The Global Pulse

Brokerage, Research, Sales &
Trading Edition 7
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S&P Global
Market Intelligence

Welcome

Welcome to the 7th edition of The Global Pulse.

In this edition, our main article focuses on the return of in-person events and its impact to corporate access teams.

Does a strong comeback for in person meetings signal the death of Virtual Meetings?

How has corporate access transformation impacted the buyside's evaluation process?

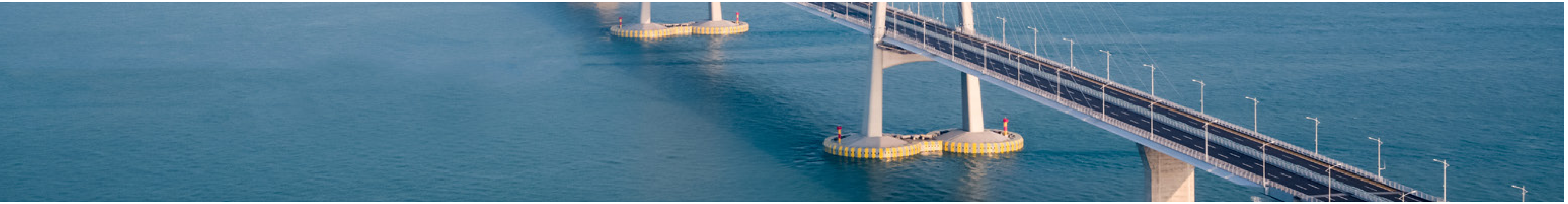
Our Brokerage, Research, Sales, and Trading group tackles these topics and more through a number of detailed interviews with market participants and experts.

Read through our commentary and market observations, check out the event management statistics/charts sourced from our roadshow and conference solutions and as always, please reach out to us with all your feedback.

Best,
McEvans Francois
Head of BRS&T

McEvans Francois
Head of BRS&T

The Return Journey to In-Person Events



As we transition into the second half of 2022, it is a good time to take a step back and analyze where we are in the world of corporate access, coming out of the pandemic.

A year ago, if a meeting, event, or conference was taking place between Issuers and Investors, the venue was very likely to be virtual. Conversations we had in 2021 with many broker-dealers often involved a discussion of whether their corporate access desks were planning to launch their version of a 'hybrid' event or remain virtual for the foreseeable future.

In the second half of 2022, we wanted to re-visit positions and predictions from last year, share industry insights on our observations with clients and prospects, and provide a few different points of view in the manner of direct feedback from some of the top industry practitioners.

Common themes from our conversations

The volume of virtual corporate access meetings and the overall appetite for investors to meet with corporates has increased dramatically. One client shared that the virtual world has derailed 'Business As Usual' for them. "As a small team, support proved rather difficult as corporate access is consumed in erratic ways and investors jump in and out of interest and focus" (boutique broker-dealer).

30% decrease in in-person attendance (large global bank). This is consistent with many client conversations we've had this year on the topic. There are some investors that are no longer interested in travelling as they once did. Some of our broker-dealer clients are now investing in dedicated virtual days in their conference to help capture the market they once had.

There is no shortage of corporates who want meetings and non-deal roadshows, but it is now difficult to find high quality investors that will pay for meetings. An Investor Relations consultant who provides corporate access services told us "While hedge funds (who do pay) are "over consuming", that's not what their corporate clients want. The business was always, you get 60% quality investors in the room who don't pay (or pay less), and that gets the corporates to come, and the 40% hedge funds pay for the day. Now that the 60% aren't attending any more, the model fails."

Industry Expert Interviews

Last year, while under the IHS Markit brand, we hosted a webinar, where popular opinion within the corporate access community was that virtual meetings are here to stay, no one has a true hybrid answer, the industry was losing long held in person meeting practices but gaining more analytics. How do you feel that that has all played out now being about 1 year removed?

- TS:"I still believe virtual meetings are here to stay. We've learned that we can conduct a much broader investor outreach if we are able to host hybrid meetings which in part makes for a very productive use of management's time. I would say that most of our NDRs have had a mix of 3-4 in-person meetings and 2-3 virtual meetings. A corporate can be marketing in New York host 4 meetings with NY investors along with an EU investor and 1-2 West Coast investors. The hope is that after a virtual introduction with an investor it will potentially lead to an in-person meeting request."
- RM: "In my view, our understanding as to what was unfolding was accurate. I do believe that virtual meetings are here to stay – currently our corporate access is approximately 50/50 in-person vs. virtual with some regions, like Texas being almost exclusively in person. There are certainly regional and seasonal dynamics as well with both Monday/Friday being days to avoid in the summer. Regarding hybrid, my view is consistent – it's very challenging to allow conference participants to join virtually without creating issues with both companies and investors. There is some exception – for example if participants in a 1x1 meeting would like to include others from their own firm who are not able to attend live. We have evolved into a place where we have more flexibility and can accommodate many different possible scenarios and while things have changed, I wouldn't say we have lost long held in person meeting practices."
- Anon.: "Agree that virtual meetings are here to say, they provide a great option for intro meetings and quick updates/maintenance interactions, but we have recently seen an uptick in corporates traveling to visit our offices and urgency for our investors to meet in person."

What do you think is the biggest factor behind the estimation that 30% of participants have lost interest in being in-person?

- TS: “I think it’s a combination of variables. Convenience being the largest. Clients can work productively from home (something that wasn’t always an option) and are able to maximize their time and create better efficiencies. Cost of travel and the uncertainty of flights being delayed and/or cancelled have also really played a big role. I think clients are also being much more strategic with their time and travel overall.”
- RM: “While I think there is a combination of factors at play which include expenses, ultimately there might be ESG considerations, safety, convenience etc. I think the biggest factor is that through the pandemic, both companies and investors have come to realize how much they can accomplish without travel. They can be more discerning and striate they’re in person vs. virtual participation based on their priorities. Ultimately, our offerings on the sell side will need to be more differentiated.”
- Anon.: “This number seems off for our firm, there is an urgency to return to in person meetings to connect with issuers, build relationships outside of the structured meeting time and to visit company HQs to glean a true understanding of company culture.”

Based on your observations this year, which party (buyside or sellside) is driving the decision between the choice of in-person vs virtual attendance?

- TS: “I believe it’s more of the Issuer. Corporates are requesting in-person NDRs/meetings with us every week. We have hosted many in-person NDRs over the last few months and almost all of them have had a hybrid model.”
- RM: “This is very much a two-way street with both companies and investors articulating that they are more selective as to which events they will/will not travel to in person. However, for conferences and summits, this process usually begins with company management. At Truist Securities we are very focused on creating a differentiated offering and believe that our SMID cap focus has enabled us to continue to drive attendance. For non-deal roadshows, there are still some regional differences that are helping to drive the discussion – for example, if a company would like to market in Texas it’s very difficult to do so unless they plan to be in person as investors there have a full slate of in person meetings so companies that prefer virtual have a difficult time competing. Other geographies can be more flexible depending on the company/investor.”
- Anon.: “From the buyside perspective, investors seem to be driving the meeting format. Of course, we will proceed however the issuer prefers, but our in-person meeting requests are growing and are largely accommodated.”

Given the increase in Corp access demand, are you evaluating investor fit by any new criteria outside of direct ownership, peer ownership and/or specific targets indicated by the issuers (ESG investment, alternative data indicators, etc.)?

- TS: “Yes, we are always learning and strategizing on how we can make those important introductions. We look a lot at our internal resources: research readership, participation in our group investor or KOL calls along with investors specific principles and or objectives.”

The Panellists

Robin Mann
Head of Corporate Access,
Truist Securities

Tyler Stroka
Head of Corporate Access,
Cantor

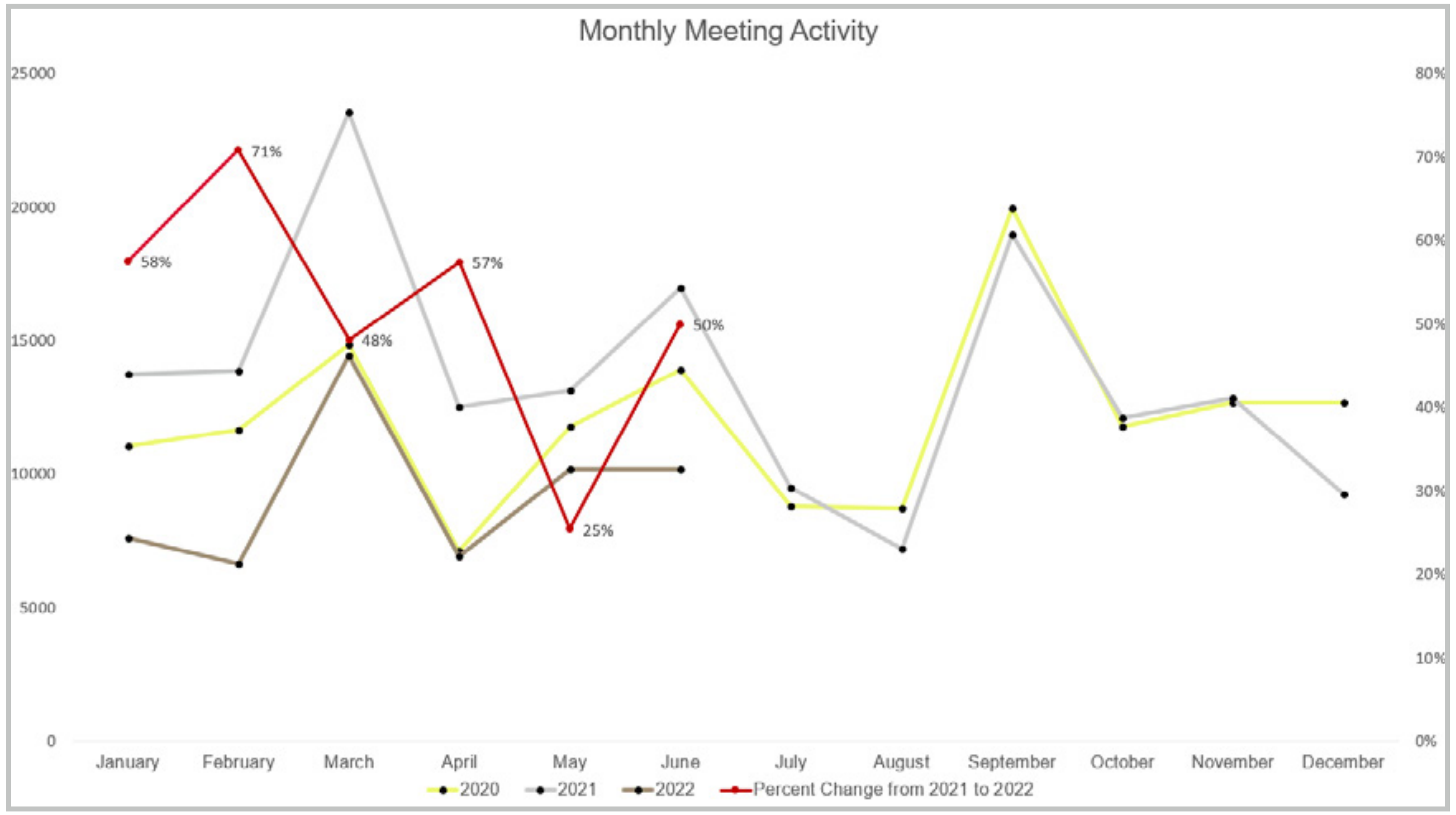
Anonymous Buyside

In-Person vs. Virtual Event Data

Themes and Commentary

In the early stages of the pandemic in 2020, the market was on a learning curve for how to best handle corporate access meetings. This can help explain the disparity in the number of virtual vs. in-person meetings in Q1 and Q2 2020. Once the virtual model was established in the latter half of 2020 virtual replaced in-person and volumes exceeded prior years.

- Between 2021 and 2022, corporate access meeting activity has declined by around 25%.
- The period Q1-Q2 of 2021 (compared to Q1-Q2 2022) averaged approximately 50% more meetings per month. In January, February, and April 2021 the number of meetings were more than twice the number in the comparable months of 2022.
- March was the month with the highest activity for both 2021 and 2022. March averages over 25% of all meetings held during Q1 & Q2. Spring conference season is a major driver. In 2020, September was the month with most meetings.



In-Person vs. Virtual Event Data

Deal-Related Event Themes

- The gap in yearly meetings arranged by the sell-side between 2021 and 2022 is largely due to a lack of equity deals and capital formation in the market.
- Deal-related events have declined this year with leading book runners seeing a crushing decline in overall deal activity. As of June 2021, top book runners were involved in over 80 deals each. During the same time frame in 2022, they have only been a part of approximately 4-6 deals.

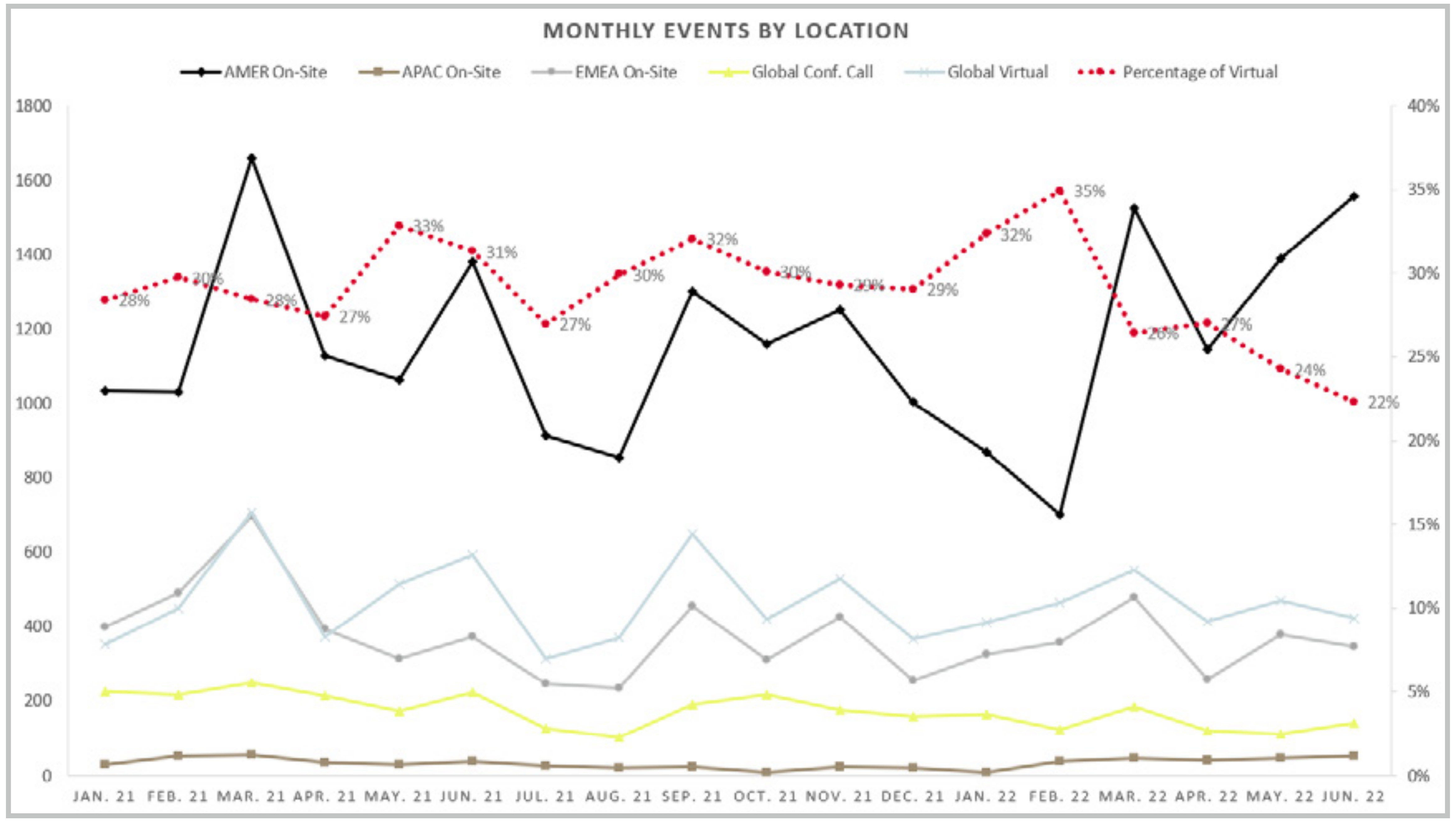
Year-over-Year Activity by Leading Bookrunners

Broker	2022 #	2021 #	YoY # Δ	2022 ($M)	2021 ($M)	YoY $ % Δ
J.P. Morgan	6	85	-79 ↓	449.3	9,971.5	-95.5 ↓
Morgan Stanley	6	77	-71 ↓	416.0	9,747.2	-95.7 ↓
BAML	6	77	-71 ↓	340.9	7,319.3	-95.3 ↓
Evercore	5	20	-15 ↓	299.8	1,208.4	-75.2 ↓
Barclays	4	50	-46 ↓	280.5	4,719.1	-94.1 ↓
Goldman Sachs	4	85	-81 ↓	250.6	9,805.8	-97.4 ↓
Wells Fargo	3	21	-18 ↓	244.9	1,709.1	-85.7 ↓
Jefferies	4	44	-40 ↓	211.1	2,947.5	-92.8 ↓
Stifel	4	14	-10 ↓	156.3	739.2	-78.9 ↓
Citi	2	53	-51 ↓	148.9	6,471.4	-97.7 ↓

In-Person vs. Virtual Event Data

Monthly Regional Trends

- Through most of 2021, the choice for in-person versus virtual events was much more volatile, whereas in 2022 there is a bit more consistency with the numbers.
- The dramatic increases in virtual events during the year is likely due to new variants or spikes in COVID cases during 2021 combined with the lack of willingness to travel.
- Based on the percentage of virtual events from month to month, there is a downward trend that can be seen starting in February 2022. We expect this trend to continue throughout the summer and into the fall of 2022.
- With fewer events, the end of the pandemic, and a strong desire to get back to in-person events, virtual events will remain steady or possibly decline while overall event volume remains low. However, as volumes increase and we experience a reversion to the mean, investors will again find that virtual events will be a significant way to remain cost effective and efficient when meeting with issuers
- Virtual events may offer a wider net of attendees, but the in-person events provide an opportunity for interpersonal communication outside of the event itself that can be crucial to building connections with all groups involved.



McEvans Francois
Head of BRS&T

Newton Ray
Senior Associate,
Product Design & Analysis

How We Help the Asset Manager

A common hurdle for asset managers to jump as they assess their broker and research provider evaluation results, is the importance of making effective use of the data, particular when there are multiple teams participating in the review.

Here in BRS&T, we have analyzed how our more complex asset management company clients with multiple investment teams using our Research Evaluation & Payments (RE&P) solutions utilize the results of their evaluation processes. Our review has found that data collected from formal evaluation processes often ends up in multiple internal team scorecards, co-mingling all counterparty results and used only for internal provider analysis and budget allocation. Frequently lacking is the sharing of data with the broker or research provider in any meaningful way as a means of providing service feedback.

Clients we spoke to informed us that it requires too much effort extracting data from multiple Excel files and reorganizing it for a provider summary and needed a way to automatically collect evaluation results for a single service provider in a consolidated view. Such a view would enable a meaningful and constructive conversation and review of the evaluation results with the relevant service provider. This led us to develop enhancements with two main goals in mind.

- Greatly reduce administrative effort for our clients to operate multiple team level evaluations
- Allow for an easy process to generate a single PDF formatted provider scorecard that combines multiple team results

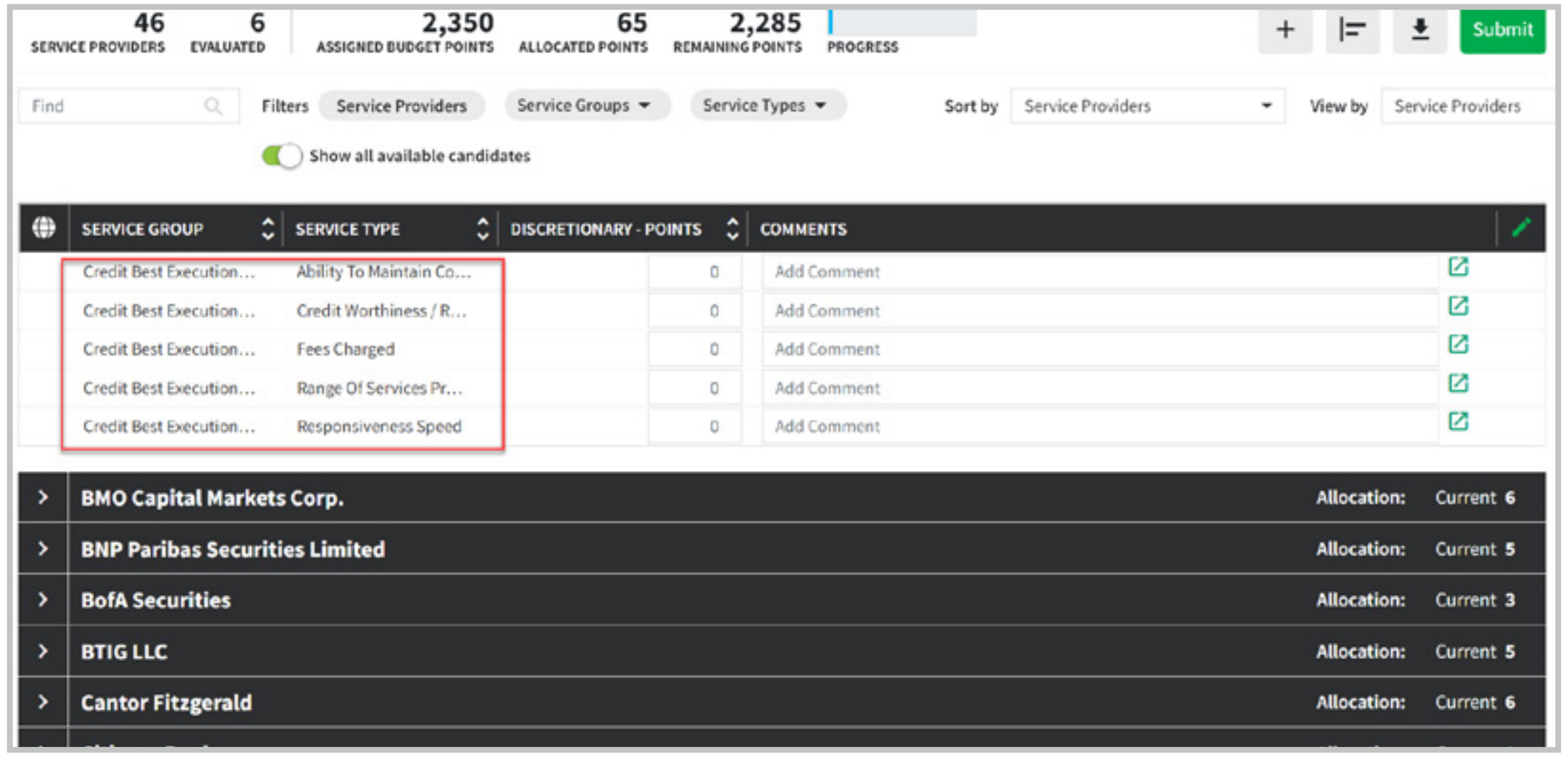
Our RE&P Client Success team recently worked with a large US-based asset management company who maintained separate reviews and internal spreadsheets for their best execution credit, equity and structured credit products teams. The client needed a way to reduce their administrative efforts and make better use of their evaluation process scorecards. We advised the client that by using our Evaluation system, rather than operating three evaluation periods they could consolidate them into one by assigning team roles for each evaluator.

LEVEL 4

Teams

BUSINESS UNIT	TEAM	EVAL ADMINS	EVALUATORS
Research	Analyst	0	23 Evaluators
Best Execution	Credit	0	5 Evaluators
Best Execution	Equity	0	3 Evaluators
Best Execution	Structured Credit Products	0	5 Evaluators

Since each team has different evaluation criteria and service providers, it was necessary to ensure evaluation ballots were customized at the team level. This was made possible by assigning evaluation services and providers to the team. Each evaluator would then automatically be presented with the evaluation criteria customized at that team level, along with the service providers to be evaluated. After each participant submitted their review using Evaluation, results were populated in a customized provider scorecard consolidating in one place the credit, equity and SCP team results.



OVERALL RANK

1 of 4

INTERACTIONS

TYPE	CONSUMED

SERVICES

GROUP/TYPE	AVG. DISC.
Credit Best Execution Review	
Ability To Maintain Confidentiality	7.00
Credit Worthiness / Reputation	8.50
Fees Charged	8.50
Range Of Services Provided	8.00
Responsiveness Speed	8.00
Equity Best Execution Review	
Attention to Account	6.00
Capital Commit	7.00
Credit Worthiness / Confidentiality	4.00
Execution	8.00
Liquidity / Flow / Crossing	5.00
Product Diversity / Market Color	4.00
Speed / Responsiveness	2.00
SCP Best Execution Review	
Ability to Maintain Confidentiality	7.50
Credit Worthiness / Reputation	8.50
Fees Charged	8.50
Range of Services Provided	8.50
Responsiveness Speed	8.50

Ability To Maintain Confidentiality

DISCRETIONARY VALUE Avg. 7.00 Total 14.00

First Name	Last Name	Role	Team	Region	Disc.	Comments
Kirsten			Best Execution: Credit Research: Analyst		9.00	-
Scott			Best Execution: Credit Research: Analyst		5.00	-

Credit Worthiness / Reputation

DISCRETIONARY VALUE Avg. 8.50 Total 17.00

First Name	Last Name	Role	Team	Region	Disc.	Comments
Kirsten			Best Execution: Credit Research: Analyst		9.00	-
Scott			Best Execution: Credit Research: Analyst		8.00	-

Fees Charged

DISCRETIONARY VALUE Avg. 8.50 Total 17.00

First Name	Last Name	Role	Team	Region	Disc.	Comments
Kirsten			Best Execution: Credit Research: Analyst		9.00	-
Scott			Best Execution: Credit Research: Analyst		8.00	-

Range Of Services Provided

DISCRETIONARY VALUE Avg. 8.00 Total 16.00

First Name	Last Name	Role	Team	Region	Disc.	Comments
Kirsten			Best Execution: Credit Research: Analyst		9.00	-
Scott			Best Execution: Credit Research: Analyst		7.00	-

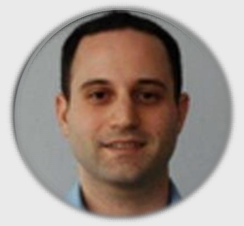
Responsiveness Speed

DISCRETIONARY VALUE Avg. 8.00 Total 16.00

First Name	Last Name	Role	Team	Region	Disc.	Comments
Kirsten			Best Execution: Credit Research: Analyst		9.00	-

By using team assignments features in Evaluation, the evaluation process can be setup for specific providers and criteria at the team level, and easily allow administrators to generate a consolidated scorecard that can be shared with providers.

If you have challenges in your research and other service provider evaluation process, please contact us for a conversation and a demo of Evaluation.



Joel Gamzon
Client Success Manager

October 2022 Commentary

The latest IMI survey highlighted that US equity investors remained risk averse in August due to market headwinds from the increasingly gloomy global macroeconomic outlook, geopolitical tensions with China and the Russia-Ukraine war, as well as high inflation and the subsequent trajectory of policy tightening by the Federal Reserve.

The Risk Appetite Index derived from the survey rose slightly from July, posting its second-highest reading since February. That said, the latest reading is still indicative of a market mired in risk aversion. As such, expectations of near-term US equity market returns remain largely pessimistic, with overall sentiment hitting the lowest in the survey history.

All factors bar shareholder returns are seen as acting as a drag on the market for the third month in a row. The global macroeconomic environment, geopolitics and central bank policy are viewed as the biggest drags on the US equity market, reflecting a weaker economic outlook and high inflation. More positively, the drags on the market coming from the domestic economy and equity fundamentals are the least severe since May and June, respectively.

By sector, healthcare stocks are the most favored, with energy also seeing an improvement in sentiment. In fact, of the 11 monitored sectors, 10 recorded improving sentiment on a monthly basis with only communications services registering a deterioration since July. That said, 8 of the 11 monitored sectors are reporting a negative outlook, with real estate and consumer discretionary stocks at the bottom of the rankings, the latter being the least-favored sector for the sixth month in succession.

Given the downside risks faced by US equity investors, just over a fifth of investors are likely to be revising their expectations for earnings over the next quarter lower for the third consecutive month. By category, only mutual funds are displaying positive sentiment towards earnings over Q3.

To access the PDF of the Index, please click here.

For a copy of the full report and data, please contact economics@spglobal.com

Luke Thompson
Managing Director,
Economic Indices

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S&P Global Market Intelligence

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