

# Securities Finance

## Market Activity Review Q1 2024

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April 25th, 2024



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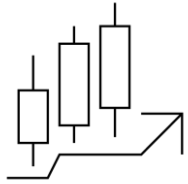
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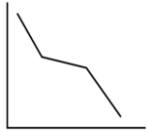
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# Q1 2024

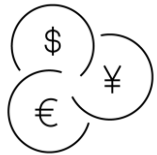
A continuation of Q4 2023, asset prices up, securities lending revenues down



**Global stock and bond prices continued to rally**



**The deflationary trend continued**



**Central bankers reset market expectations – Time to diverge?**



**An increase in geopolitical risk – election risk?**



**Securities lending revenues continued to experience declines when compared YoY**

# Market revenues – Q1 2024

Asset Class	Rev (\$M)	Rev YoY % Change	YTD Rev (\$M)	Avg Balance (\$B)	Bal YoY % Change	Avg Fee	Fee YoY % Change	Avg Lendable (\$B)	Lendable YoY % Change	Avg Utilization	Util YoY % Change
All Securities	\$2,748	-20%	\$2,748	\$2,569	-2%	0.42%	-20%	\$36,164	16%	5.5%	-15%
All Equity	\$2,020	-22%	\$2,020	\$1,139	-9%	0.70%	-17%	\$26,937	17%	3.0%	-22%
Americas Equity	\$1,071	-24%	\$1,071	\$632	-5%	0.67%	-23%	\$19,728	22%	2.5%	-21%
Asia Equity	\$490	-4%	\$490	\$223	-3%	0.87%	-4%	\$2,692	8%	4.9%	-10%
EMEA Equity	\$225	-40%	\$225	\$157	-30%	0.55%	-18%	\$3,646	6%	3.4%	-36%
ADR	\$79	-23%	\$79	\$31	3%	1.00%	-27%	\$245	-1%	9.0%	3%
ETP	\$128	-21%	\$128	\$90	-7%	0.56%	-16%	\$515	14%	9.4%	-10%
Government Bond	\$470	-3%	\$470	\$1,122	3%	0.17%	-9%	\$4,438	11%	20.4%	-6%
Corporate Bond	\$239	-20%	\$239	\$289	10%	0.33%	-29%	\$4,430	15%	5.6%	-4%

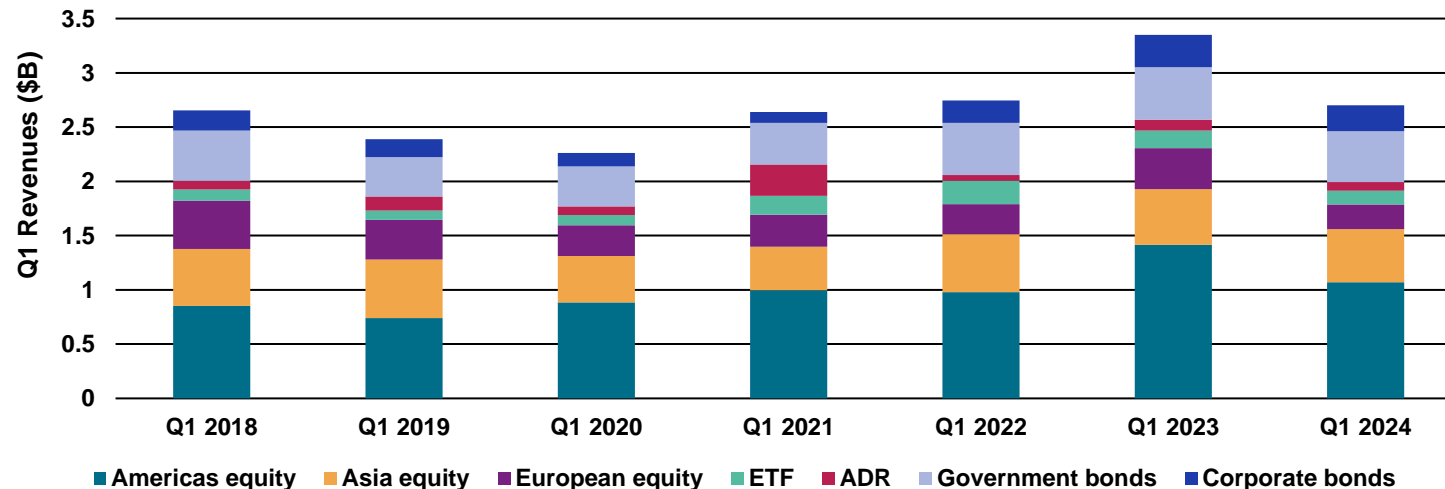
Note: Includes only transactions with positive fees  
 Source: S&P Global Market Intelligence Securities Finance

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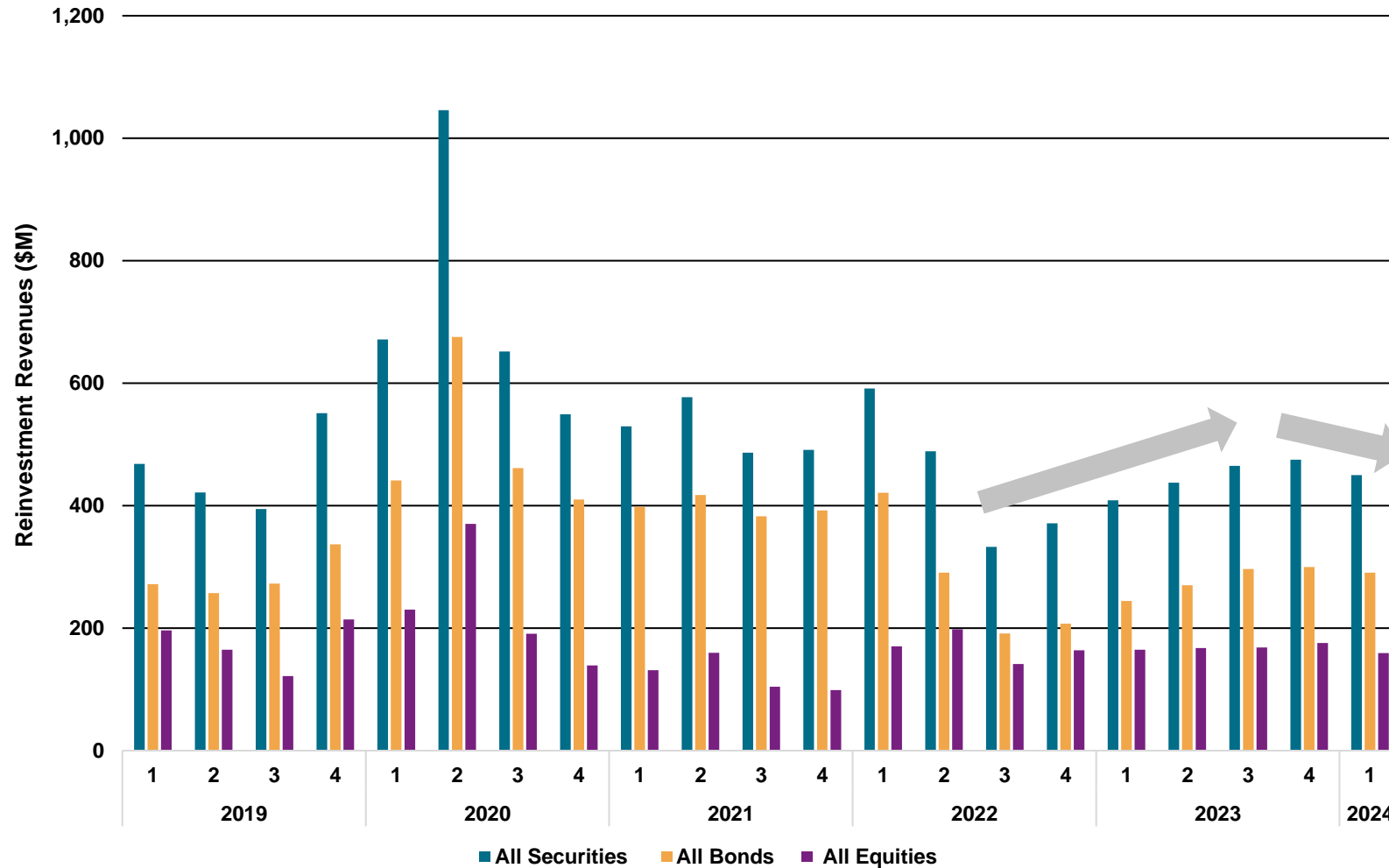
Q1 revenues of \$2.748B

Revenues decline 20% YoY

Average balances decline 2% YoY

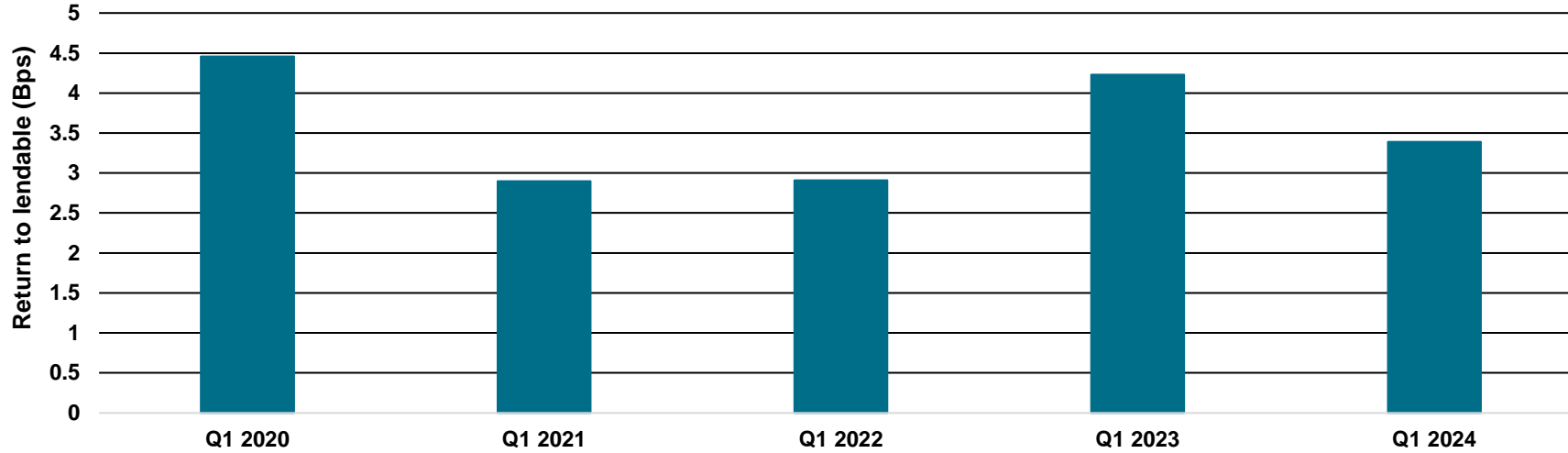


# Market revenues – Reinvestment returns

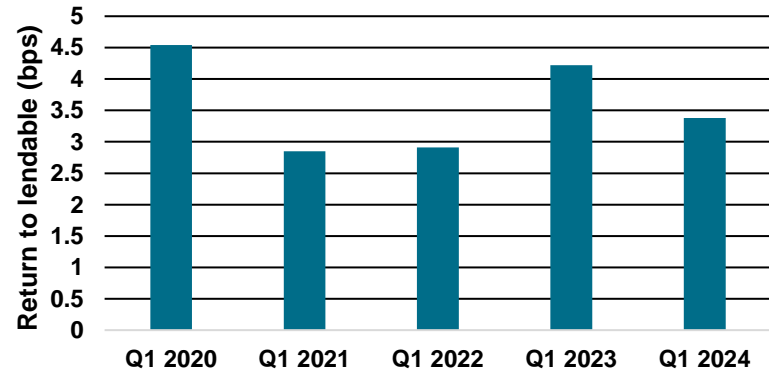


Quarterly cash reinvestment returns start to decline

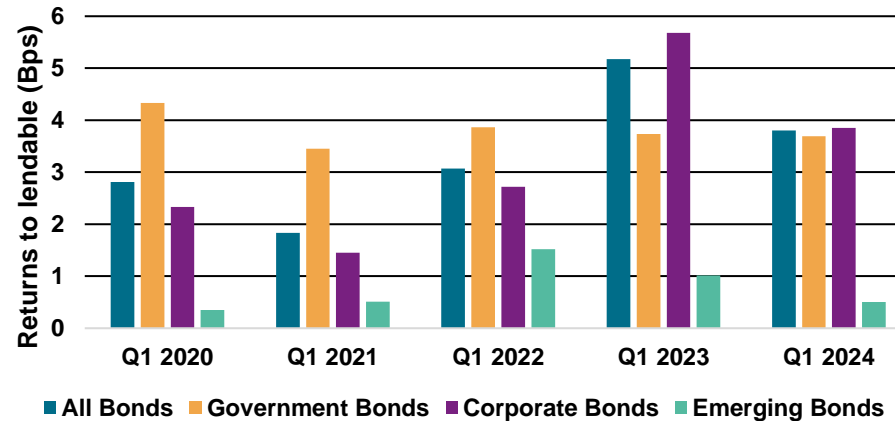
# Market revenues - Return to lendable



All equities



All Bonds

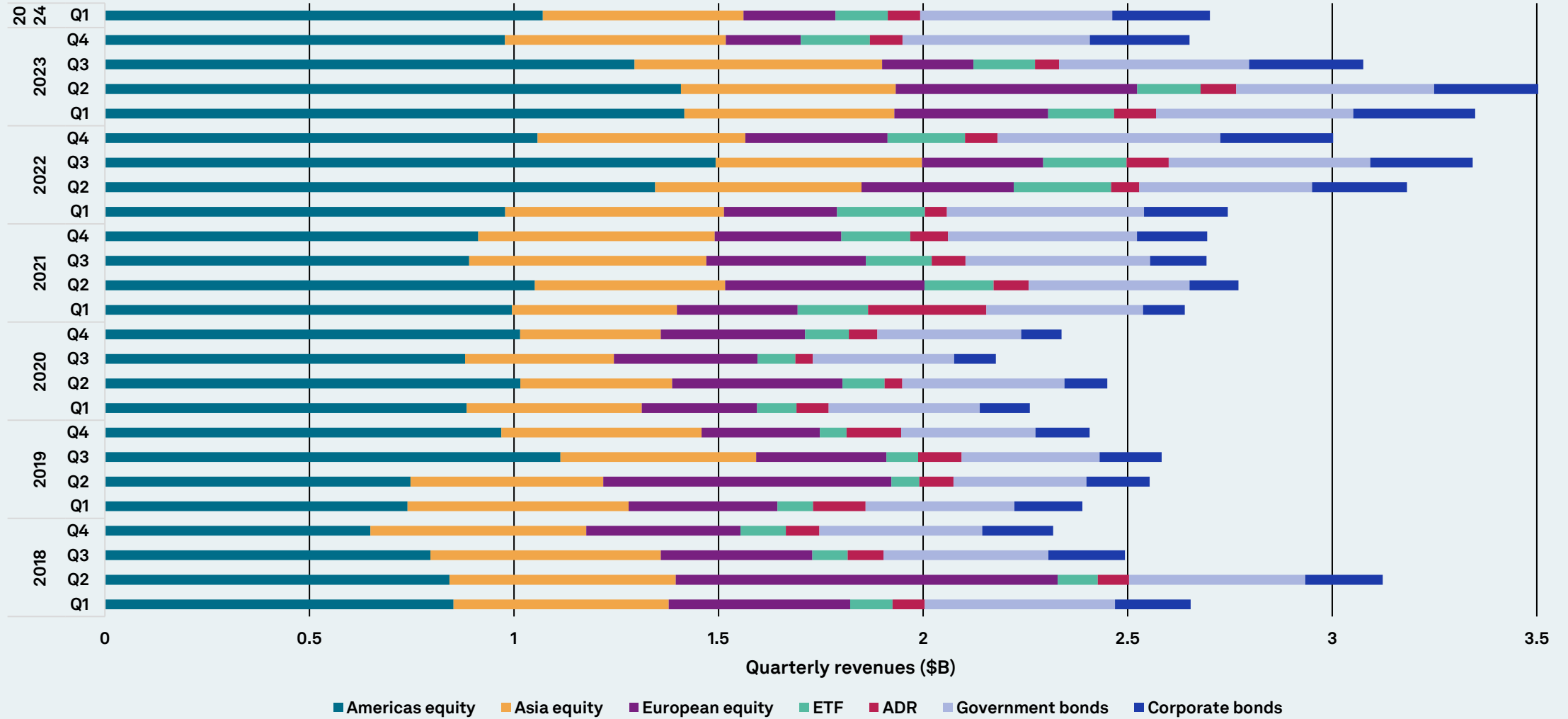


All securities  
3.39bps

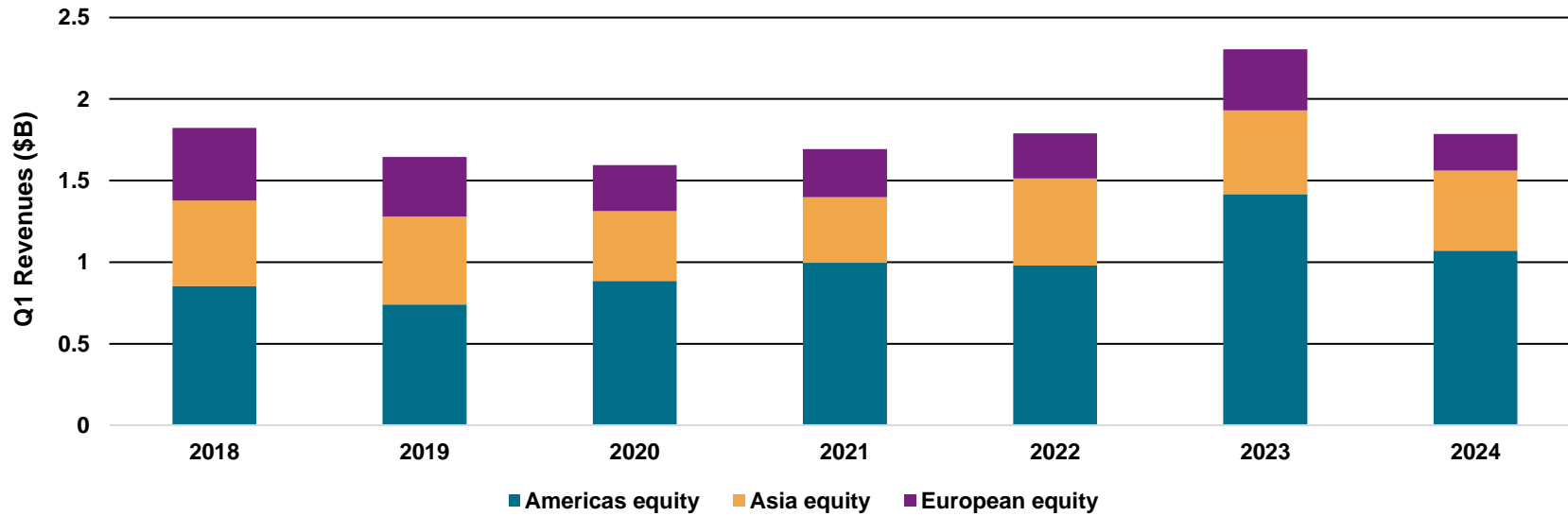
All equity  
3.38bps

Fixed income  
3.8bps

# Quarterly revenues by asset class

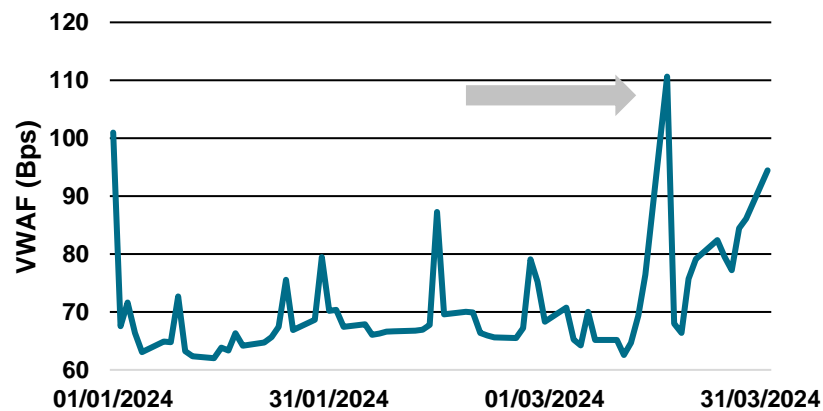


# Equities – Revenues, VWAF and Balances

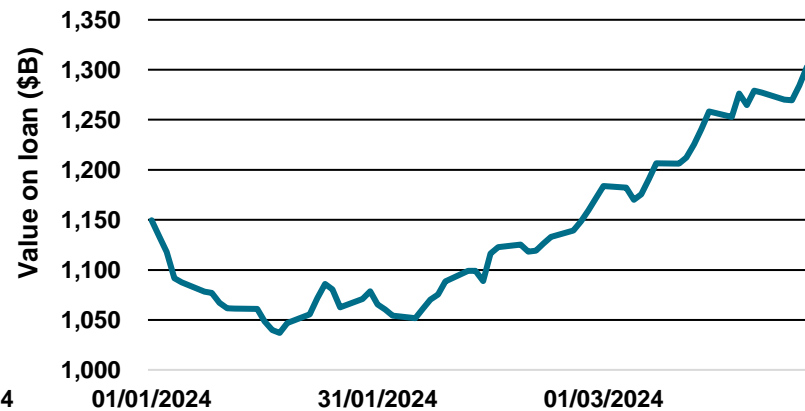


EMEA Q1 revenues experienced another substantial YoY decline

### Volume Weighted Average Fees

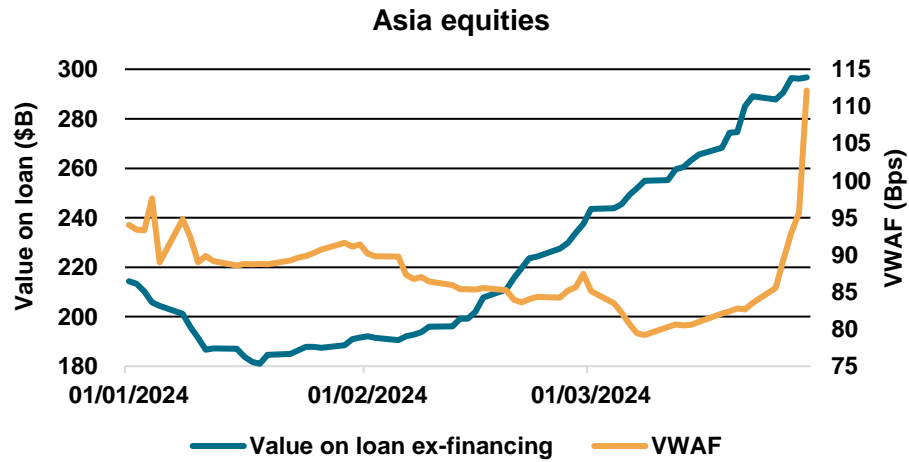
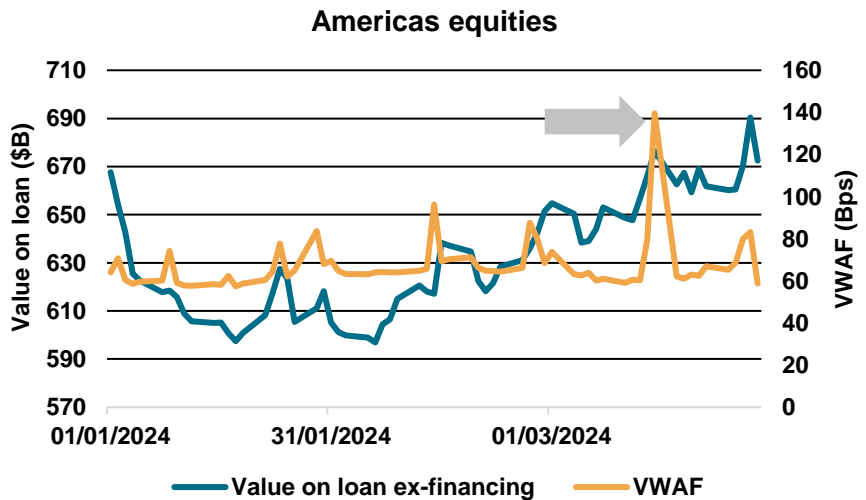
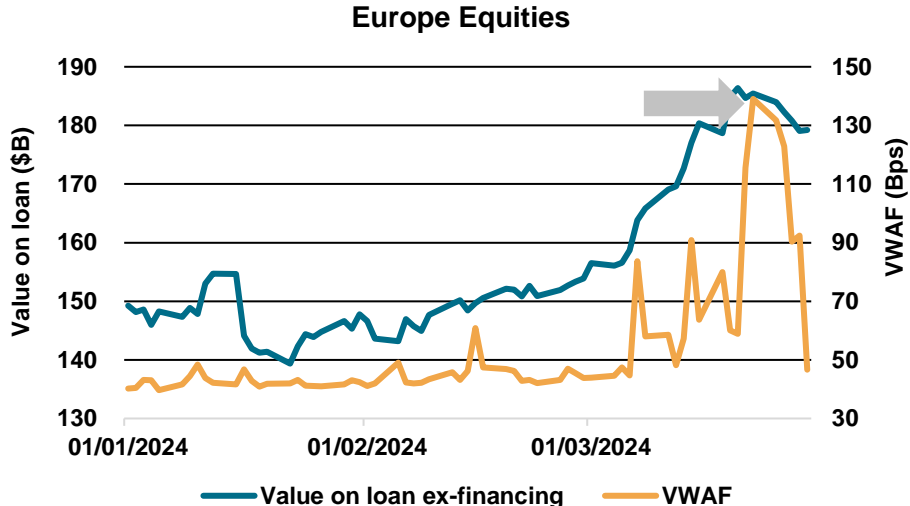
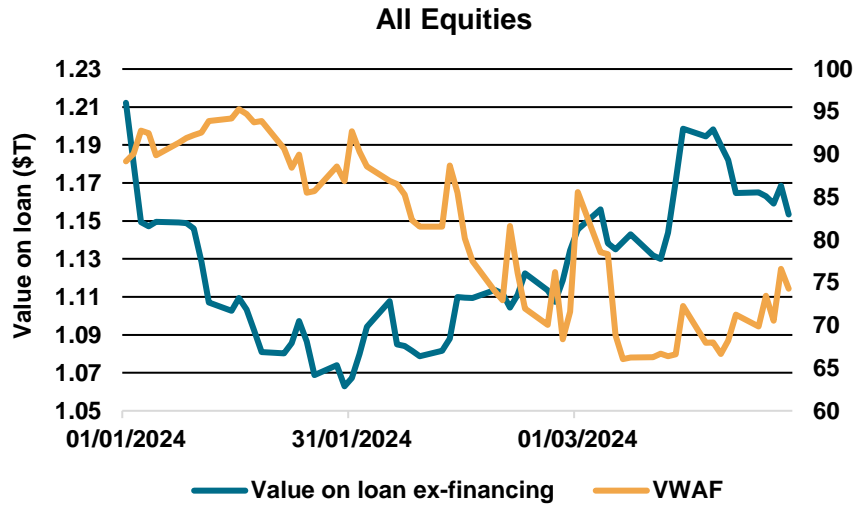


### Value on loan ex-financing





# Average fees and balances - Equities



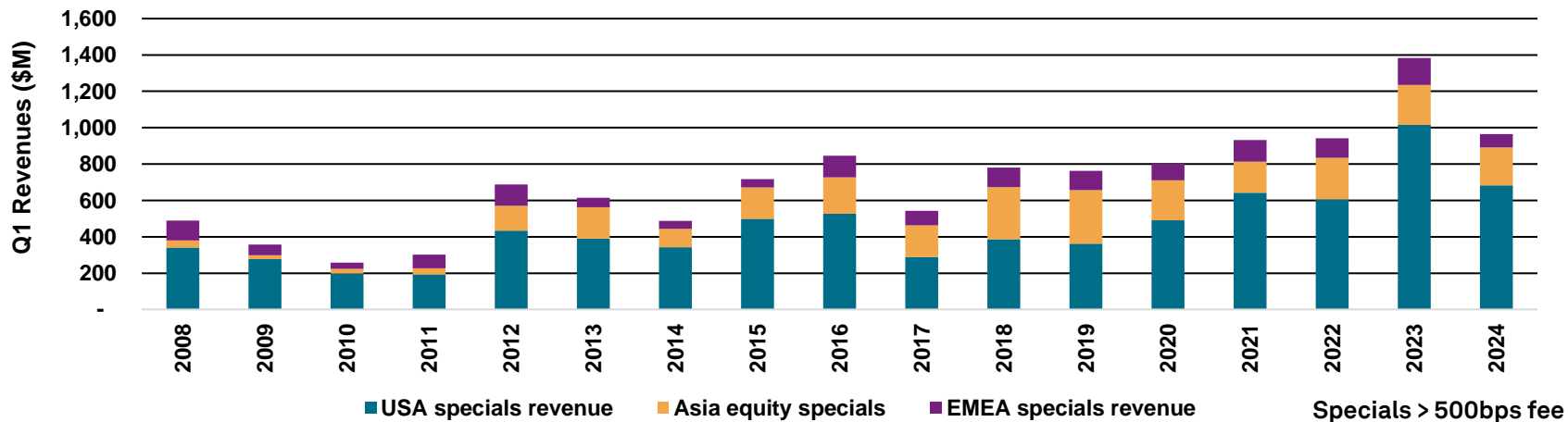
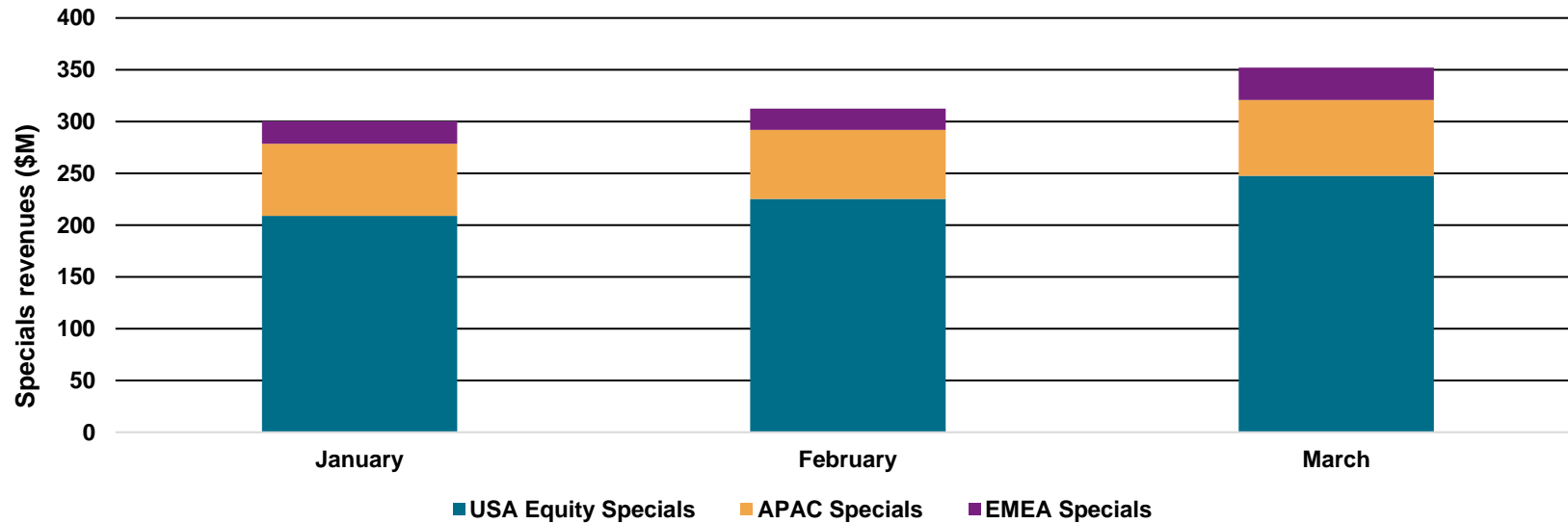
All equities 70bps

Americas equities 67bps

EMEA equities 55bps

APAC equities 87bps

# Q1 equity specials revenues by region



Specials revenues increased across all regions towards the end of Q1

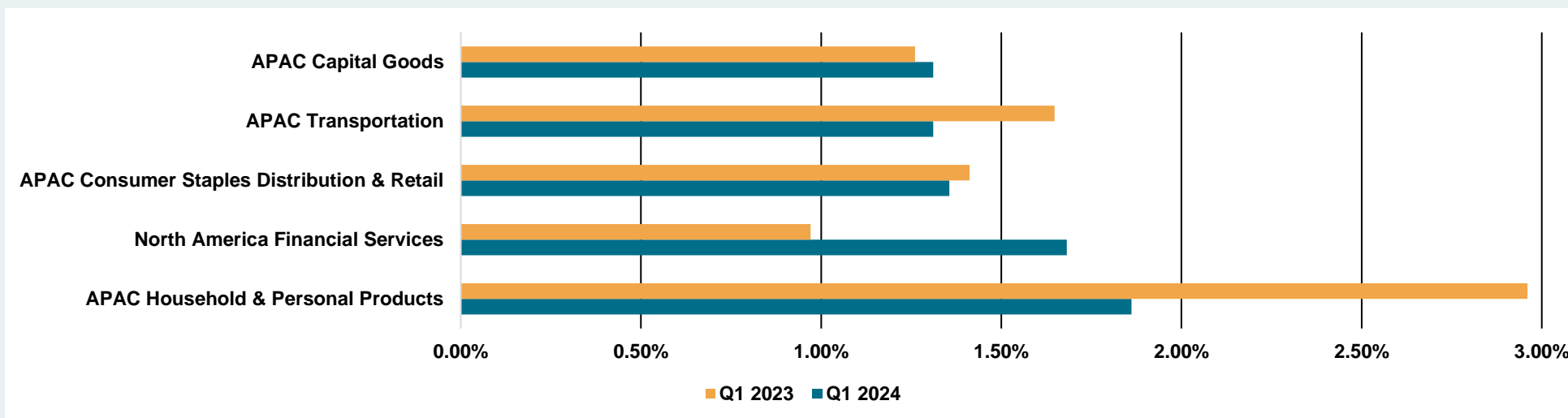
# Equities – Top revenue generators and most shorted sectors of Q1 2024

Top 10 equity revenue generators - Q1 2024

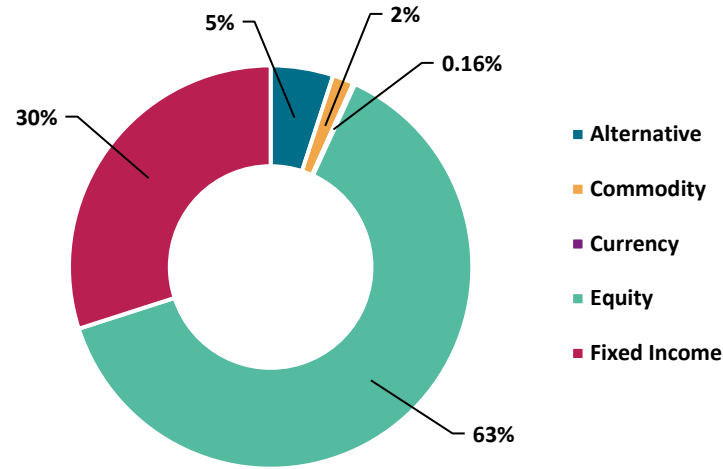
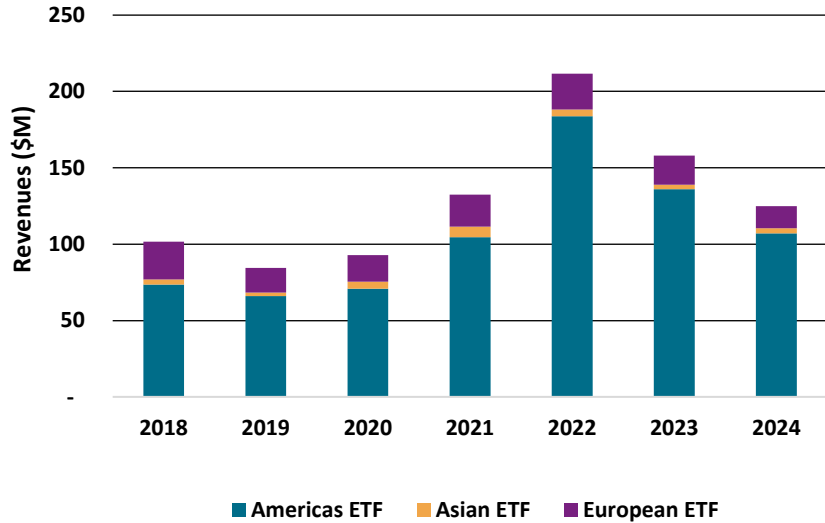
Ticker	Name	SL Revenue (\$M)	Market	Sector	SEDOL
SIRI	Sirius Xm Holdings Inc	104.79	US Equity (Others)	North America Media and Entertainment	BGLDK10
BYND	Beyond Meat Inc	54.84	US Equity (RUSSELL 2000)	North America Food, Beverage & Tobacco	BJ1FDK7
LCID	Lucid Group Inc	45.51	US Equity (Others)	North America Automobiles & Components	BPOTR77
V	Visa Inc	26.30	US Equity (S&P500)	North America Financial Services	B2PZNO4
RILY	B Riley Financial Inc	25.94	US Equity (RUSSELL 2000)	North America Financial Services	BSKS2D6
AI	C3.Ai Inc	23.16	US Equity (RUSSELL 2000)	North America Software & Services	BMGNBJ2
DJT	Trump Media & Technology Group Corp	23.07	US Equity (Others)	North America Media and Entertainment	BM8V9W3
ATMU	Atmus Filtration Technologies Inc	21.71	US Equity (RUSSELL 2000)	North America Capital Goods	BNRR1B2
IBRX	Immunitybio Inc	21.63	US Equity (RUSSELL 2000)	North America Pharmaceuticals, Biotechnology & Life Sciences	BNSPOB8
CMI	Cummins Inc	21.31	US Equity (S&P500)	North America Capital Goods	2240202

Source : S&P Global Market Intelligence Securities Finance

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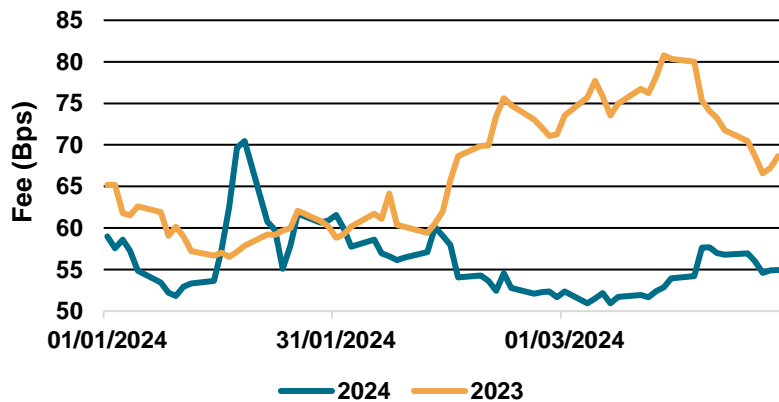


# ETF's Q1 2024

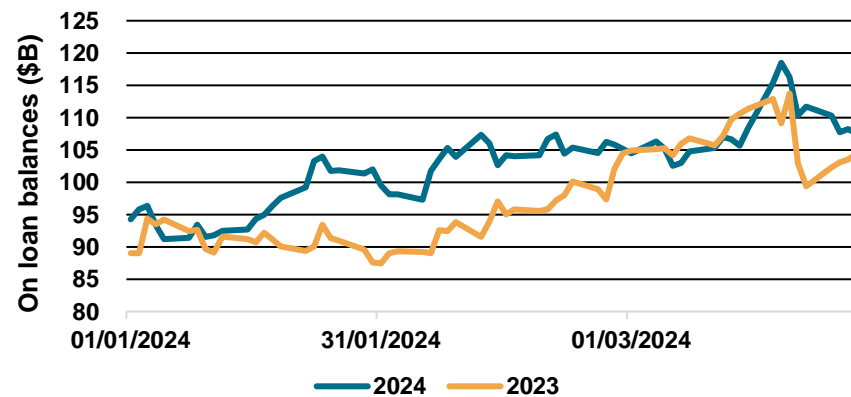


ETF revenues continued to decline as average fees remained lower YoY

## Volume Weighted Average Fee



## Value on loan (ex-financing)

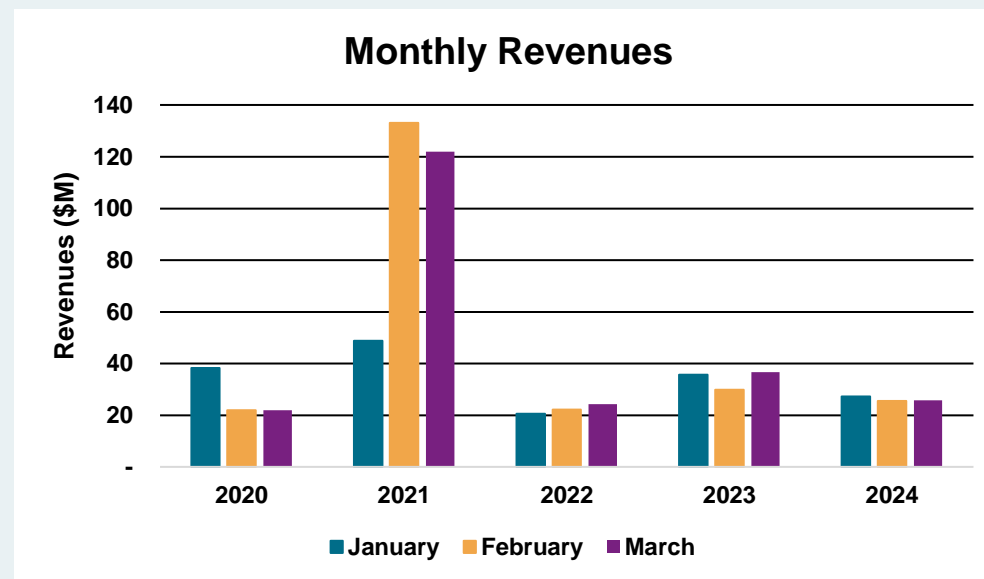
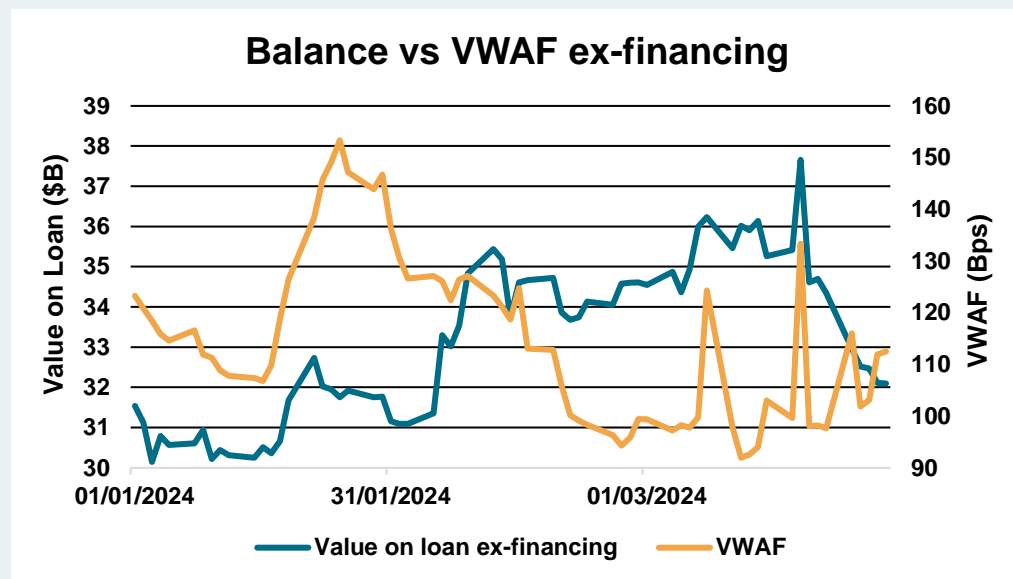


# ETF's – Top revenue generators

Top 10 revenue generators -ETP's Q1 2024				
Ticker	Name	SL Revenue (\$M)	Market	Sedol
LQD	Ishares Iboxx Invt Grade Bond Etf	12.31	US ETF	2971502
MUB	Ishares National Muni Bond Etf	3.69	US ETF	B24DX21
HYG	Ishares Iboxx High Yield Bond Etf	2.85	US ETF	B1VZ486
TQQQ	Proshares Ultrapro Qqq Etf	2.58	US ETF	B6493J4
XBI	Spdr S&P Biotech Etf	2.34	US ETF	B0Y90K2
IWM	Ishares Russell 2000 Etf	2.07	US ETF	2622059
VTEB	Vanguard Muni Bnd Tax Exempt Etf	1.73	US ETF	BYYK4Y5
ARKK	Ark Innovation Etf	1.73	US ETF	BSBNFV9
CNYA	Is Msci China A Ucits Usd (Acc) Etf	1.71	IE ETF	BQT3WFO
SPY	Spdr S&P 500 Etf	1.64	US ETF	2840215

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# Depository Receipts



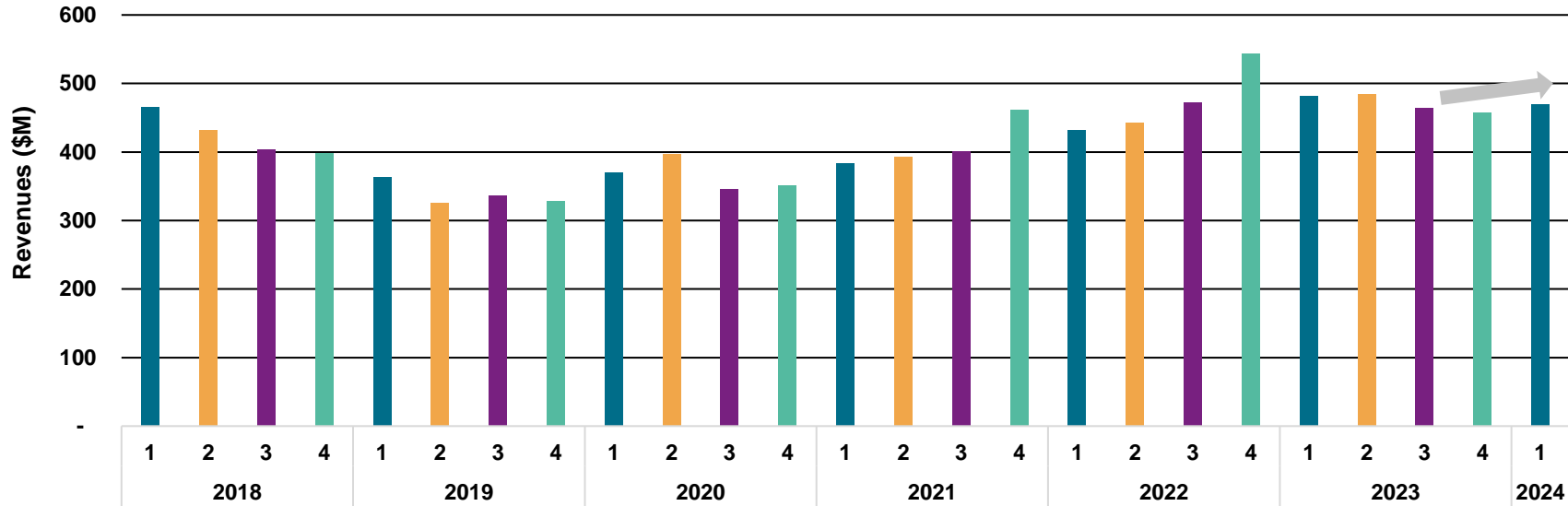
### Top 5 Revenue Generators - Q1 2024

Ticker	Name	SL Revenue (\$M)	Market	Sector	SEDOL
ARM	Arm Holdings ADR	12.77	UK ADR	North America Semiconductors & Semiconductor Equipment	BNSP5P7
UMC	United Micr Elctrns ADR Rep 5 Ord	6.24	TW ADR	North America Semiconductors & Semiconductor Equipment	2634117
PSNY	Polestar Automotive Hld Cl A Ads	6.24	SE ADR	North America Automobiles & Components	BM9VBN7
NIO	Nio Ads Rep 1 Cl A Ord	5.49	CN ADR	North America Automobiles & Components	BFZX9H8
OTLY	Oatly Group Ads Rep Ord	3.26	SE ADR	North America Food, Beverage & Tobacco	BNNTQY0

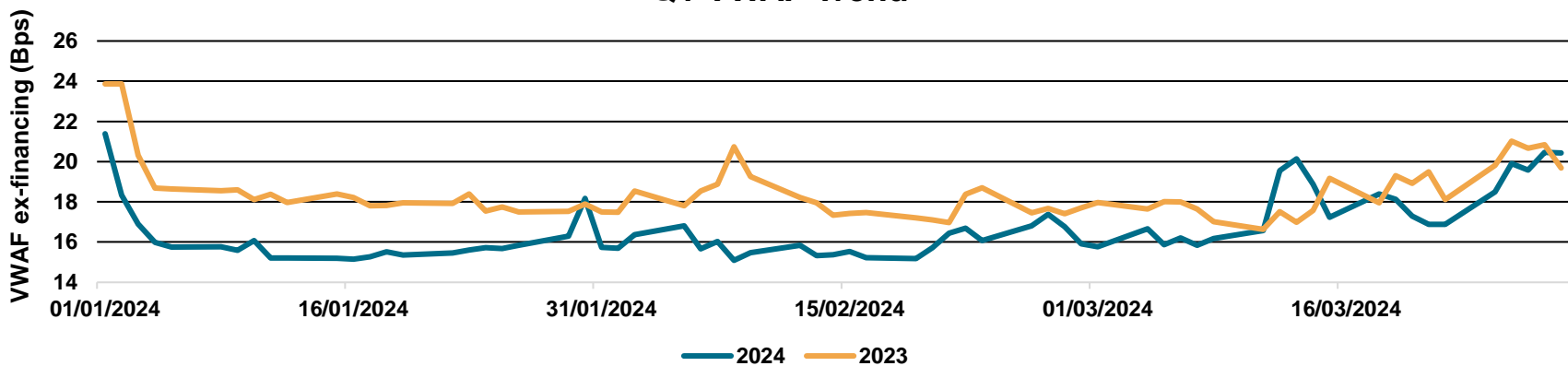
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# Government bond fees and revenues trend lower YoY



Q1 VWAF Trend



Revenues increased QoQ and appear to be stabilizing

Average fees increased towards the end of the quarter

# Government bonds – Top borrows

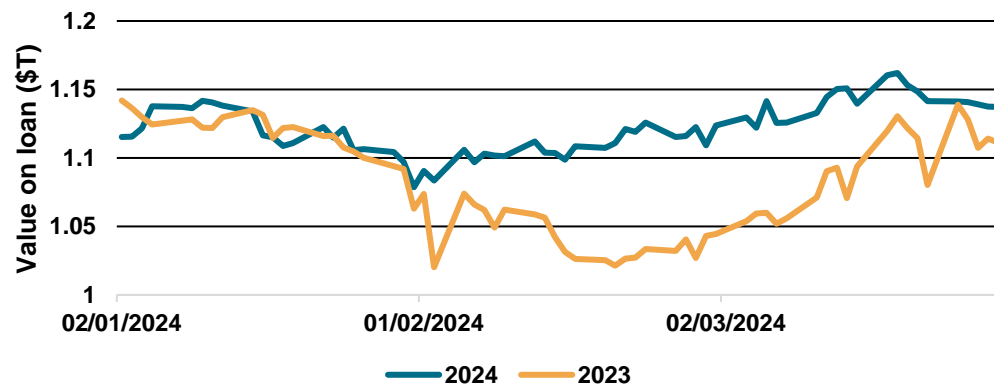
Top revenue generators - Government bonds Q1 2024

Cusip	Name	SL Revenue (\$M)	Market
912810TZ1	United States Treasury (4.5% 15-Feb-2044)	10.77	US Govt Bond (Bonds) (Fixed Rate)
91282CJV4	United States Treasury (4.25% 31-Jan-2026)	6.43	US Govt Bond (Notes) (Fixed Rate)
91282CJZ5	United States Treasury (4% 15-Feb-2034)	4.46	US Govt Bond (Notes) (Fixed Rate)
912810TW8	United States Treasury (4.75% 15-Nov-2043)	4.25	US Govt Bond (Bonds) (Fixed Rate)
91282CKD2	United States Treasury (4.25% 28-Feb-2029)	3.12	US Govt Bond (Notes) (Fixed Rate)
91282CDY4	United States Treasury (1.875% 15-Feb-2032)	2.80	US Govt Bond (Notes) (Fixed Rate)
91282CEP2	United States Treasury (2.875% 15-May-2032)	2.79	US Govt Bond (Notes) (Fixed Rate)
91282CGM7	United States Treasury (3.5% 15-Feb-2033)	2.78	US Govt Bond (Notes) (Fixed Rate)
91282CFF3	United States Treasury (2.75% 15-Aug-2032)	2.62	US Govt Bond (Notes) (Fixed Rate)
91282CDN8	United States Treasury (1% 15-Dec-2024)	2.56	US Govt Bond (Notes) (Fixed Rate)

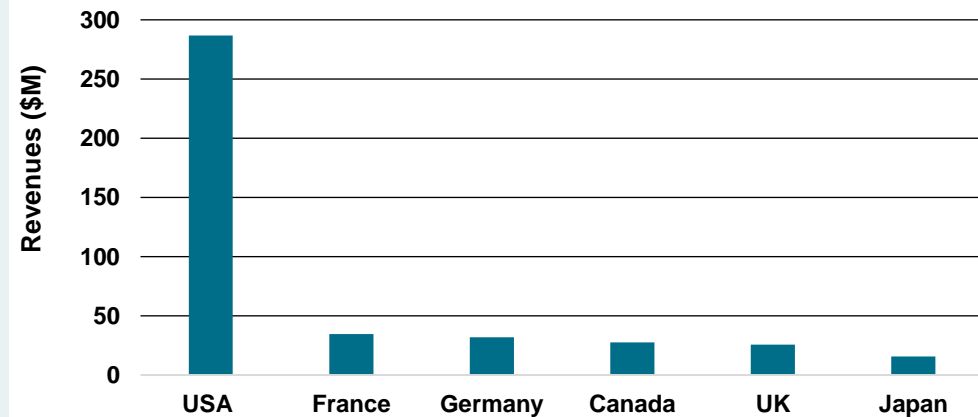
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Balance trend

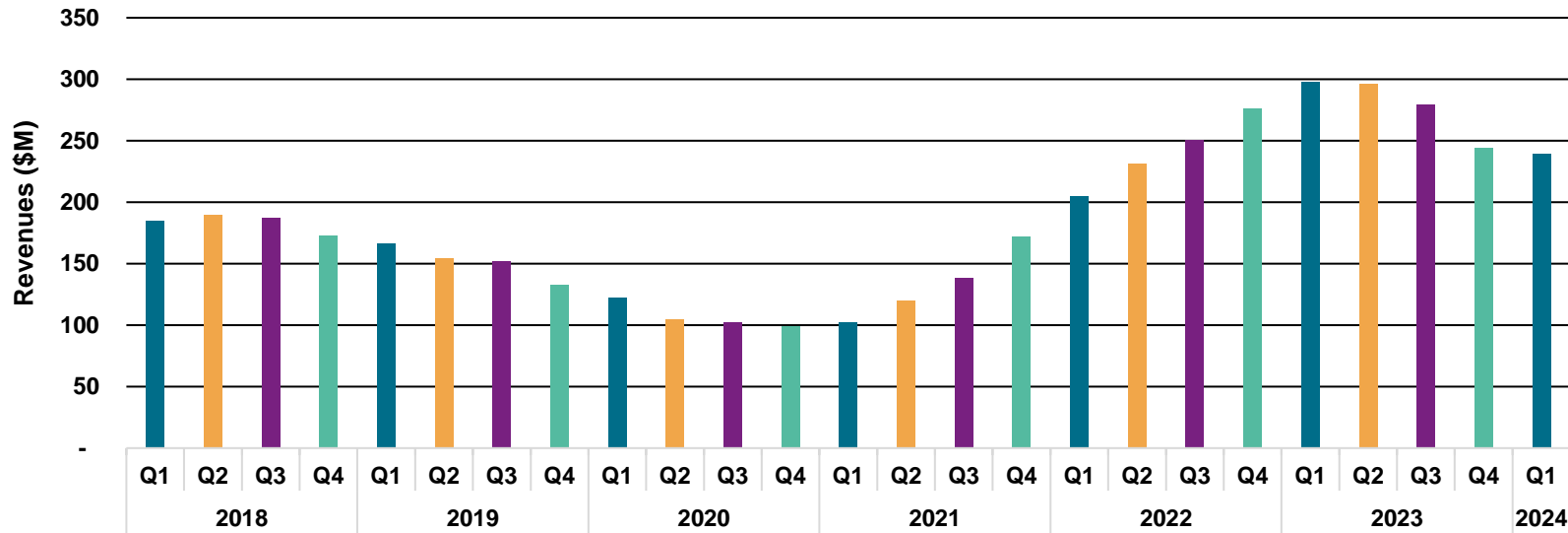


Revenues By Country of issue

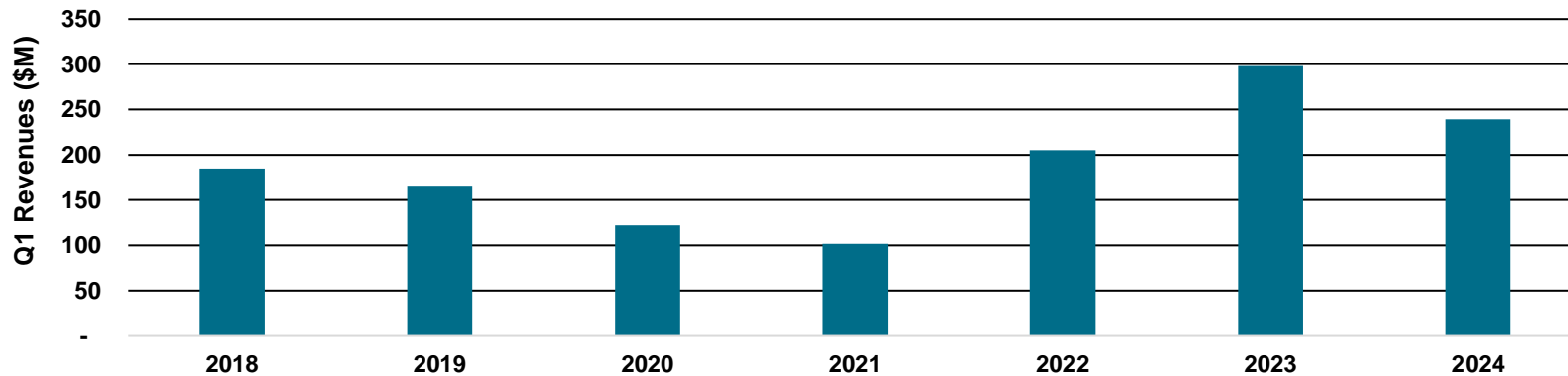




# Corporate bond revenues decline QoQ and YoY



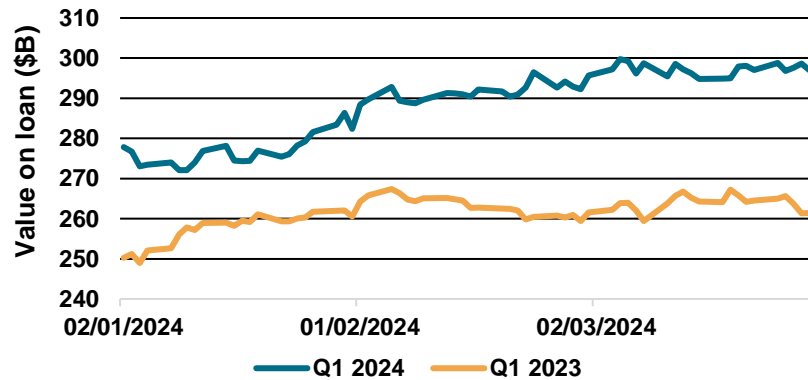
Q1 revenues



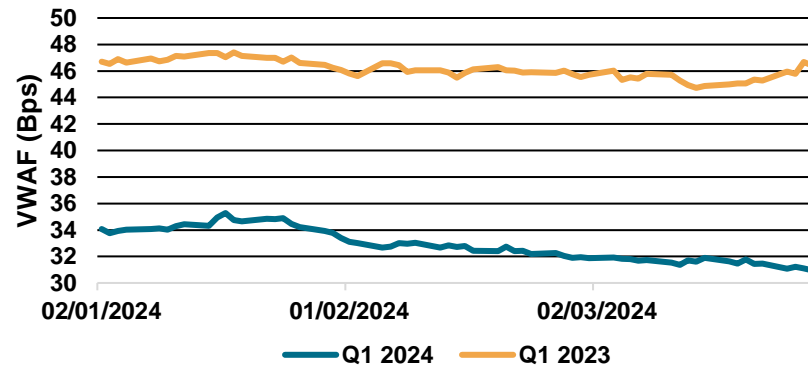
Q1 revenues remained elevated despite declining YoY

# Corporate bond fees fall but balances grow over the quarter

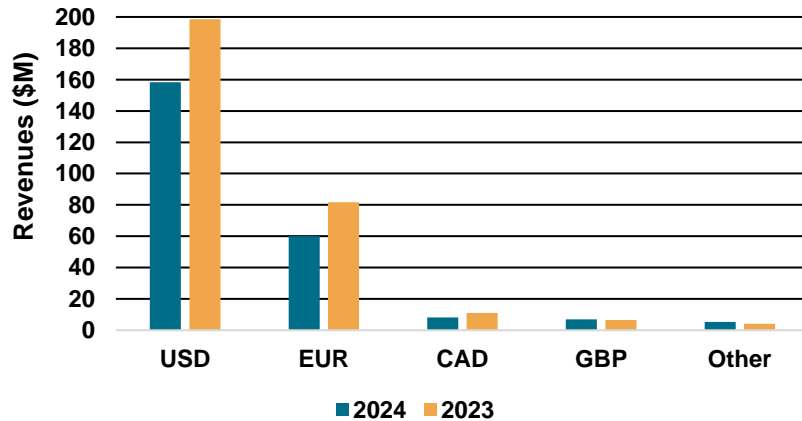
### Balance trend



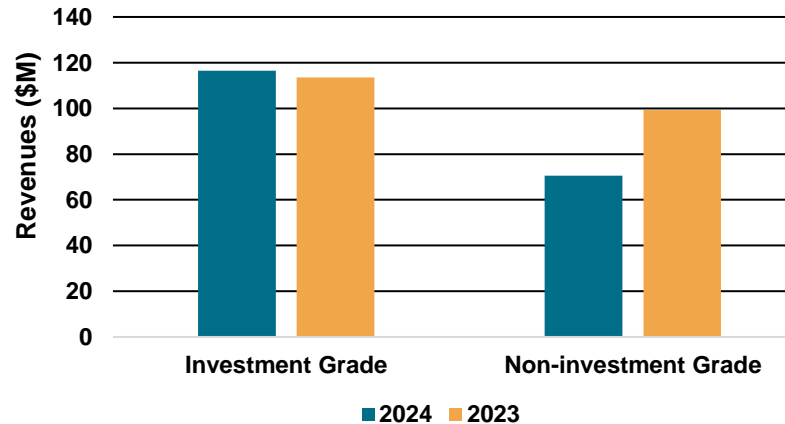
### Fee Trend



### Revenues by denomination



### Revenues by investment grade



Despite lower fees YoY, average balances remain elevated

# Corporate Bonds – Top revenue generators

**Top 10 revenue generating Corporate Bonds - Q1 2024**

Cusip	Name	SL Revenue (\$K)	Market	Bond Type
14817C115	Cassava Sciences Inc	2,933.88	USD N.I.G.	USD N.I.G. Conv Bond (Fixed Rate)
88579YBD2	3M Co (4% 14-Sep-2048)	2,007.19	USD I.G.	USD I.G. Corp Bond (Fixed Rate)
09061GAK7	Biomarin Pharmaceutical Inc (1.25% 15-May-2027)	1,829.96	USD N.I.G.	USD N.I.G. Conv Bond (Fixed Rate)
037833EV8	Apple Inc (4.3% 10-May-2033)	1,359.34	USD I.G.	USD I.G. Corp Bond (Fixed Rate)
410345AQ5	Hanesbrands Inc (9% 15-Feb-2031)	1,356.99	USD Priv.	USD Priv. Placemt Corp Bond (Fixed Rate)
345370CS7	Ford Motor Co (5.291% 08-Dec-2046)	1,259.18	USD N.I.G.	USD N.I.G. Corp Bond (Fixed Rate)
55342UAG9	Mpt Operating Partnership Lp (5.25% 01-Aug-2026)	1,088.50	USD N.I.G.	USD N.I.G. Corp Bond (Fixed Rate)
553283AC6	Mph Acquisition Holdings Llc (5.75% 01-Nov-2028)	1,086.65	USD Priv.	USD Priv. Placemt Corp Bond (Fixed Rate)
92840JAD1	Vistajet Malta Finance Plc (7.875% 01-May-2027)	1,043.93	USD Priv.	USD Priv. Placemt Corp Bond (Fixed Rate)
88579YAY7	3M Co (2.875% 15-Oct-2027)	919.54	USD I.G.	USD I.G. Corp Bond (Fixed Rate)

Source : S&P Global Market Intelligence Securities Finance

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# Revenues cool further during Q1

A continuation of Q4 with rising asset valuations and falling securities lending revenues

- Continued increases in asset valuations and low volatility led to a decline in both demand and revenues
- Can company fundamentals catch up with recent moves in market valuations? Do investors care?
- IPO and corporate activity has been increasing as valuations reach all time highs.
- Substantial risks remain – Geopolitical risk, higher for a lot longer in the US and impending election risk.
- Positive signs of improvements seen heading into Q2 with an increase in specials activity and higher monthly revenues.
- Securities lending activity set to benefit from possible over exuberance in the coming quarters.



Securities finance Q1 2024 market activity review webinar



# Jim Moroney

**Managing Director, Head of Global Equities and  
Corporate Bond Trading, eSecLending**

# Mike Brooks

**Vice President, Head of the U.S. Investment  
Management and Fixed Income Lending  
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<https://www.esecclending.com>

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Please send all questions to.....

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Thank you for your participation

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