

Investor Relations Monthly

September 2022

Please find below the September 2022 edition of a monthly newsletter published by Rose & Company (www.roseandco.com). In it, we seek to highlight developments impacting public companies' investor relations efforts, bring to light data that we find of interest and provide some broad commentary about activity in the U.S. equity capital markets over prior month. Please feel free to reach out to us to discuss any of the below. We would be happy to hear from you.

WORTH A READ

Over the past month, we have found interest in various articles. Those that don't reside behind paywalls are linked to below. Please send us anything interesting we may have missed!

- [Retail Investors are Leaving the Market](#) (Source: CNBC)
- [Between Low Valuations and Universal Proxy Cards, Activism is Set to Rise](#) (Source: Vinson & Elkins)
- [Understanding the Impact of the SEC's Amended Proxy Rules](#) (Source: IR Magazine)
- [87% of companies that went public last year are trading below their IPO prices](#) (Source: WSJ)
- [Bank CEO Says Job Cuts Will Come Post-labor Day](#) (Source: eFinancialCareers.com)
- [Goldman to Cut Several Hundred Jobs Starting this Month](#) (Source: Bloomberg)
- [Berenberg Cuts 50 Jobs in New York Amid Weaker Markets](#) (Source: Financial News)
- [54% of Manhattan Office Workers are Expected to be in the Office on an Average Weekday by January 2023](#) (Source: Partnership for NYC)
- [The \(SPAC\) King is Dead. Long Live the \(SPAC\) King](#) (Source: Barrons)

CHART OF THE MONTH

Each month, we examine trends of interest using data from various sources. Custom analysis and reporting is available upon request.

Our Chart(s) of the Month for September point to a trend within the investment banking industry worth watching carefully by public companies that rely on the sell-side to drive engagement with current and prospective shareholders. We have already written about the breakdown in the sell-side corporate access model [here](#), [here](#) and in other forums.

As headlines begin to trickle in about potential headcount reductions at investment banks, we have begun to wonder how deep cuts will be and what the impact on the investor relations landscape will be. If past is prologue, the chart below from the St. Louis Fed showing investment bank headcount certainly provides some clues. In the last significant recession, investment bank headcount fell by ~20% from a level it has yet to recover to.

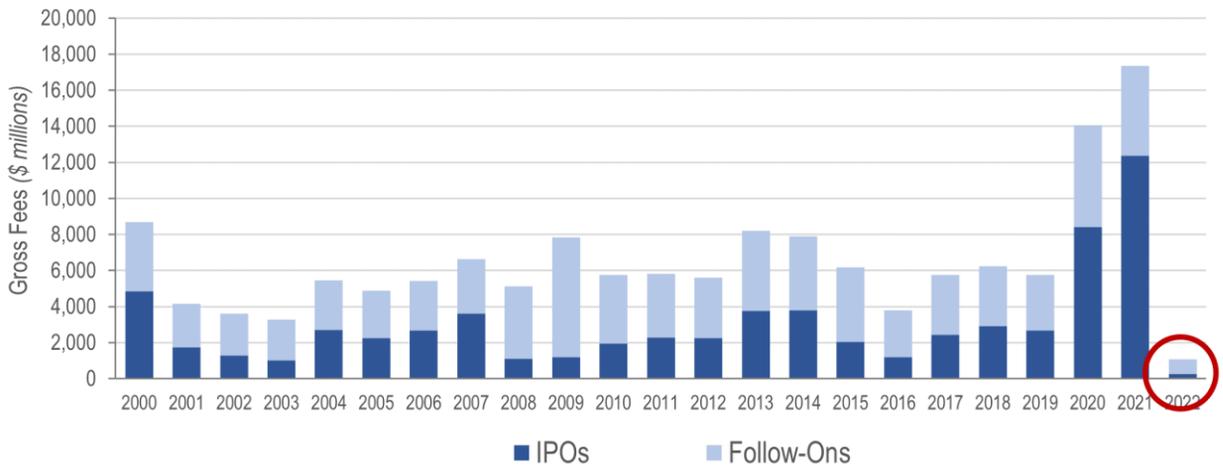
Investment Bank Employees (NY-based)



There is no shortage of debate as to whether and when the U.S. will enter into a recession, but it's safe to say that if an individual sector could be in a recession, the investment banking sector is in one. Headcount tends to follow revenue, and we're coming off quite a peak in revenue. Equity capital markets fees reached extraordinary levels in 2020 and 2021, and revenue was further bolstered by higher trading volumes driven by significant volatility in the stock market. Beyond showing the dramatic level of ECM activity in 2020 and 2021, the chart below shows how tenuous things have gotten in 2022.

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Gross U.S. ECM Fees by Year



The decline in fees this year is obviously unprecedented, and it's hard to imagine a scenario where headcount doesn't decline sharply across banking, research, sales and trading. We believe that corporates will need to double down on their investor engagement efforts as the already-fractured investment bank conduit to the investment community is about to be shaken to its core.

EARNINGS

As we head into the home stretch of the year and help our clients map out remaining opportunities to engage with new and prospective investors in 2022, we thought we would provide a quick look at the Q3 2022 earnings calendar, juxtaposed against the conference calendar for the balance of the year. It's safe to assume that this earnings season will be volatile and full of surprises, so be mindful of the below when committing to non-deal roadshows and similar marketing. In order to use your internal resources most efficiently, watch out for peak earnings in late October / early November. Also, don't assume that the world shuts down at the start of December. Near-term buyers may not be found as portfolio managers look to lock in gains or minimize losses, as the case may be, but new relationships can be developed year round.

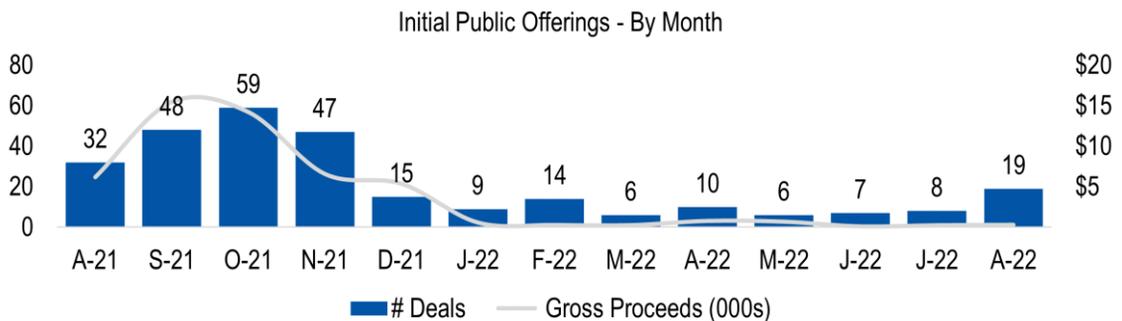
Finally, take note that virtual meetings are still highly efficient and physical marketing is not back to the good old days in the United States. As an example, a broker recently hosted a non-deal roadshow for a client. Ironically, when the client showed for a meeting, they were ushered into a conference room and connected by Zoom with a portfolio manager who was working from home! As much as you may want to hit the road, time is your most precious resource, so plan accordingly and manage expectations.

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CAPITAL MARKETS ACTIVITY

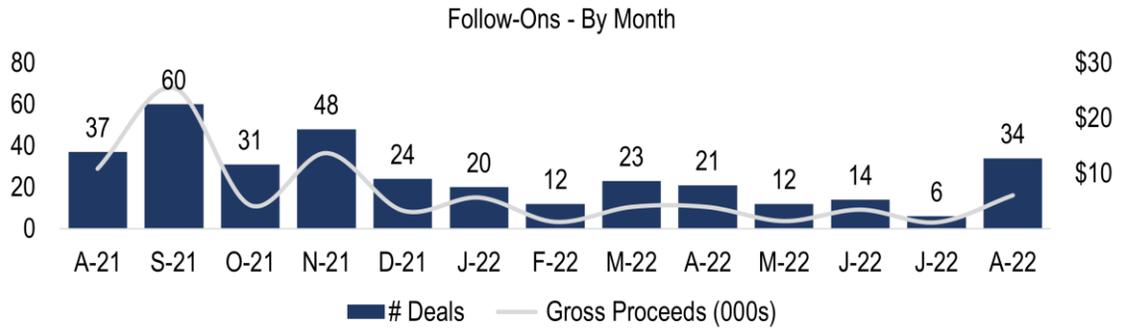
There has been a slight pickup in activity in the capital markets (compared to the few months prior), with August having seen nineteen IPOs priced and gross proceeds of ~\$296 million raised. Last month's IPOs traded up by an average of 177% in the seven days after pricing.



Through August 2022, 79 companies came public through IPOs, compared to 799 in the same period last year.



There were 34 follow-on transactions priced in August 2022 with \$6.1 billion gross proceeds raised (this was the largest number of follow-on deals since November 2021).



Through August 2022 there have been 142 follow-on transactions priced (compared with 567 in the same period last year).



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