

MESSAGE TO OUR CLIENTS AND PARTNERS

Our lives will be profoundly impacted, and many industries will be permanently changed, as a result of the COVID 19 pandemic. There are no precedents for what we are all experiencing. One thing that you can rely on as you have before is Stifel's commitment to our clients, and our commitment to offering the best advice and expertise the market has to offer.

We have worked diligently to leverage our intellectual capital from across the Stifel platform, including our deep relationships with corporate executives and industry thought leaders, to bring you real-time insights into the evolving coronavirus situation. Our webcast presentations with top research analysts and other experts, coupled with our CEO Pulse Surveys offer valuable perspectives.

On a positive note, the markets are still working. As you will see in subsequent pages of this newsletter, our sector and product teams have continued to find ways to meet the needs of our clients. Whether debt or equity, strategic advisory or restructuring –Stifel is still open for business and although nearly all of our professionals are operating remotely at the time of this letter, our teams are working harder than ever to deliver for our clients and partners. Recently honored to be named as *Investment Bank of the Year* by Mergers and Acquisitions, I want to thank all of you, our clients, for allowing us to continue to serve your most strategic needs.

Most importantly, we hope that you, your families, and colleagues stay safe and healthy.



BRAD RAYMOND
Head of Global Investment Banking

STIFEL'S INVESTMENT BANKING GROUP

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CEO, EXECUTIVE, AND INVESTOR SURVEYS

Stifel continues to conduct extensive surveys of CEOs, executives, and investors to understand the impact of the coronavirus in real-time. Insights from these surveys are available from the reports below.

CEO PULSE SURVEY

What's keeping CEOs up at night? Over the past two months, Stifel has been conducting periodic surveys of our CEO clients in the Consumer, Industrials, and Diversified Services space about the impact of COVID-19. Our polling finds that while chief executives are getting increasingly more concerned about meeting financial goals and "restarting" the economy, many have also been able to leverage their businesses to help combat the coronavirus crisis.



[VIEW PULSE SURVEY APRIL 3rd](#)



[VIEW PULSE SURVEY MARCH 19th](#)

EATON PARTNERS SURVEY

A new survey from placement agent Eaton Partners, a Stifel Company, finds that most institutional investors are sticking with their private market allocations, despite the COVID-19 dislocation. Limited Partners (LPs) say they aren't shying away from any specific regions, regardless of COVID-19 penetration and most believe infrastructure will offer the strongest uncorrelated returns to the public equity markets. But, a word of caution, as private capital fundraising activity typically has lagged the public markets by two quarters as denominator effect impacts and updated fund valuations take hold.



[VIEW EATON SURVEY](#)

GLOBAL TECHNOLOGY GROUP SURVEY

From the valley to the alley and beyond, the technology community is bracing for impact from COVID-19. Our Stifel Global Technology Group questioned nearly 300 tech executives, entrepreneurs, and investors and found that most expect the COVID-19 crisis to have a lengthy impact on their business operations, leading to a U-shaped economic recession. At the same time, most companies appear to have sufficient liquidity to weather the storm and potentially even execute add-on acquisitions.



[VIEW GLOBAL TECHNOLOGY GROUP SURVEY](#)

VIEWS FROM OUR THOUGHT LEADERS

Stifel's Investment Bank hosts recurring presentations for our clients, featuring thought leaders from across Stifel's institutional business and in partnership with outside experts, to provide our clients and partners with leading views on how to manage their businesses through the effects of COVID-19.

If you would like to receive invitations to future presentations, reach out to your Stifel investment banking contact.

ARNOLD & PORTER, CARES ACT PROVISIONS, SPECIFICS, AND IMPACT ON YOUR BUSINESS

Stifel and Arnold & Porter teamed up to deliver a presentation on the CARES Act and related Federal programs. Senator Chris Dodd and associates from Arnold & Porter discussed key aspects of the legislation, including SBA funding options under Title I, Title IV funding alternatives geared for middle market companies, and related issues like workforce headcount and payroll tax requirements.



DOWNLOAD PRESENTATION

LINDSEY PIEGZA, THE ECONOMY BEFORE, DURING, AND AFTER COVID 19

As the U.S. economy remains closed for business heading into the second quarter, recent data is beginning to indicate the negative impact a forced economic shutdown has on workers and businesses. Despite unprecedented action from the Fed and the federal government, the extended timeline forcing workers to stay home and businesses to remain shut has exacerbated early expectations of a meager, temporary decline in growth to a more precipitous, and longer-lasting drop in total output.

Lindsey Piegza, Stifel's Chief Economist, provided an updated outlook for the domestic economy against the backdrop of the latest data, and provided color around the Fed's ongoing initiatives in the market and the \$2 trillion dollar relief package.



DOWNLOAD PRESENTATION

VIEWS FROM OUR THOUGHT LEADERS

BARRY BANNISTER, ECONOMIC AND MARKET IMPACT OF COVID-19

In a discussion of his recent research note, Stifel's Market Strategy Analyst, Barry Bannister, offered a review of the impact of COVID-19 on the stock markets and his forecast for how the markets will behave in the foreseeable future.



DOWNLOAD PRESENTATION

DAVID ROSS, VIEW FROM THE FRONT LINES: TRANSPORTS & THE ECONOMY

With a unique perspective from the Transportation & Logistics sector, Stifel's Global Transportation & Logistics Analyst, David Ross, shared his views on the impact from coronavirus on global supply chains, how the sector performance compares to the 2008-2009 crisis, consolidation, and his view of the future landscape of the Transportation & Logistics industry.



DOWNLOAD PRESENTATION

SECTOR SPOTLIGHT



AUTOMOTIVE AFTERMARKET

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SPAC WEBINAR PRESENTATION

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MERGERS & ACQUISITIONS: EXPECT STAGGERED RECOVERY, INCREASE IN OPPORTUNISTIC M&A

Every M&A cycle is different, and what we are seeing today compared to 2008 is the difference between a systemic collapse of the banking and mortgage sectors, and an event-driven pullback as a result of the COVID-19 pandemic. Economies tend to recover faster from event-driven downturns like the one we are currently experiencing, and companies across many sectors were healthy with strong balance sheets before the economic shutdown. We expect some sectors, such as healthcare and technology, will recover before others like retail, energy, and basic industrials, which may take a while longer.

As markets continue to normalize, we expect that many of our clients will continue to pursue add-on acquisitions in the near term, particularly as M&A valuations reset to lower levels. Financial sponsors and strategic buyers are already poised to make opportunistic buys in the current environment, and we expect to see an uptick in hostile M&A activity as buyers search to acquire businesses with depressed stock prices or liquidity problems.

EQUITY CAPITAL MARKETS: COMPANIES ARE UTILIZING THE FULL SPECTRUM OF EQUITY FINANCING ALTERNATIVES

Despite volatile markets and the economic shutdown caused by the COVID-19 pandemic, companies in need of financing have continued to tap the equity and equity-linked capital markets utilizing the full scope of product alternatives. IPOs, follow-ons, convertibles, At-The-Market programs (ATMS), PIPEs (common, preferred and convertible), and private financings have come to market and priced since the initial mass sell-off. Companies tapping the equity market have included those even in the hardest hit sectors like Travel and Retail, as well as areas of strength including Biopharma, Software, and Food.

With issuers in need of liquidity and trading well below market highs, many companies have had to be creative in how they access financial markets. Several issuers have turned to convertibles, structured PIPEs, and ATM programs to get the necessary capital or put themselves in a position to do so. While convertibles and PIPEs (as well as traditional equity offerings) provide issuers with a large amount of capital in one transaction, ATM programs offer a company the flexibility to raise primary capital at market prices continuously over time via an S-3 shelf registration statement. Companies can set price, timing, and size parameters on daily sales, and turn off program sales at a moment's notice. Management teams have also found the ability to respond to reverse inquiries from institutional investors with primary capital an attractive trait of the ATM program.

With the timing for a resolution to the pandemic uncertain, Stifel expects companies will continue to come to market to meet their financing needs through a variety of equity alternatives.

PRIVATE CAPITAL FUNDRAISING: LP ACTIVITY TO DECREASE, FUND MANAGERS TO RAISE FROM SMALLER POOL OF CAPITAL



We remain hopeful that private capital fundraising will not suffer as much as it did after the last crisis, but we do expect fundraising levels to decrease and remain depressed for an extended period. We also expect a decrease in LP activity over the coming months, causing fund managers to fight for a smaller pool of money.

As knock-on effects from recent moves in the public markets take time to have a real impact on allocations to alternatives, we expect increased interest from fund managers seeking to position themselves for coming headwinds. Successful capital raising requires an experienced advisor with deep relationships and an outside perspective.

As one of the largest global fund advisory and placement firms, we have created capacity for new engagements with best-in-class managers who may want help positioning themselves optimally in a tough market to meet fundraising needs.

RESTRUCTURING: TENDER AND EXCHANGE OFFERS ARE A COMMON VEHICLE FOR RESTRUCTURING DEBT



A tender / exchange offer consists of offering cash, new debt, equity or a combination of consideration to entice debtholders to exchange their current holdings. When well-structured, the tender / exchange offer can capture a significant portion of the discount at which the debt is trading, extend maturities and / or address covenants. Tender / exchange offers face the problem of “holdouts” whereby certain debt holders do not exchange in order to benefit from the restructuring process without giving up any value. Through exit consents, which achieve significant modification or elimination of covenants, the old debt securities can be made more unattractive, providing additional incentive for holders to tender. Once a majority of noteholders consent, most remaining noteholders are likely to tender.

 BUCKFIRE SEES BANKRUPTCIES RISING INTO 2021
Replay Link 

ACTIVISM DEFENSE: PERIODS OF VOLATILITY CREATE OPPORTUNITIES FOR ACTIVIST FUNDS

The recent downturn – immediately prior to proxy season – created uncertainty in activist campaigns under way, causing some activist funds to double down their positions in targeted companies and others to divest from heavily impacted sectors and postpone campaigns.

Despite the downturn, these periods of volatility provide activists with opportunities to build new positions or add to their current holdings. It has also prompted greater interest in take privates, as evidenced by the significant increase in companies adopting shareholder rights plans to protect against opportunistic bidders. Companies should remain vigilant and have an up-to-date response plan in place in case they are targeted.

What companies can do to prepare in the near term:

REVIEW YOUR CAPITAL NEEDS

- Review your revised projected capital needs; consider if at-the-money offerings, share repurchases, PIPEs, or convertible securities are appropriate
- Investors who are looking to increase their existing positions will likely prefer purchasing from the company rather than the market
- Private debt markets remain a viable option for raising financing despite the volatile market environment

UPDATE YOUR TAKEOVER DEFENSE PLAN

- Ensure an on-the-shelf shareholder rights plan is up-to-date and ready to be deployed, especially if NOLs are significant
- Monitor changes to investor base using stock watch services
- Update Activism Response Plan to use in case of a new public campaign

REVIEW RISK MANAGEMENT FRAMEWORKS AND POLICIES

- Ensure health of employees and customers, resilience of supply chains, and business continuity plans are in place
- Investor stewardship teams will be reviewing the board's oversight role in responding to this crisis

FOCUS ON TRANSPARENCY IN COMMUNICATIONS WITH SHAREHOLDERS

- Ensure corporate communication is timely and candid, and demonstrate key shareholders have an open line of communication with management and the board if requested, especially if changing to virtual/hybrid shareholder meetings this year

COVID-19 MARKET TAKEAWAYS

SPACs: NEW ISSUANCES WILL RETURN IN Q2

After an active start to the month, the new issue SPAC IPO window has taken a pause due to broader volatility caused by the coronavirus. Social Capital, the last to launch, postponed both its IPOs and re-filed with a revised warrant structure (Amended from 1/4 warrant per unit to 1/3 warrant per unit). There are currently 8 SPAC's on file (>\$100mm) that are likely to hit the ground running once the market reopens due to the defensive nature of the product. Repeat issuers and well backed teams will be the first to market.

Increased selling in the secondary markets drove prices down and yields up dramatically. At March low, the average SPAC vehicle was trading around 6.5% below cash in trust, but has since recovered to an average of ~2.0% to end the month. As volatility subsides and trading performance improves, yields will continue to tighten to their prior levels.

SPAC: MARCH DEAL SUMMARY

SPAC IPOs PRICED >\$100MM	DFB Healthcare Acquisitions Corp II, Flying Eagle Acquisition Corp	(2 total)
SPAC IPOs FILED >\$100MM	Sustainable Opportunities Acquisition Corp, Fortress Value Acquisition Corp, CC Neuberger Principal Holdings, Collective Growth Corp, Live Oak Acquisition Corp.	(5 total)
COMPLETED BUSINESS COMBINATIONS	Chaserg / Grid Dynamics, Tiberius / IGI, EdTechX / Meten	(3 total)
ANNOUNCED BUSINESS COMBINATIONS	ARYA Sciences / Immatix Biotech, Proficient Alpha / Lion Financial, VectorIQ / Nikola	(5 total)
TERMINATED BUSINESS COMBINATIONS/LIQUIDATIONS	Allegro Merger / TGI Fridays	(1 total)

NOTABLE TRANSACTIONS

Despite the coronanvirus pandemic, Stifel remains a trusted partner and is committed to finding solutions that meet the needs of our clients.

Even with the vast economic shutdown that has taken hold, Stifel has executed nearly 50 transactions since February 2020 including equity financings, debt financings, M&A advisory, and IPOs.

<p>up to GBP206,000,000</p>  <p>Has Been Acquired by</p>  <p>Advisor to Seller April 2020</p>	<p>£185,000,000</p>  <p>Follow-on Offering Joint Bookrunning Manager April 2020</p>	<p>\$462,500,000</p>  <p>Has Sold its Domestic Environmental Solutions Business to</p>  <p>Advisor to Seller April 2020</p>	<p>\$175,375,000</p>  <p>Follow-on Offering Co-Manager April 2020</p>	<p>\$39,054,798</p>  <p>Has Acquired</p>  <p>Advisor to Buyer April 2020</p>	<p>\$110,000,000</p>  <p>Divestiture of scil animal care company to</p>  <p>Advisor to Seller April 2020</p>	<p>C\$23,000,000</p>  <p>Follow-On Offering Sole Bookrunning Manager April 2020</p>	<p>C\$75,030,000</p>  <p>Follow-On Offering Sole Bookrunning Manager April 2020</p>
<p>C\$30,000,000</p>  <p>Headwater Explorations, Inc.</p> <p>Subscription Receipts Sole Bookrunning Manager April 2020</p>	<p>accurate.</p> <p>Has Received an Investment from</p>  <p>to Acquire</p>  <p>Advisor to Buyer March 2020</p>	<p>\$22,250,000</p>  <p>PIPE</p> <p>Lead Placement Agent March 2020</p>	<p>\$40,148,843</p>  <p>Has Merged with</p>  <p>Advisor to NewLink March 2020</p>	<p>\$23,500,000</p>  <p>Subordinated Notes</p> <p>Sole Placement Agent March 2020</p>	<p>\$79,347,051</p>  <p>Confidentially Marketed Follow-on Offering Joint Bookrunning Manager March 2020</p>	<p>\$60,000,000</p>  <p>Convertible Notes</p> <p>Financial Advisor March 2020</p>	<p>\$253,500,000</p>  <p>Follow-on Offering Co-Manager March 2020</p>
<p>\$230,000,000</p>  <p>Convertible Senior Notes</p> <p>Co-Manager March 2020</p>	<p>DEKO</p> <p>Has Been Acquired by</p>  <p>Advisor to Seller March 2020</p>	<p>\$230,253,000</p>  <p>Confidentially Marketed Follow-on Offering Joint Bookrunning Manager March 2020</p>	<p>\$1,425,000,000</p>  <p>a portfolio company of</p>  <p>Initial Public Offering Joint Bookrunning Manager March 2020</p>	<p>\$775,000,000</p>  <p>a portfolio company of</p>  <p>Tangible Equity Units Offering Joint Bookrunning Manager March 2020</p>	<p>\$135,300,000</p>  <p>Has Acquired</p>  <p>Advisor to Buyer February 2020</p>	<p>\$125,000,000</p>  <p>Advisor to Seller February 2020</p>	<p>BAILEY44 a portfolio company of NORWEST VENTURE PARTNERS</p> <p>Has Been Acquired by</p>  <p>Advisor to Seller February 2020</p>
<p>\$696,600,000</p>  <p>Follow-on Offering Joint Bookrunning Manager February 2020</p>	<p>\$65,000,000</p>  <p>Private Placement Sole Placement Agent February 2020</p>	<p>\$275,000,000</p>  <p>Preferred Stock Joint Bookrunning Manager February 2020</p>	<p>\$375,000,000</p>  <p>Subordinated Notes Joint Bookrunning Manager February 2020</p>	<p>\$1,150,000,000</p>  <p>Convertible Senior Notes</p> <p>Co-Manager February 2020</p>	<p>\$65,000,000</p>  <p>PIPE</p> <p>Joint Placement Agent February 2020</p>	<p>\$137,700,000</p>  <p>Follow-on Offering Joint Bookrunning Manager February 2020</p>	<p>\$617,000,000</p>  <p>Has Merged with</p>  <p>Advisor to Buyer February 2020</p>
<p>\$155,000,000</p>  <p>PIPE</p> <p>Financial Advisor February 2020</p>	<p>\$300,000,000</p>  <p>Senior Notes</p> <p>Co-Manager February 2020</p>	<p>ONGUARD a portfolio company of MAIN CAPITAL PARTNERS</p> <p>Has Been Acquired by</p>  <p>Advisor to Seller February 2020</p>	<p>\$300,000,000</p>  <p>Senior Notes</p> <p>Co-Manager February 2020</p>	<p>\$100,000,000</p>  <p>Preferred Stock Joint Bookrunning Manager February 2020</p>	<p>\$230,100,000</p>  <p>Initial Public Offering (U.S.) Follow-on Offering (Canada)</p> <p>Co-Manager February 2020</p>	<p>\$375,000,000</p> <p>Has Sold NUCYNTA® Franchise to</p>  <p>Advisor to Seller February 2020</p>	<p>\$287,500,000</p>  <p>Convertible Senior Notes</p> <p>Co-Manager February 2020</p>
<p>\$350,000,000</p>  <p>Preferred Stock Joint Bookrunning Manager February 2020</p>	<p>\$65,952,500</p>  <p>Initial Public Offering Joint Bookrunning Manager February 2020</p>	<p>\$101,650,000</p>  <p>Initial Public Offering Joint Bookrunning Manager February 2020</p>	<p>\$28,750,000</p>  <p>Follow-on Offering Sole Bookrunning Manager February 2020</p>	<p>\$575,000,000</p>  <p>Preferred Stock Joint Bookrunning Manager February 2020</p>	<p>Revulytics</p> <p>Has Been Acquired by</p>  <p>Advisor to Seller February 2020</p>	<p>\$305,100,000</p>  <p>Follow-on Offering Co-Manager February 2020</p>	<p>Cambridge Five Moves & CoStar</p> <p>Has Been Acquired by</p>  <p>Advisor to Seller February 2020</p>

Dollar volume represents full credit to each underwriter. All transaction announcements, appear as a matter of record only.

STIFEL

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