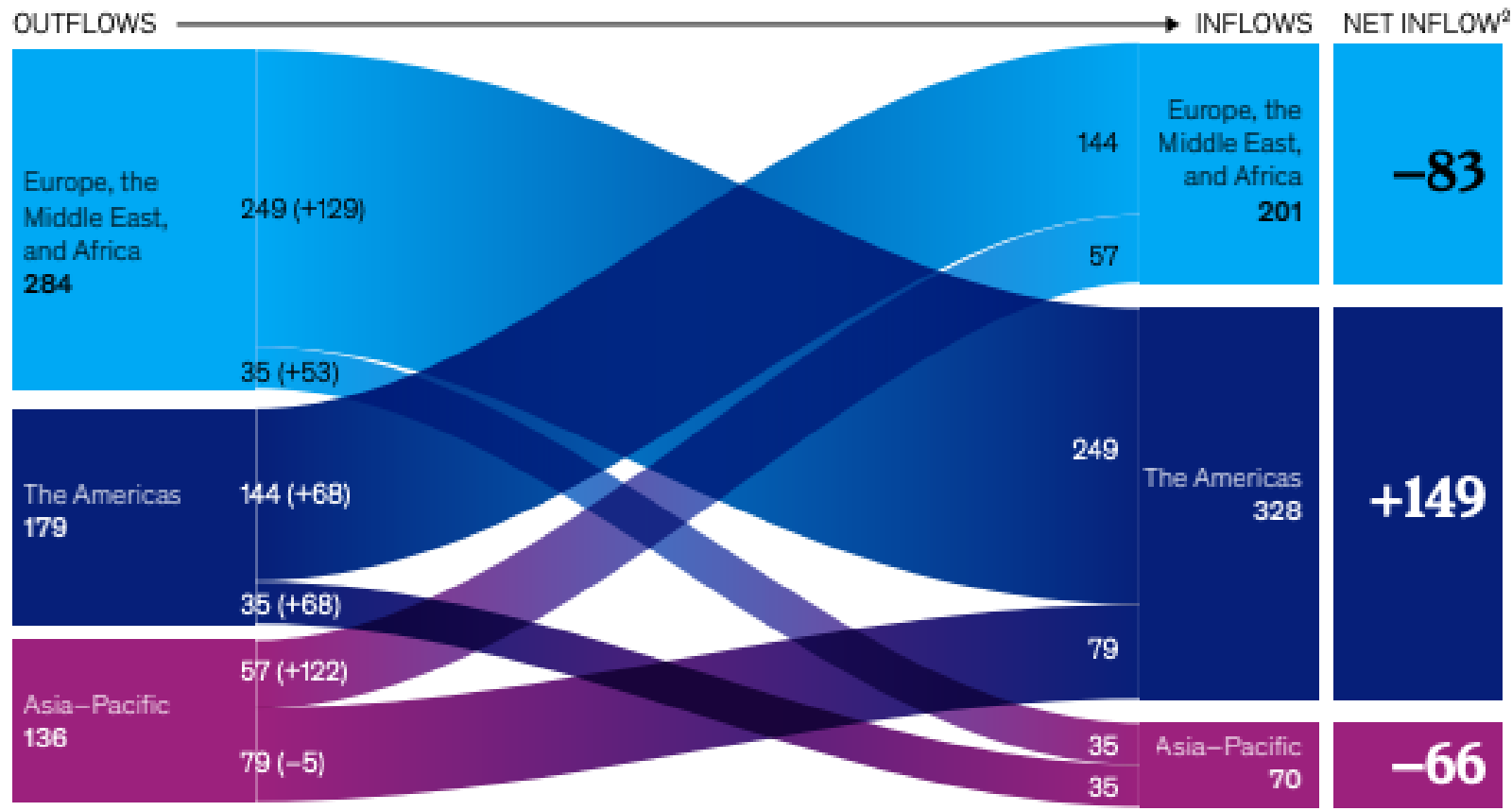


Source: PitchBook • Geography: North America • As of March 31, 2026

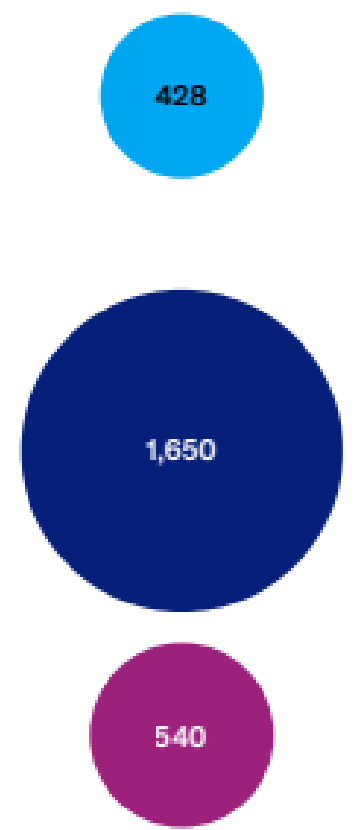
- Despite some volatility overall M&A activity continues to grow in the US -
- Growth in M&A activity has been driven by multiple industries, notably technology and the impact of AI, healthcare/life sciences, manufacturing and services
- AI is increasingly driving demand to acquire innovation
- Both PE and Strategics are fueling M&A growth
- In 2026 Q1:
 - PE: 2,179 deals, \$258B invested
 - Strategic: 3,111 deals, \$1.2T invested
- 2026Q2 (YTD):
 - PE: 1,041 deals, \$157B invested
 - Strategic: 1,476 deals, \$459B invested

Americas continues to play large role driving cross-border deals

Cross-regional M&A corporate deal activity in 2025, \$ billion (% change since 2024)¹



M&A intraregional flow, \$ billion³



¹Announced deals not withdrawn or canceled. Data on corporate deals valued >\$25 million only; by target regions.
²Refers to the inflows, reduced for outflows, in a target world region.
³Target and acquirer are in the same world region.

North America M&A Trends



US M&A Activity growing despite global volatility



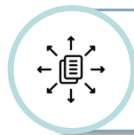
AI Transformation is driving activity across sectors



Corporate Divestitures & Spin-offs are increasing



Private equity remains a major force in the market



Trends are fueling growth in Healthcare/biotech, Energy, Manufacturing, Defense, Tech

Bas Stoetzer

Debt advisory

Bas Stoetzer, Partner, Oaklins Netherlands

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Latest market insights from leading leveraged finance lenders

Lender market outlook for the next 6 months

Change versus current environment

■ Much lower
 ■ Lower
 ■ Unchanged
 ■ Higher
 ■ Much higher

1 All-in pricing (margins and upfront fees)



2 Opening leverage levels



3 Covenant flexibility, including covenant headroom



4 Credit selectivity for new underwriting



5 Competition among lenders for quality credits



What lenders are debating now and watching next

Recent investment/credit committee discussion themes

- **Geopolitical developments** (incl. Middle East conflict) impacting energy markets, supply chains and input availability, reducing visibility on business performance
- **Macroeconomic factors**, including inflation, interest rates and input costs, continue to affect cost bases and margin outlooks
- **AI** is increasingly discussed in the context of potential disruption to business models and sector-specific exposure
- **Business quality** remains a key focus, including recurring revenue, cyclicality, leverage and governance

Key takeaway: ICs show increased selectivity, driven by macro uncertainty and focus on business resilience

Key topics expecting to shape decisions next 6 months

- **Geopolitical uncertainty**, particularly around energy markets, is expected to remain a key driver of market conditions
- **Interest rate developments and inflation** are expected to continue to impact financing conditions and cost of debt
- **AI remains an area of focus**, with continued monitoring of potential disruption and sector impact
- **Other external factors** are expected to remain a key consideration alongside business fundamentals and structure considerations in credit decisions

Key takeaway: Current macro and geopolitical uncertainty expected to persist, sustaining pressure on financing conditions and focus on resilience

Oaklins lender panel



European M&A Debt Financing market – key trends I/II



Market remains constructive despite macro uncertainty

Strong liquidity continues across the European debt market



Private credit and banks actively competing

Financing broadly available for high-quality assets and strong sponsors



Lenders remain highly selective

Greater scrutiny for cyclical, volatile, AI-disrupted and energy-sensitive sectors



Pricing and leverage conditions are stabilizing

Terms and conditions are still attractive for high-quality assets

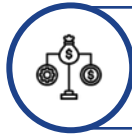


Private credit and syndicated lending increasingly overlap

Sponsors prioritize certainty, flexibility, speed and long-term support alongside pricing



European M&A Debt Financing market – key trends II/II



Growing use of tailored and hybrid financing solutions

Customized capital structures increasingly used for strategic and complex situations



Lender selection becoming more granular

Focus on lender quality, dry powder availability, investment horizon and follow-on support capacity



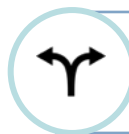
Interest rate uncertainty impacting outlook

Inflation concerns have shifted expectations toward possible rate increases and higher financing costs



Credit scrutiny and execution requirements increasing

More emphasis on downside resilience, defensible market positions and thorough deal preparation



Market bifurcation continues to widen

Strong divergence in pricing and financing availability between high-quality and challenged credits

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