

Securities Finance

Market Activity Review Q1 2023

Matt Chessum, Director
Securities Finance

26th / 27th April 2023



Housekeeping Notes



Have a question? Use the Q&A widget and we'll answer your questions during the webinar or via e-mail after the conclusion of the webinar.



Check out additional resources, insights, and commentaries in the Related Content widget. Also, you will find the slides in PDF within 24 hours of the conclusion of the webinar.



Your opinion matters! Complete the survey at the end of the webinar.



This webinar provides Closed Captioning in English. Please click this icon on Media Player to activate.



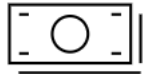
To drive more significant impact and make purposeful Diversity, Equity and Inclusion decisions, please complete the survey.



Chat with us by clicking on the icon at the bottom of your screen and schedule a private meeting with our product specialist.

Q1 2023

The most financially tumultuous quarter since the Global Financial Crisis



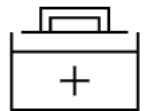
Changes in central bank policy expectations led to further market volatility



Return of the tech stocks - The losers of Q4 2022 became the winners of Q1 2023



Central banks continued to tighten



The banking sector turmoil brought credit risk back to the forefront of investor strategies



Securities finance revenues hit new Q1 highs

Market revenues - Q1 2023

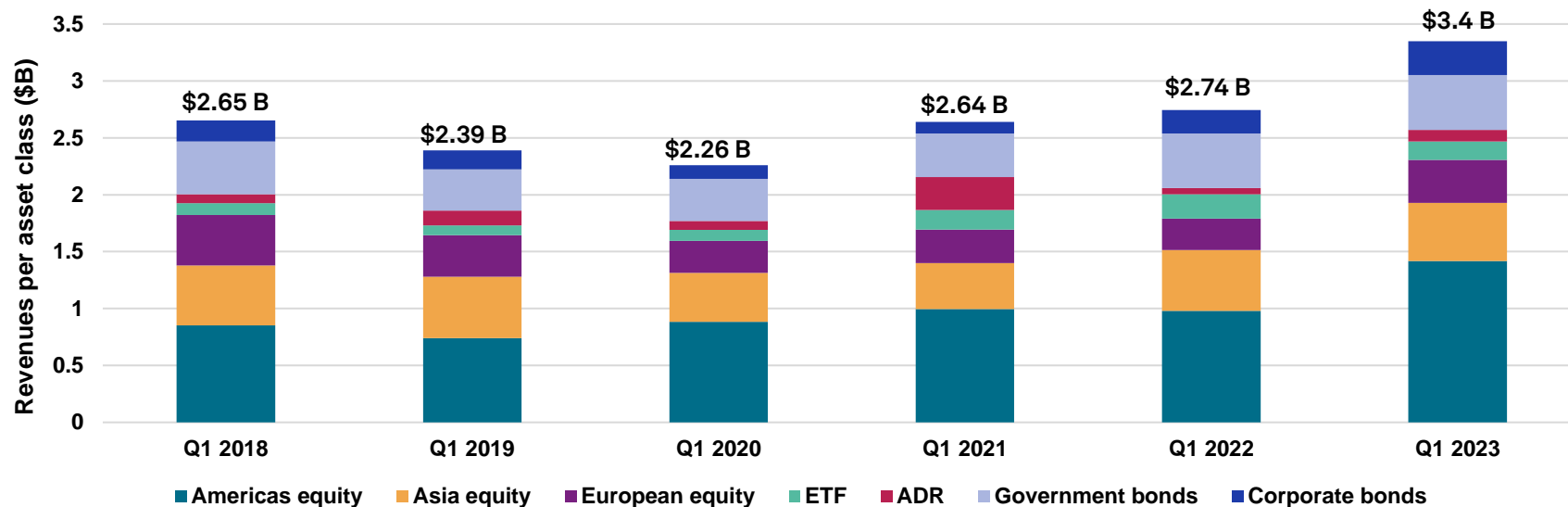
Global Securities Finance Snapshot - Q1 2023

	Q1 Revenue (\$M)	Rev YoY %Chg	Rev YTD	Avg Balances (\$B)	Bal YoY %Chg	Avg Fee	Fee YoY %Chg	Avg Utilization	Util YoY %Chg
All Securities	\$3,415	24%	\$3,415	\$2,624	-10%	0.53%	39%	6.5%	-1%
All Equity	\$2,596	24%	\$2,596	\$1,253	-3%	0.84%	29%	3.9%	7%
Americas Equity	\$1,417	45%	\$1,417	\$668	0%	0.86%	47%	3.1%	10%
Asia Equity	\$513	-4%	\$513	\$229	-4%	0.90%	-1%	5.4%	3%
EMEA Equity	\$376	36%	\$376	\$224	-3%	0.67%	40%	5.2%	10%
ADR	\$102	94%	\$102	\$30	-7%	1.38%	107%	8.8%	6%
ETP	\$161	-25%	\$161	\$97	-19%	0.67%	-9%	10.4%	-18%
Government Bond	\$482	13%	\$482	\$1,084	-17%	0.18%	35%	21.8%	-13%
Corporate Bond	\$298	45%	\$298	\$262	-9%	0.46%	60%	5.8%	8%

Note: Includes only transactions with positive fees

© 2023 S&P Global Market Intelligence

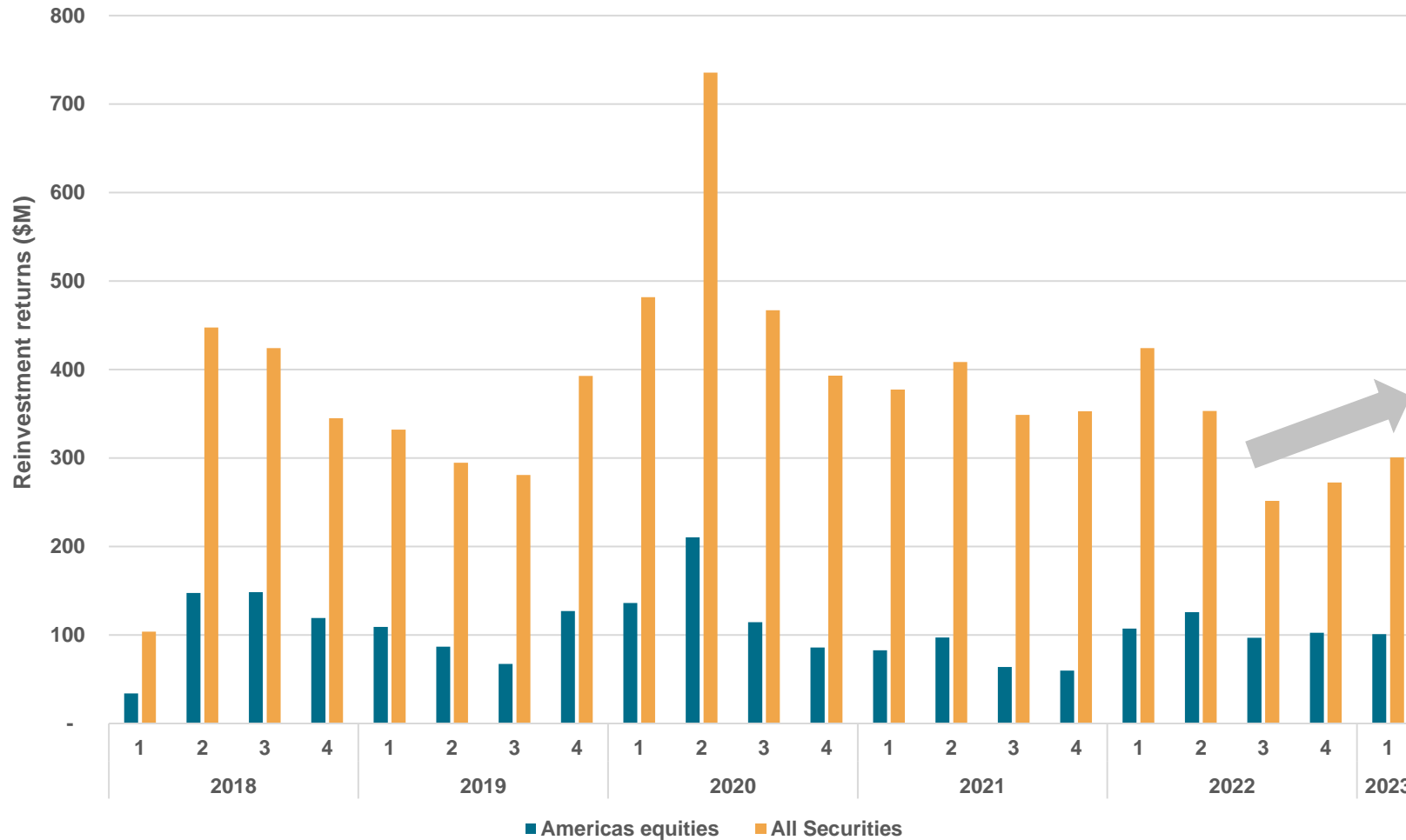
Source : S&P Global Market Intelligence Securities Finance



\$3.415B in revenues

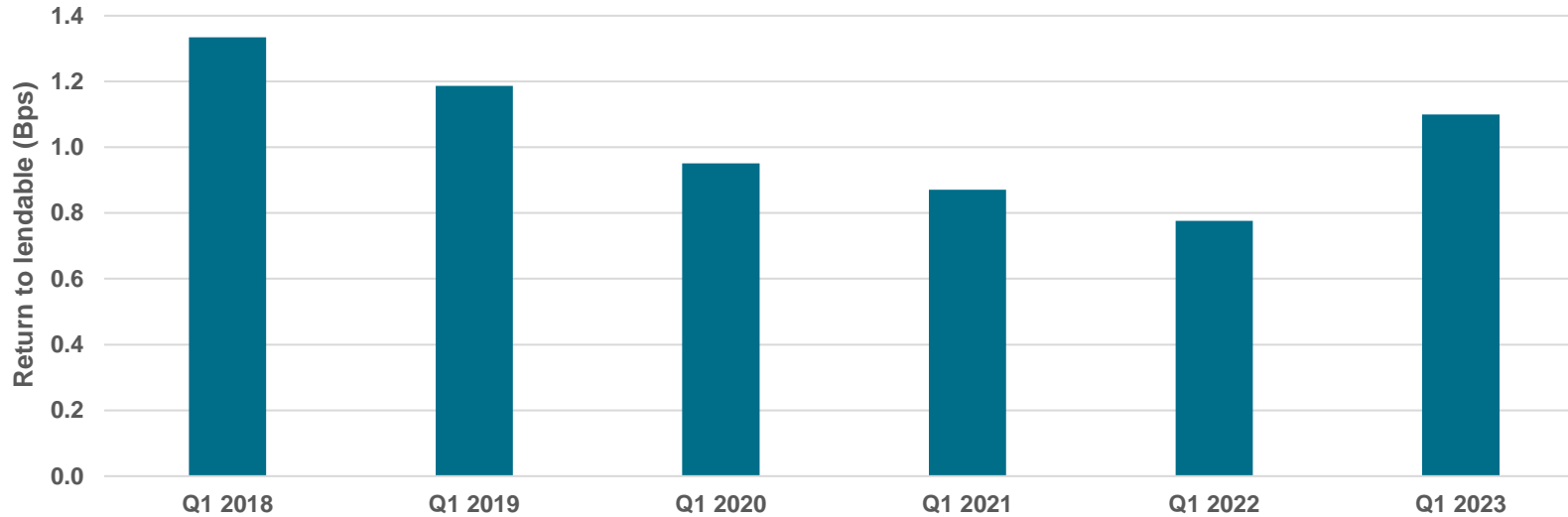
Best Q1 in recent history

Market revenues – Reinvestment returns

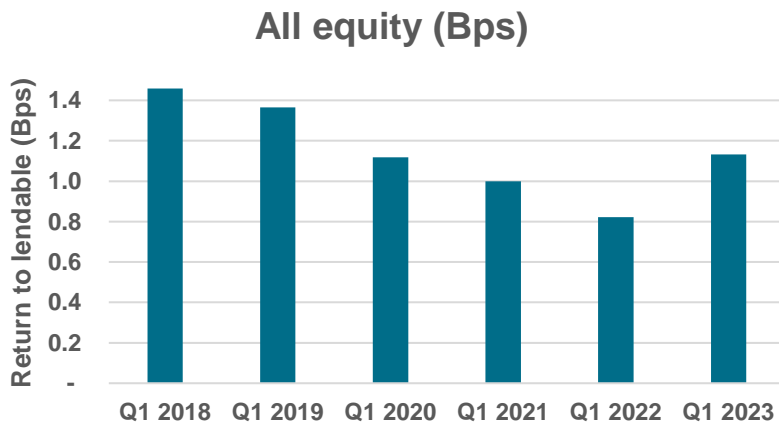


Quarterly cash reinvestment returns continue to increase

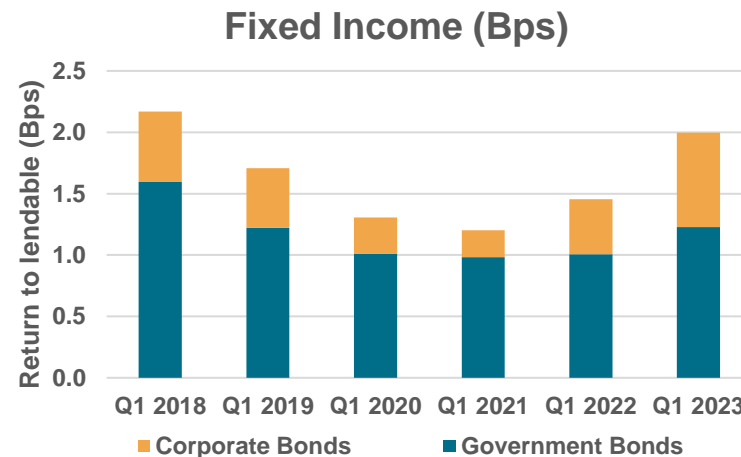
Market revenues - Return to lendable



All securities
1.1bps

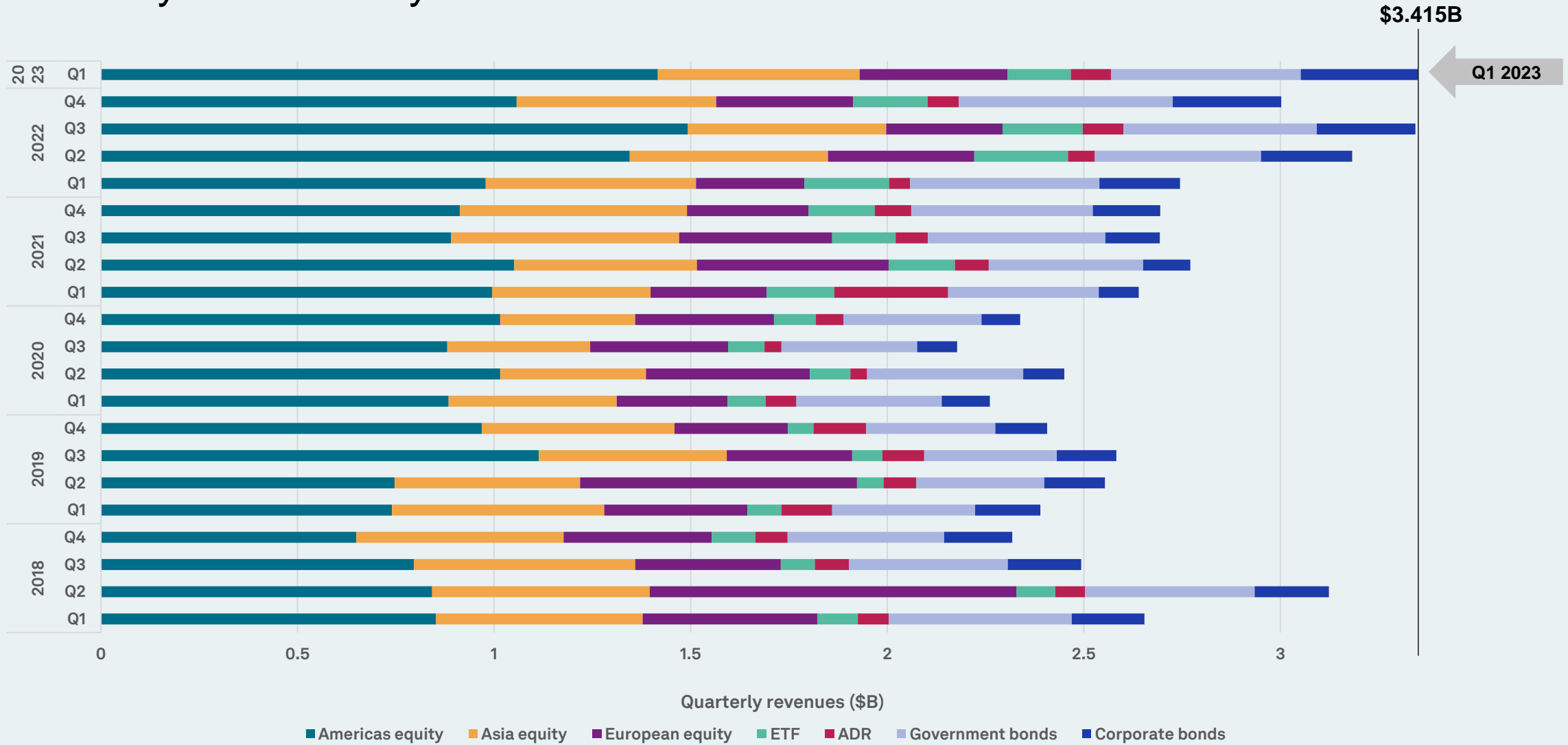


All equity
1.13bps



Fixed income
2bps

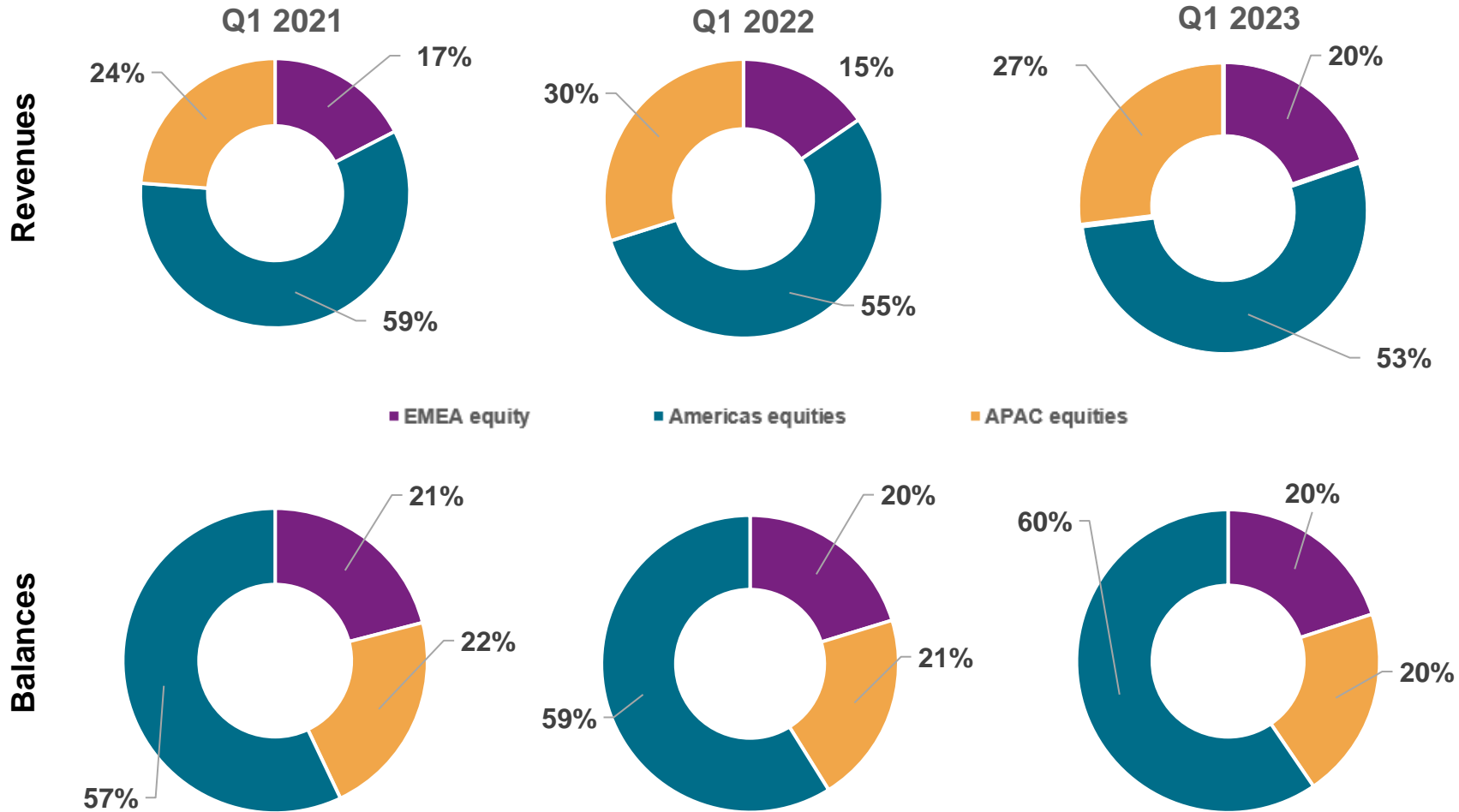
Quarterly revenues by asset class



\$3.415B

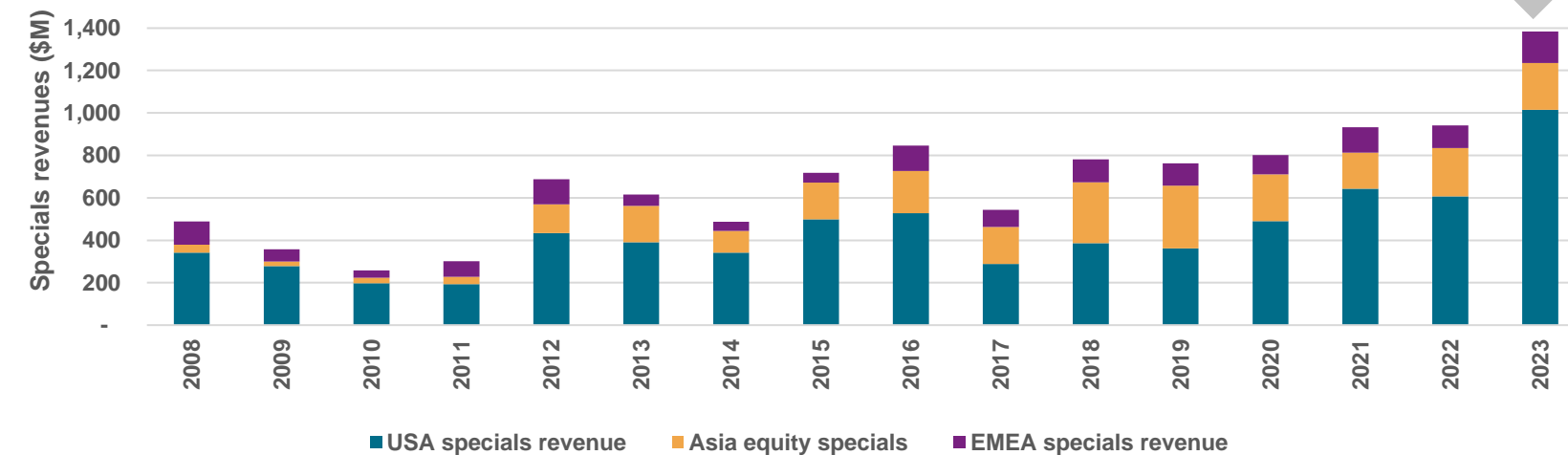
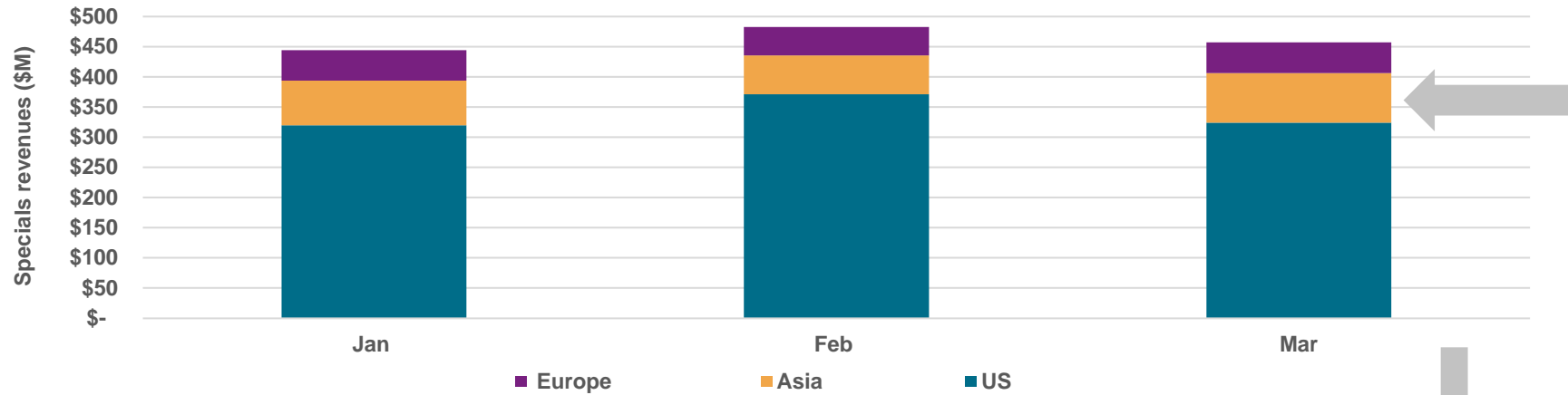
Q1 2023

Equities - Revenues vs Balances



EMEA equity revenues make ground during Q1

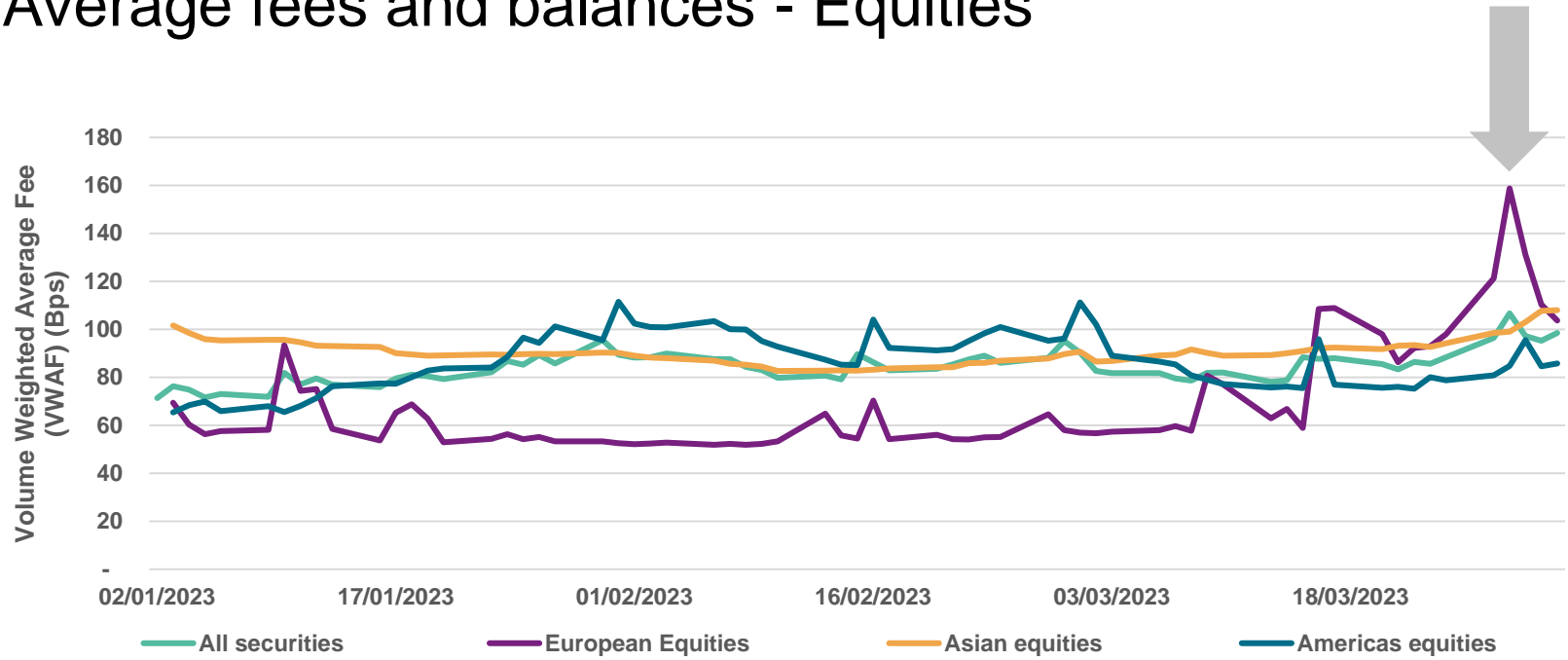
Q1 equity specials revenues by region



Specials revenues peaked during February

US quarterly equity special revenues surpassed \$1B for the first time

Average fees and balances - Equities

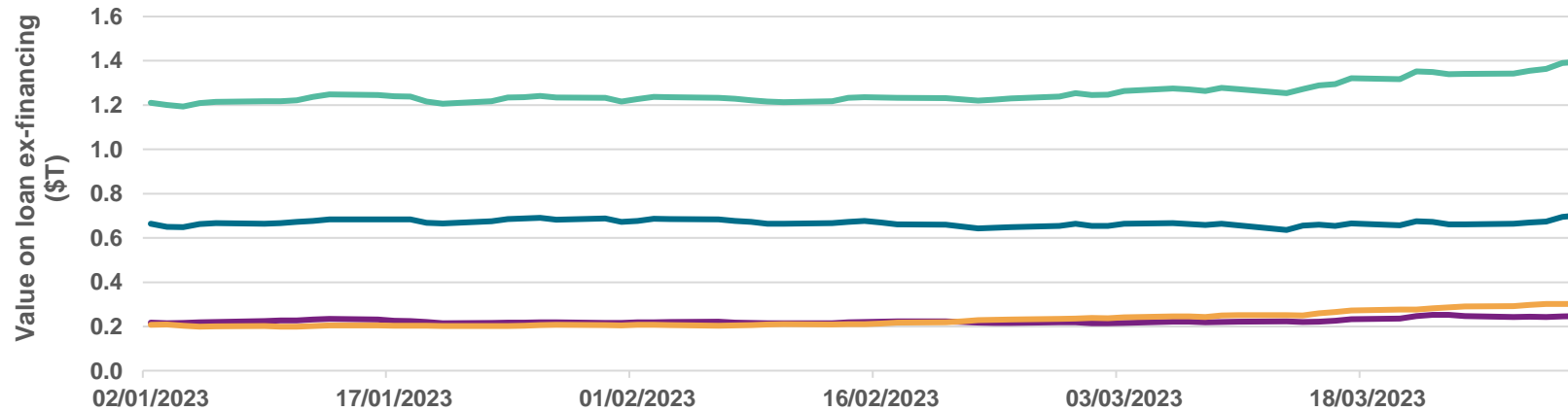


All equities 84bps

Americas equities 86bps

EMEA equities 67bps

APAC equities 90bps



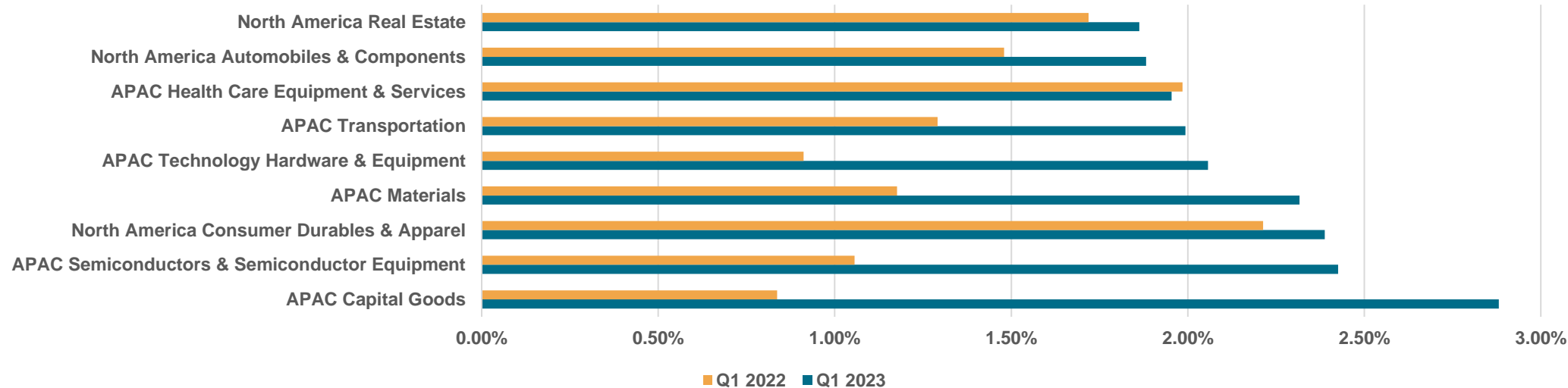
Equities – Top revenue generators and most borrowed sectors of Q1 2023

Top 10 Revenue generators - Global equities Q1 2023

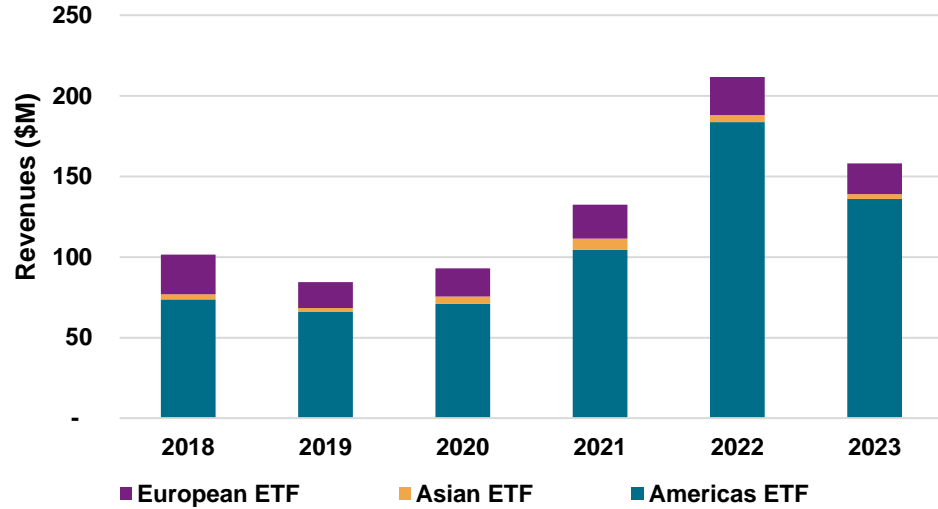
Ticker	Name	SL Revenue (\$M)	Market	Sector	SEDOL
AMC	Amc Entertainment Holdings Inc	233.07	US Equity (Others)	North America Media and Entertainment	BH4HLL3
BYND	Beyond Meat Inc	89.55	US Equity (RUSSELL 2000)	North America Food, Beverage & Tobacco	BJ1FDK7
LCID	Lucid Group Inc	70.51	US Equity (Others)	North America Automobiles & Components	BP0TR77
MSTR	Microstrategy Inc	50.98	US Equity (RUSSELL 2000)	North America Software & Services	2974329
GME	Gamestop Corp	49.47	US Equity (Others)	North America Consumer Discretionary Distribution & Retail	BOLLFT5
UPST	Upstart Holdings Inc	44.03	US Equity (Others)	North America Financial Services	BL53QN5
QS	Quantumscape Corp	35.95	US Equity (Others)	North America Automobiles & Components	BMC73Z8
ROG	Roche Holding Par	35.77	CH Equity (SMI)	EMEA Pharmaceuticals, Biotechnology & Life Sciences	7110388
BBBY	Bed Bath & Beyond Inc	34.08	US Equity (RUSSELL 2000)	North America Consumer Discretionary Distribution & Retail	2085878
XPEV	Xpeng Adr Rep 2 Ord	30.78	CN ADR	North America Automobiles & Components	BMXR2T4

Source : S&P Global Market Intelligence Securities Finance

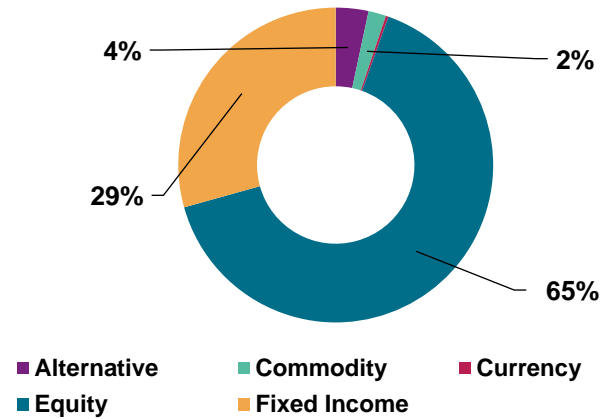
© 2023 S&P Global Market Intelligence



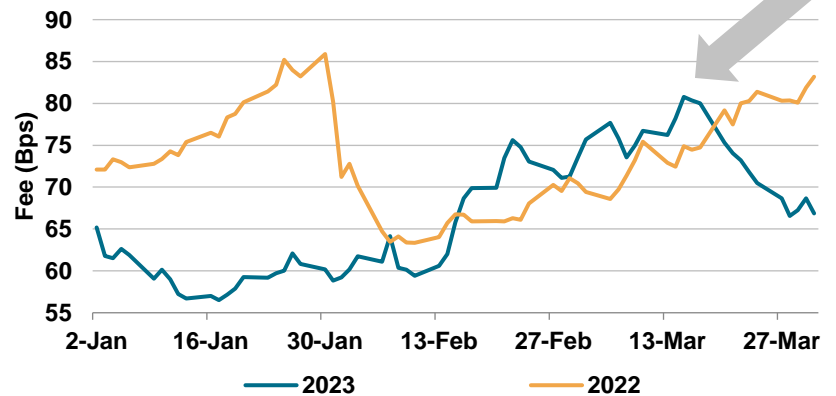
ETF's Q1 2023



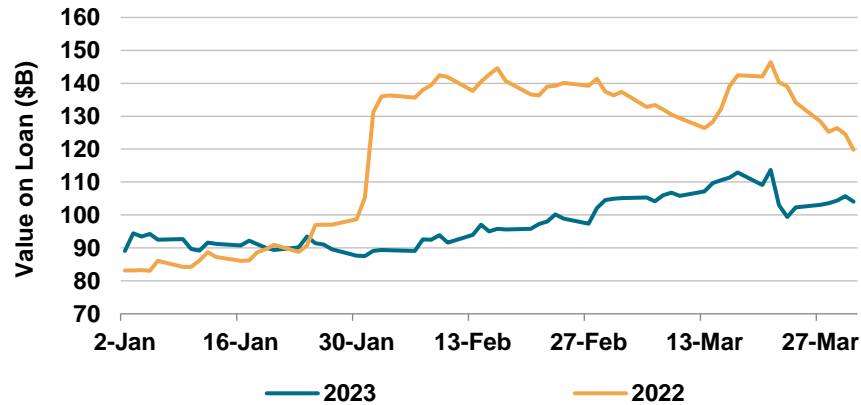
ETF revenue by asset class



Q1 Fee Trend



Q1 Balance Trend



ETF revenues declined over Q1 2023 with fees falling as the banking turmoil unfolded

ETF's – Top revenue generators

Top 10 revenue generators - European ETPs Q1 2023

Ticker	Name	SL Revenue (\$M)	Market	Sedol
HYG	Ishares Iboxx High Yield Bond Etf	18.17	US ETF	HYG
ARKK	Ark Innovation Etf	7.24	US ETF	ARKK
SPY	Spdr S&P 500 Etf	5.27	US ETF	SPY
IWM	Ishares Russell 2000 Etf	4.58	US ETF	IWM
AMLP	Alps Alerian Mlp Etf	3.59	US ETF	AMLP
MUB	Ishares National Muni Bond Etf	3.53	US ETF	MUB
QQQ	Invsc Qqq Trust Srs 1 Etf	3.25	US ETF	QQQ
BKLN	Invsc Senior Loan Etf	3.19	US ETF	BKLN
SRLN	Spdr Blackstone Senior Loan Etf	2.49	US ETF	SRLN
IHYG	Is Eur H.Yld C.B Ucits Eur Dist Etf	2.42	IE ETF	IHYG

Source : S&P Global Market Intelligence Securities Finance

© 2023 S&P Global Market Intelligence

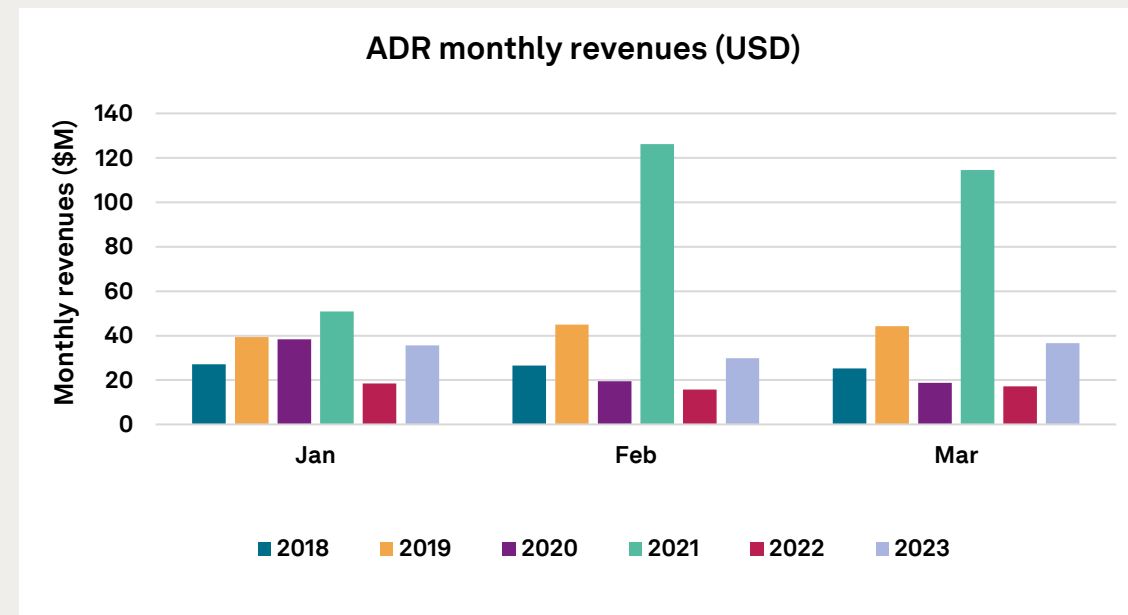
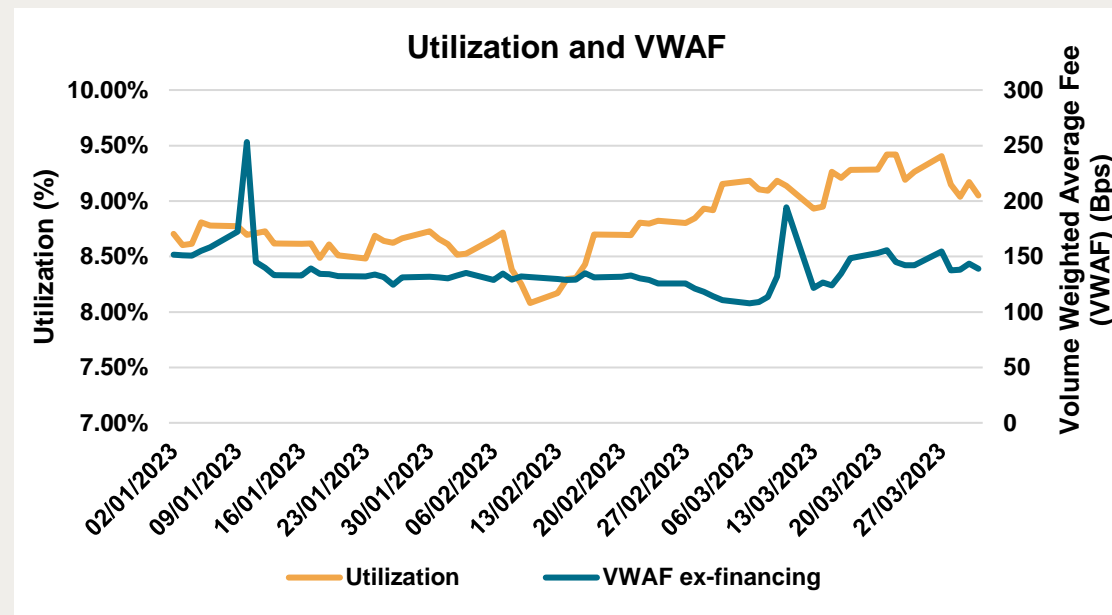
Depository Receipts

Top 5 Revenue Generators - ADRs Q1 2023

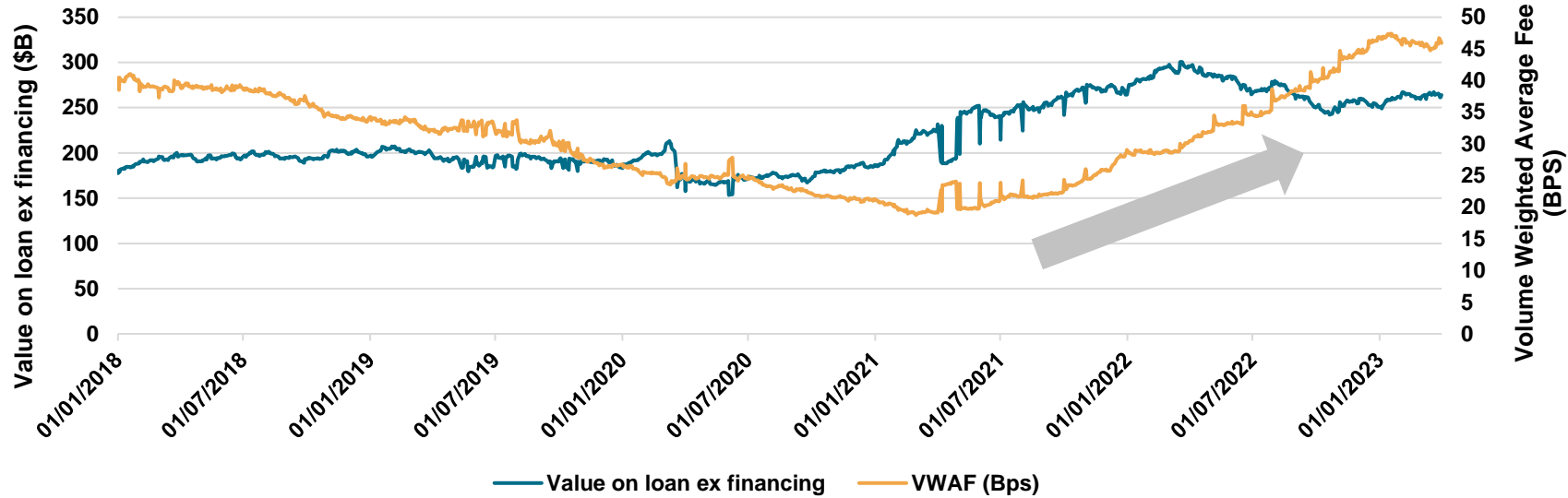
Ticker	Name	SL Revenue (\$M)	Market	Sector	SEDOL
XPEV	Xpeng ADR Rep 2 Ord	30.78	CN ADR	North America Automobiles & Components	BMXR2T4
PSNY	Polestar Automotive Hld Cl A Ads	12.69	SE ADR	North America Automobiles & Components	BM9VBN7
LI	Li Auto ADR 2 Ord	3.46	CN ADR	North America Automobiles & Components	BMXHCD8
HKD	Amtl Digital 5 ADR Rep 2 Cl A Ord	2.62	SG ADR	North America Software & Services	BN6M5P0
NVS	Novartis ADR Repsg 1 Ord	2.50	CH ADR	North America Pharmaceuticals, Biotechnology & Life Sciences	2620105

Source : S&P Global Market Intelligence Securities Finance

© 2023 S&P Global Market Intelligence

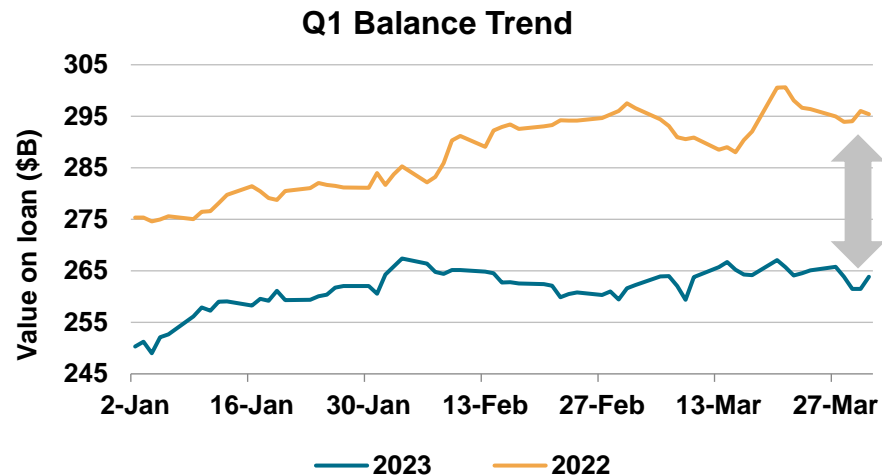
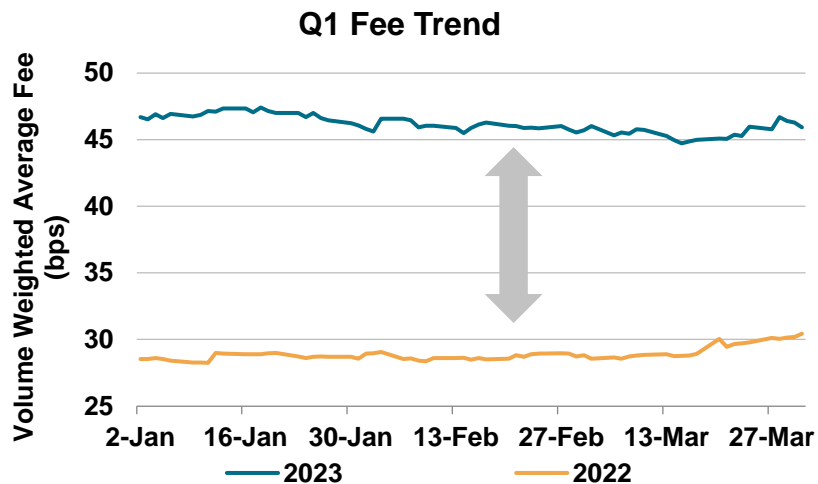


Corporate bond fees increase but balances fall

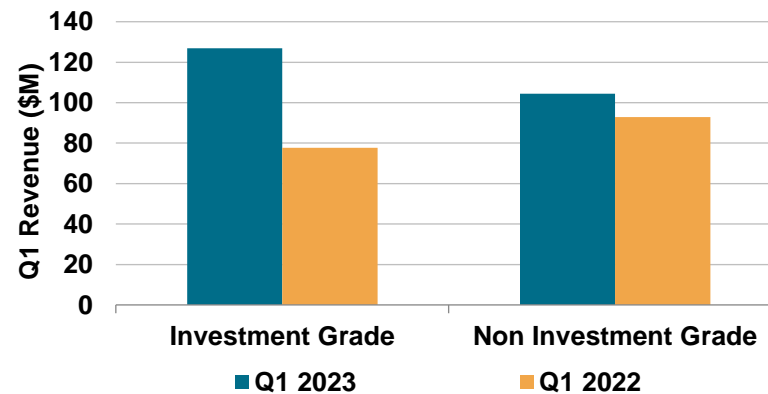
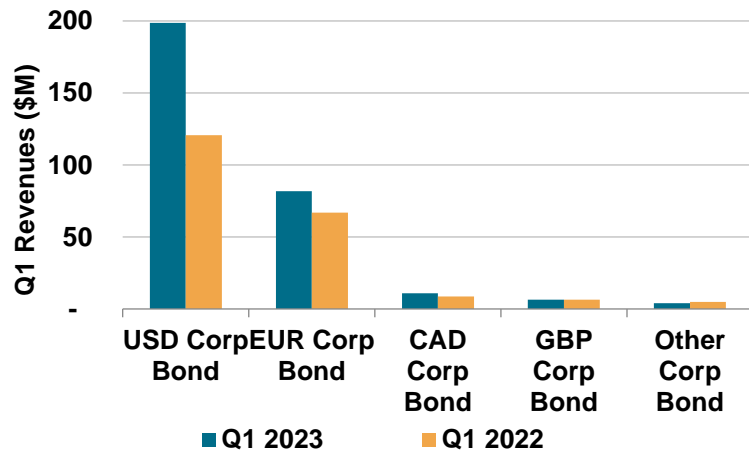
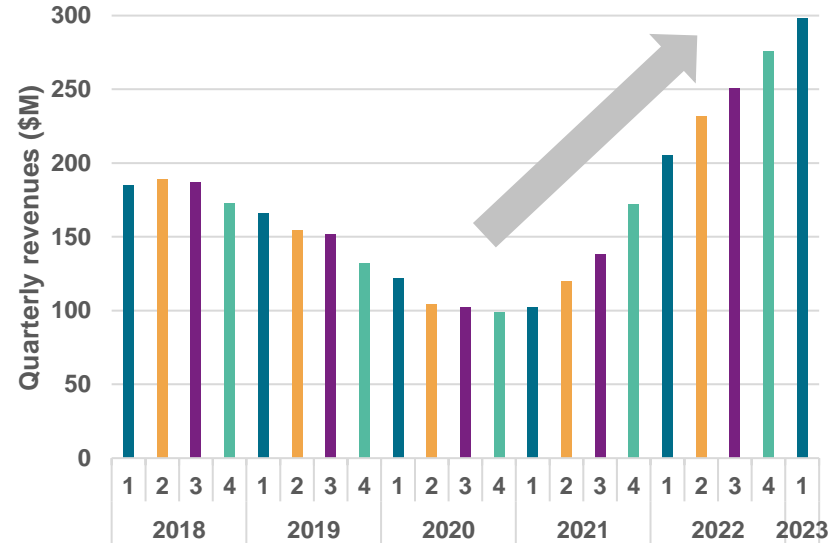
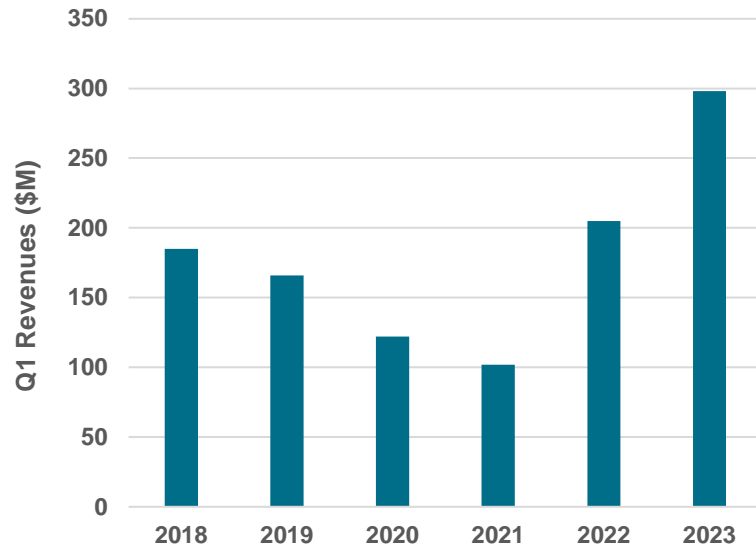


Average Q1
balance
\$262bln -9%

Average Q1
fee
46bps +60%



Corporate bond revenues continue to grow



Q1 revenues reached \$298M as monthly revenues in January and March exceeded \$100M

Corporate Bonds – Top revenue generators

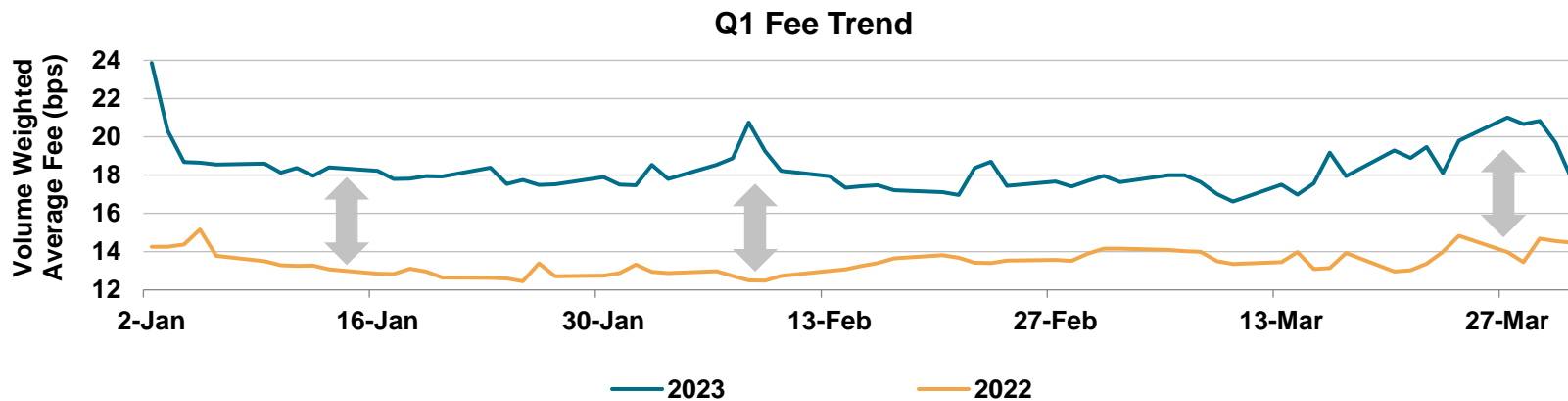
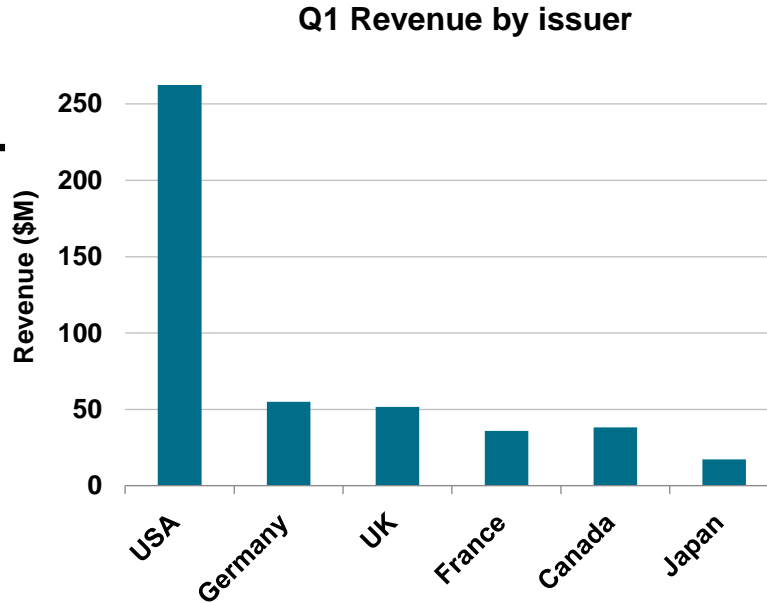
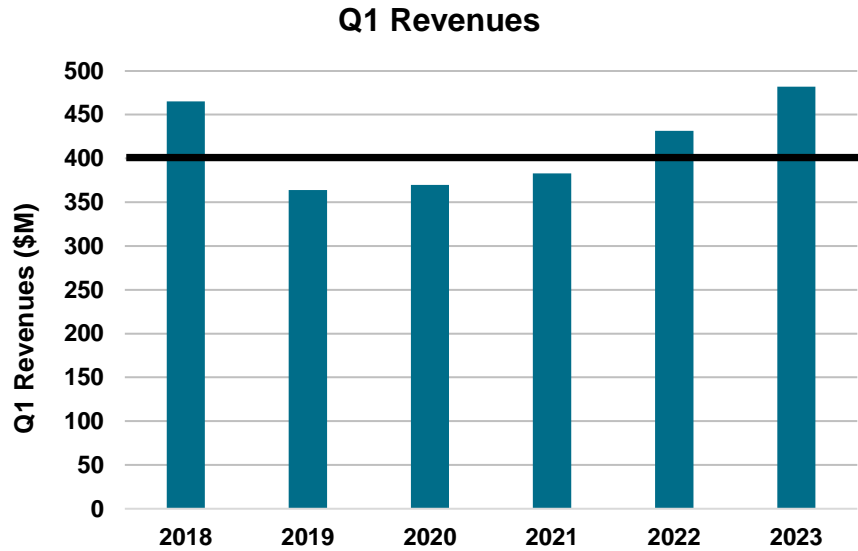
Top 10 Revenue generators - Global Corporate Bonds Q1 2023

Cusip	Name	SL Revenue (\$M)	Market
83001AAC6	Six Flags Entertainment Corp (5.5% 15-Apr-2027)	3.25	USD Priv.
595017AU8	Microchip Technology Inc (0.125% 15-Nov-2024)	3.00	USD N.I.G.
09857LAN8	Booking Holdings Inc (0.75% 01-May-2025)	2.63	USD I.G.
553283AC6	Mph Acquisition Holdings Llc (5.75% 01-Nov-2028)	2.61	USD Priv.
252131AK3	Dexcom Inc (0.25% 15-Nov-2025)	2.61	USD N.I.G.
97789LAB2	Wolverine Escrow Llc (9% 15-Nov-2026)	2.11	USD Priv.
053773BF3	Avis Budget Car Rental Llc (5.375% 01-Mar-2029)	2.00	USD Priv.
88579YBD2	3M Co (4% 14-Sep-2048)	1.94	USD I.G.
912909AU2	United States Steel Corp (6.875% 01-Mar-2029)	1.88	USD N.I.G.
343412AF9	Fluor Corp (4.25% 15-Sep-2028)	1.74	USD N.I.G.
91282CGE5	United States Treasury (3.875% 15-Jan-2026)	2.57	US Govt

Source : S&P Global Securities Finance

© 2023 S&P Market Intelligence

Government bond Q1 revenues continue to top \$400M



Government bond revenues continue to rise supported by an elevated VWAF

Government bonds – Top borrows

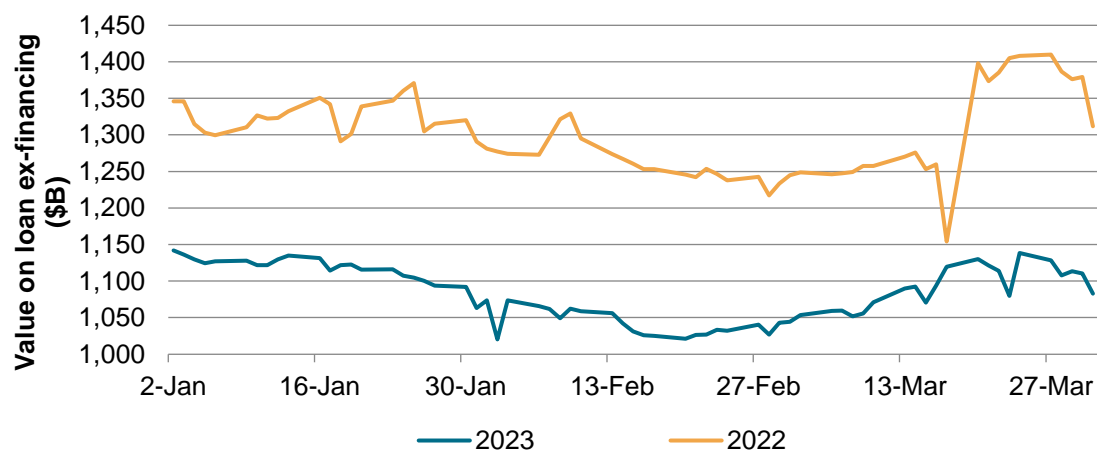
Top revenue generators - Government bonds Q1 2023

Cusip	Name	SL Revenue (\$M)	Market
DE0001104867	Germany, Federal Republic Of (Government) (0% 15-Dec-2023)	10.70	DE Dom Govt Bond (Fixed Rate)
G4527HDX6	United Kingdom Of Great Britain And Northern Ireland (Government) (1% 22-Apr-2024)	4.12	UK Non I/L Dom Govt Bond (Fixed Rate)
91282CGK1	United States Treasury (1.125% 15-Jan-2033)	3.75	US Govt Bond (Bonds) (Fixed Rate)
912810TM0	United States Treasury (4% 15-Nov-2042)	3.52	UK Non I/L Dom Govt Bond (Fixed Rate)
G92445CQ9	United Kingdom Of Great Britain And Northern Ireland (Government) (1.5% 22-Jul-2026)	3.26	US Govt Bond (Bills) (Fixed Rate)
912796YH6	United States Treasury (0% 07-Sep-2023)	3.10	US Govt Bond (Bills) (Fixed Rate)
G92445FB9	United Kingdom Of Great Britain And Northern Ireland (Government) (1.25% 22-Jul-2027)	3.03	UK Non I/L Dom Govt Bond (Fixed Rate)
91282CGG0	United States Treasury (4.125% 31-Jan-2025)	2.96	US Govt Bond (Notes) (Fixed Rate)
G4527HRV5	United Kingdom Of Great Britain And Northern Ireland (Government) (0.125% 30-Jan-2026)	2.87	UK Non I/L Dom Govt Bond (Fixed Rate)
G4527HJJ1	United Kingdom Of Great Britain And Northern Ireland (Government) (4.25% 07-Jun-2032)	2.83	UK Non I/L Dom Govt Bond (Fixed Rate)

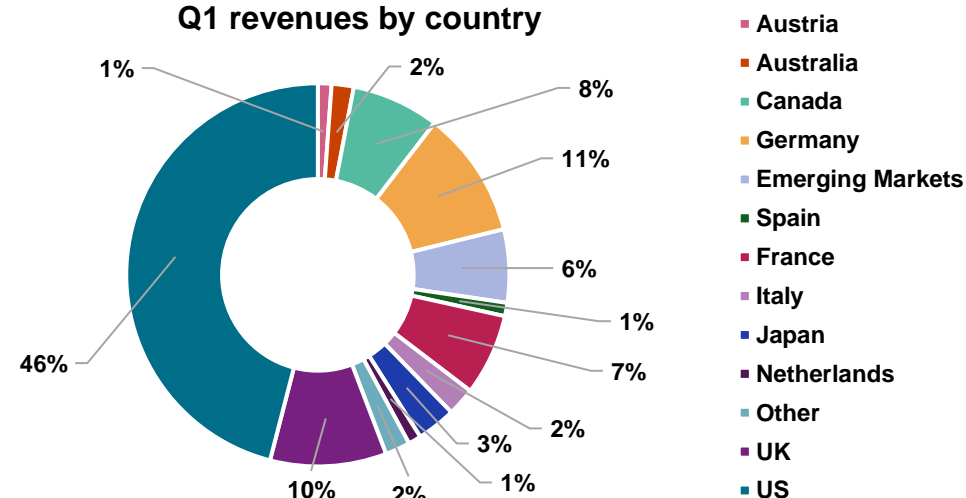
Source : S&P Global Market Intelligence Global Securities Finance

© 2023 S&P Global Market Intelligence

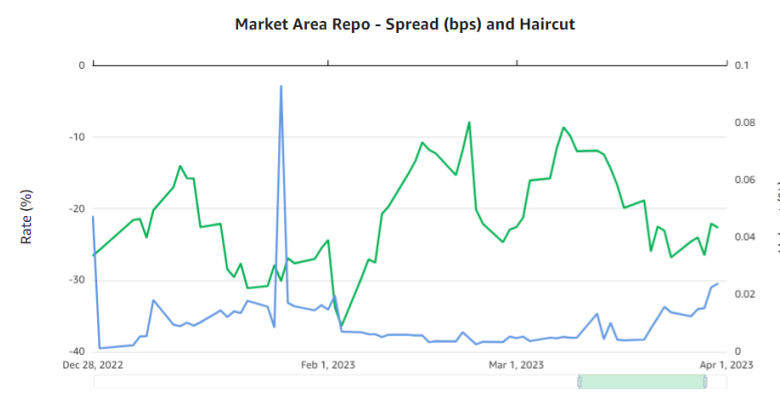
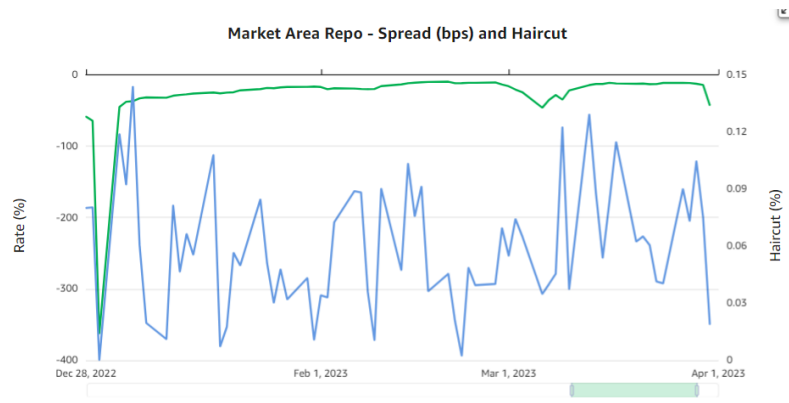
Q1 Balance Trend



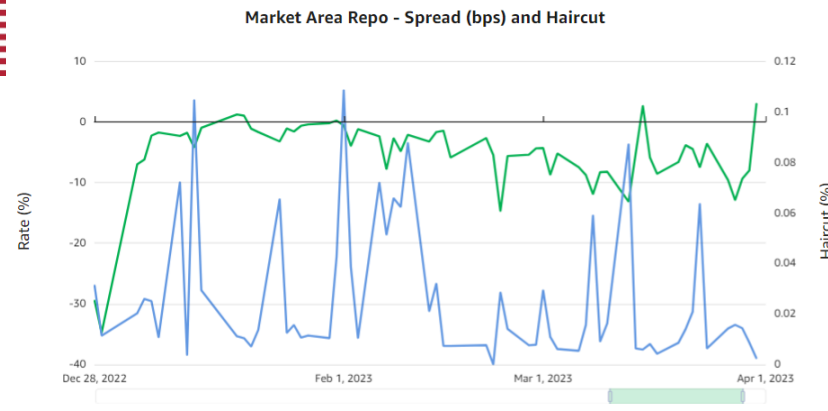
Q1 revenues by country



Repo market



— Spread over benchmark rate
— Haircut



Repo spreads increased in March

Source: S&P Global Market Intelligence Repo Data Analytics

Volatile markets benefit securities lenders

One of the strongest quarters for securities finance revenues on record

- Volatility continues to drive revenues higher. Sticky inflation and uncertainty regarding future interest rate moves are creating numerous opportunities for market participants.
- Monetary tightening may be close to or coming to an end, but markets will need signs in the economic data to pursue any sustained market rally.
- Fees for fixed income assets are likely to remain elevated.
- US equity specials continue to support revenues. Revenues in AMC helped push specials revenues to an all time quarterly high.
- Q2 is usually one of the strongest for securities finance revenues.
- APAC revenues may grow heading into Q2/3
- Fantastic start to the year but a lot can change.



Securities finance Q1 2023 market activity review webinar

Laurence Fletcher

DEPUTY MARKETS NEWS EDITOR FOR THE FT

Laurence is part of the FT's markets desk and has a particular focus on hedge funds and asset managers. He was previously a hedge fund correspondent, writing news, features, investigations and opinion pieces. His work includes numerous exclusives about the collapse of \$600m hedge fund Heather Capital, while his investigations into hedge fund Dynamic Decisions were part of a series that won a Gerald Loeb award, a New York Press Club award and a U.S. National Press Club award in 2012.

In 2021 he was part of an FT team that won a Loeb award in the Breaking News category for coverage of the collapse of Wirecard. In 2022 he won awards from the CFA Society of the UK and from Headline money for his work with Tommy Stubbington on sovereign bonds and human rights.

He joined the FT in 2018, and previously worked at The Wall Street Journal, Reuters, Citywire and Bloomberg.

Securities finance Q1 2023 market activity review webinar

Please send all questions to.....

Matt.Chessum@spglobal.com

Thank you for your participation

Americas- Sales

P. +1 877 863 1306

E. market.intelligence@spglobal.com

EMEA- Sales

P. +44 20 7176 1234

E. market.intelligence@spglobal.com

APAC- Sales

P. +852 2533 3565

E. market.intelligence@spglobal.com

Disclaimer

The information contained in this presentation is confidential. Any unauthorized use, disclosure, reproduction, or dissemination, in full or in part, in any media or by any means, without the prior written permission of S&P Global or any of its affiliates ("S&P Global") is strictly prohibited. S&P Global owns all S&P Global logos and trade names contained in this presentation that are subject to license. Opinions, statements, estimates, and projections in this presentation (including other media) are solely those of the individual author(s) at the time of writing and do not necessarily reflect the opinions of S&P Global. Neither S&P Global nor the author(s) has any obligation to update this presentation in the event that any content, opinion, statement, estimate, or projection (collectively, "information") changes or subsequently becomes inaccurate. S&P Global makes no warranty, expressed or implied, as to the accuracy, completeness, or timeliness of any information in this presentation, and shall not in any way be liable to any recipient for any inaccuracies or omissions. Without limiting the foregoing, S&P Global shall have no liability whatsoever to any recipient, whether in contract, in tort (including negligence), under warranty, under statute or otherwise, in respect of any loss or damage suffered by any recipient as a result of or in connection with any information provided, or any course of action determined, by it or any third party, whether or not based on any information provided. The inclusion of a link to an external website by S&P Global should not be understood to be an endorsement of that website or the site's owners (or their products/services). S&P Global is not responsible for either the content or output of external websites. Copyright © 2023, S&P Global®. All rights reserved and all intellectual property rights are retained by S&P Global.