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**IA Summit
October 2023**

How we got here
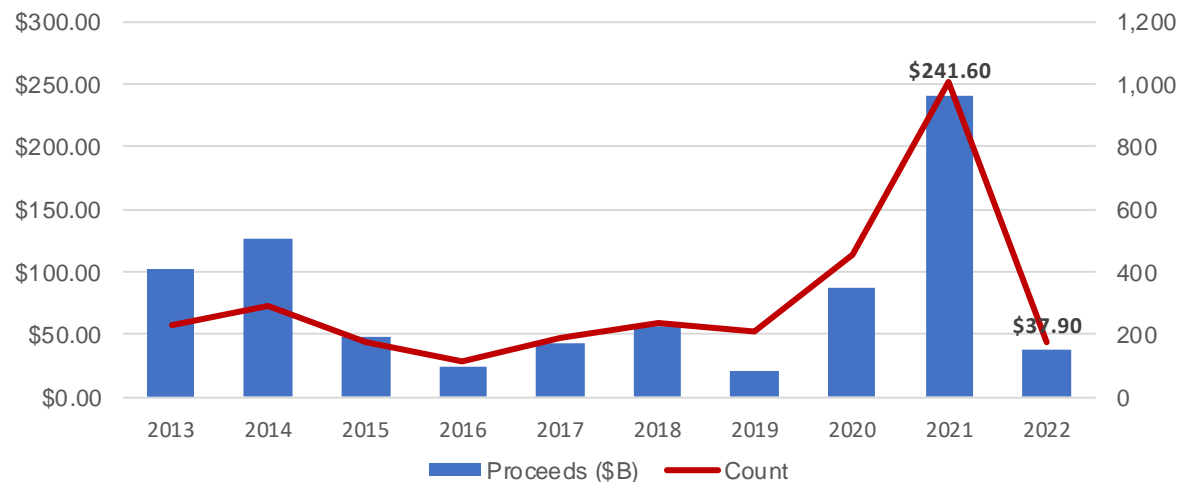
Market Performance 2013 - 2022FY

Legend: S&P500, Nasdaq, Dow Jones

IPO Issuance 2013FY - 2022FY

Labels: $241.60, $37.90

Legend: Proceeds ($B), Count
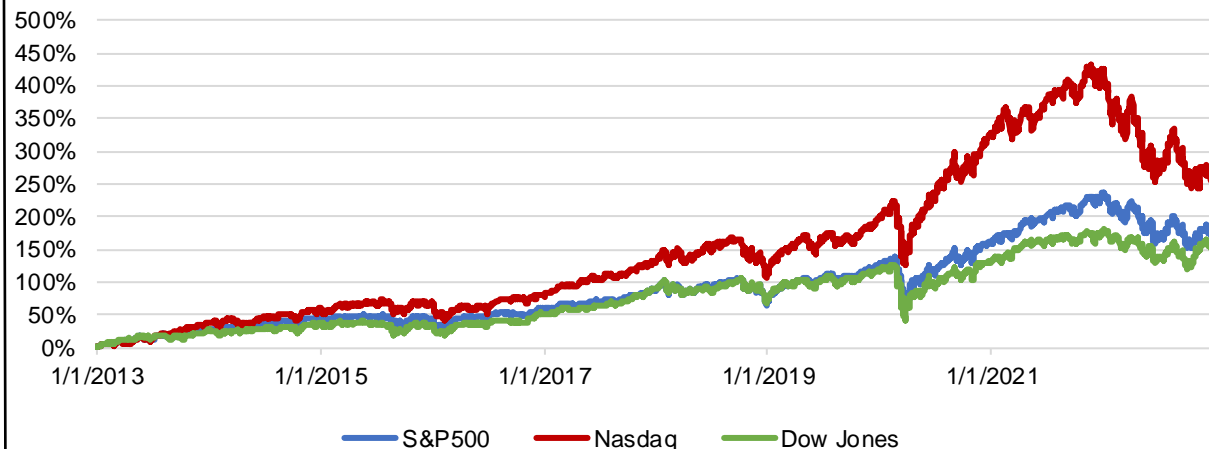
Pre-2021 Investor Themes

- Focus on risk/leverage
- Open window across all forms of ECM
  - IPOs
  - FOs
  - Equity-linked
  - PIPEs
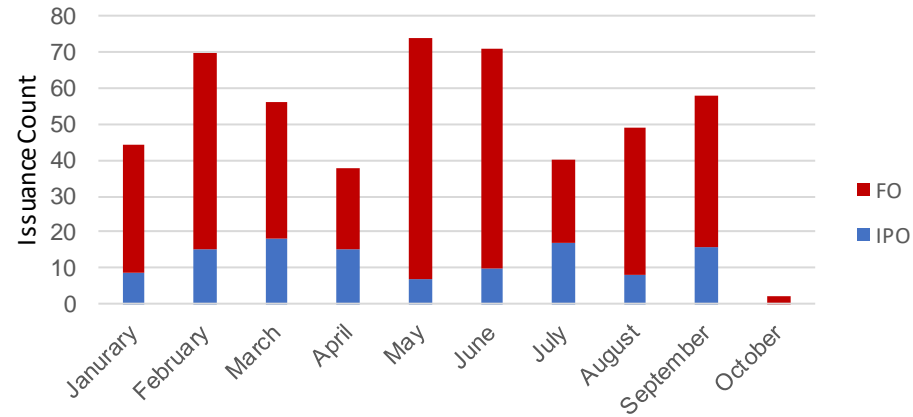 - Private Placements
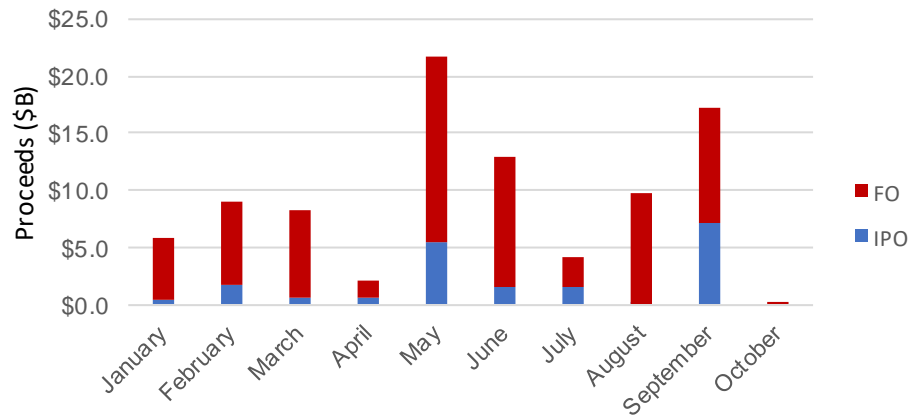 - SPACs

Post-2021 Investor Themes

- Focus on visibility of earnings/FCF vs growth
- Downside protection
- Premium placed on cash flow, profitability and growth at scale
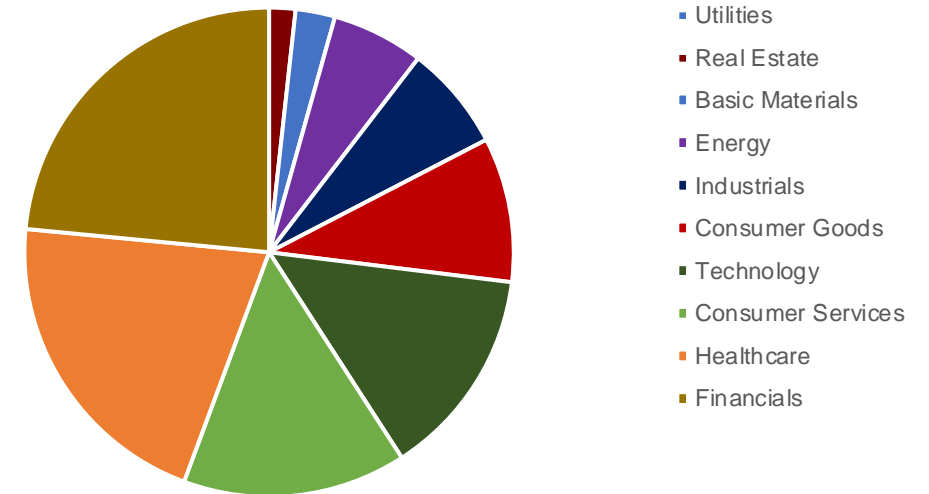
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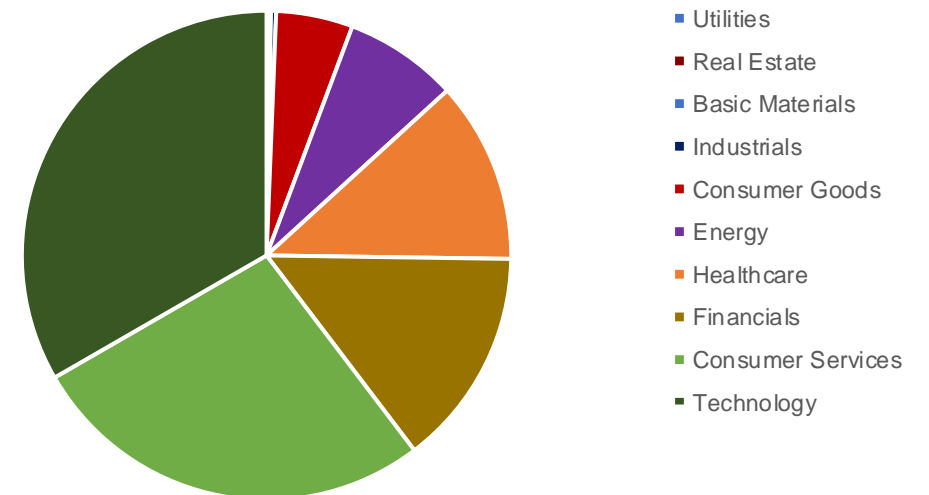# Where we are

Monthly Issuance Count (2023 YTD)

IPO Sector Issuance Count (2023 YTD)
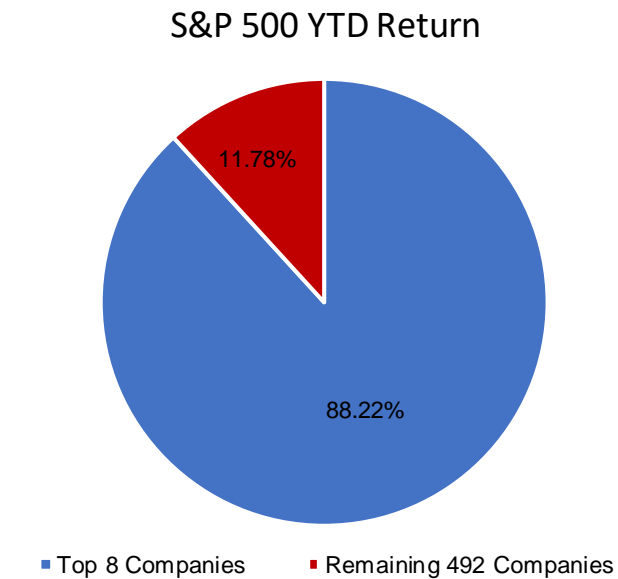

Monthly Issuance Proceeds (2023 YTD)

IPO Sector Issuance Proceeds (2023 YTD)
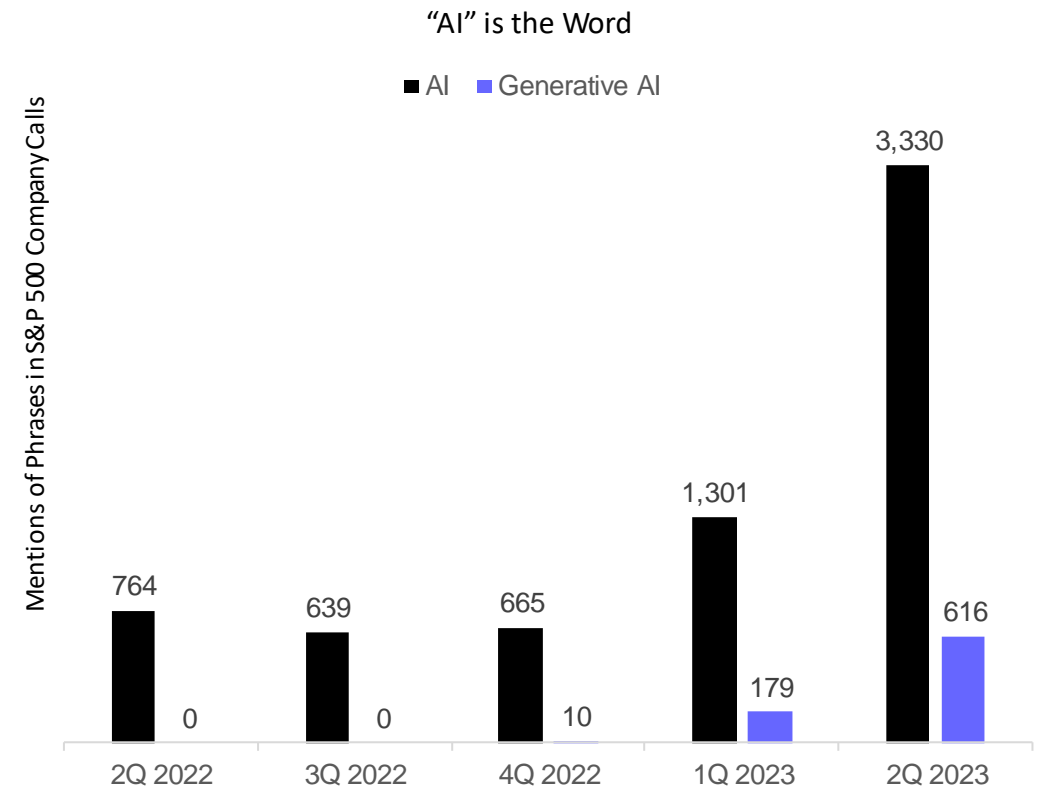
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Artificial Intelligence within Public equities

Everything everywhere all at once

Small subset of AI companies have represented outsized investor returns

S&P 500 YTD Return

- ■ Top 8 Companies
- ■ Remaining 492 Companies

11.78%

88.22%

↗ The top 8 companies of the S&P 500 contribute 88% of the YTD returns

Issuers Earnings announcements including references to AI

"AI" is the Word

- ■ AI ■ Generative AI

Mentions of Phrases in S&P 500 Company Calls

	2Q 2022	3Q 2022	4Q 2022	1Q 2023	2Q 2023
AI	764	639	665	1,301	3,330
Generative AI	0	0	10	179	616

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Ongoing impact of AI within the Asset Management industry

Traditional asset management

Accuracy of models at predicting post-earnings market reactions
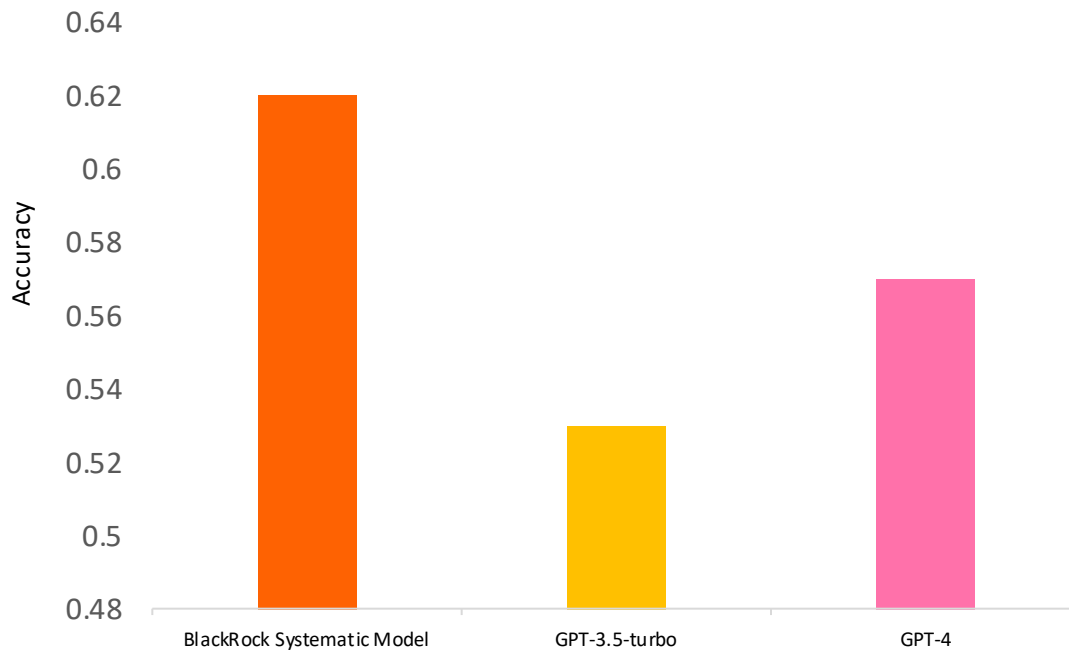
Source: BlackRock Systematic, as of May 2023. This analysis is based on a sample of 200 earnings calls. The analysis computes the prediction for each model and compares it with return outcomes (positive or negative) based on future 3-day stock returns. The accuracy is computed as the fraction of predictions that were correct for each model..

↗ **Hedge fund Usage**
- In 2017, 9% of hedge fund managers utilized AI tools to achieve portfolio returns
  - *Source: Preqin*
- In 2023, it is expected to be >90%
  - *Source: Hedge Week*

↗ **Private Equity**
- Large alternative managers uniquely challenged in managing big data
  - Challenges with size (i.e., small to large data sets) vs. structured data (traditional vs. alternative)
  - Challenges with the "Big 4Vs"
    - Volume
    - Variety
    - Velocity
    - Veracity

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The road ahead

↗ **Macro Issues**

   ↗ Broader secondary market

   ↗ VIX

   ↗ Impact of rate environment

   ↗ Inflation

↗ **Deal execution Issues**

   ↗ Smaller windows of issuance activity

   ↗ Emphasis on execution strategy

   ↗ After-market performance

↗ **Investor Issues**

   ↗ Growth vs profitability

   ↗ Valuation

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