



2/11/2022

FUSCO FINANCIAL ASSOCIATES

Market Commentary

To Our Valued Clients,

After a pandemic-induced slowdown in 2020, merger & acquisition activity rebounded significantly in 2021 and early indications are showing the uptick in transactions could continue throughout this year. The combination of pent-up demand, elevated inflation, and a low-interest-rate environment has provided a strong tailwind for transactions across industries. Simply put, many companies have been sitting on stockpiles of cash after capital expenditures were slashed during 2020 and feel that now is as good a time as ever to deploy this cash against a backdrop of an economy that is expected to grow at an elevated rate. Even for companies that may not have an overly robust balance sheet, the cost of financing an acquisition is incredibly low right now but is expected to increase in the near term. To put all of this into context, 2020 saw a total of 37,852 transactions across the globe, good for a total value of \$2.54T¹. In 2021, the total number of transactions rose to 46,855 and a total of \$4.04T².

There have already been some big-time announcements to kick off 2022 as well. Microsoft announced its plans to purchase video game publisher Activision for a whopping \$69B. Assuming this deal gets the go-ahead from regulators, it will rank amongst the top ten largest US deals since 2010³. Last week Peloton, while trading at a significant discount relative to its previous value, garnered the attention of Amazon, Google, and Nike who are all reportedly still pondering the idea of an acquisition. Spirit Airlines and Frontier Airlines have announced their plans for a merger in a move to create what the two are calling “America’s most competitive ultra-low fare airline.” A note for the local crowd; this deal would bring together two of BWI’s largest airlines. Based on 2021 statistics, the combined airline would account for approximately 12% of all air travel to and from BWI, second only to Southwest and good for over 85 flights per day⁴.

The business landscape is an ever-changing one, especially at times when companies are flush with cash and financing is cheap. As these dynamics evolve throughout this year it will be interesting to see if we are in for a second straight banner year. Thanks for reading,

¹ S&P Global Market Intelligence

² S&P Global Market Intelligence

³ Reuters

⁴ Bureau of Transportation Statistics

and as always, if you have any questions, or if we can help in any way, please don't hesitate to give our office a call.

With My Best Regards,

Brandon Hethcoat

Brandon Hethcoat

Investment Strategist

Registered Representative, RJFS



505 Baltimore Ave.
Towson, MD 21204
(410) 296-5400



3825 Leonardtown Rd., Suite 6
Waldorf, MD 20601
(301) 710-5880

Visit us at www.fuscofinancial.com

Securities offered through Raymond James Financial Services, Inc., member FINRA / SIPC. Investment advisory services offered through Raymond James Financial Services Advisors, Inc. Fusco Financial is not a registered broker/dealer and is independent of Raymond James Financial Services, Inc.

Any opinions are those of Fusco Financial Associates and not necessarily those of Raymond James. This material is being provided for informational purposes only and is not recommendation. There is no guarantee that these statements or opinions will prove to be correct. Investing involves risk and you may incur a profit or a loss regardless of strategy selected. Prior to making an investment decision, please consult with your financial advisor about your individual situation.

The stock indexes mentioned are unmanaged and cannot be invested into directly. Past performance is no guarantee of future results.