**THOUGHT LEADERSHIP**

JASPER COLIN

# Surviving the Downturn

## More Than Ever Before, Your Preparedness Matters Now

MAY 2023

## Foreword

This thought leadership delves into the current trajectory of the investment landscape that has undergone a fundamental shift due to the onslaught of continued macroeconomic volatility, geopolitical threats, and inflationary pressures. This recent crisis has led to investors losing confidence, facing growing risks and capital uncertainty, leading to swinging valuations and declining returns. Investment banks and private equity firms are also grappling with these challenges and re-evaluating their allocation objectives and deal-making strategies in response to this evolving landscape.

However, amidst these challenges, opportunities for resilient value are on the rise. In the wake of 2022's cyclical downturn, capital markets worldwide are undergoing a massive "strategy re-think" for deal-making. This paper aims to provide insights into these structural shifts, offer strategies to navigate these turbulent times, and highlight emerging opportunities for investment banks, private equity firms, and fund managers to deploy capital and drive resilient value for their investors.

## Executive Summary

### 1. Persistent market turbulence has created a challenging investment environment

- US banking sector's stability in question as small bank deposits drop by $120Bn in Mar'23
- Investor confidence wavers as regional banks' stock markets decline by 30% in Mar'23
- Traditional dealmaking models under scrutiny as growth financing drops by ~30% in 2022
- Shareholder activism wave spreads widely across Europe, Asia, and North America
- Cross-border capital allocation plummets by ~30% in 2022 amid worsening geopolitical risk.

### 2. Selective investments: The turning point for Institutional Investors

- Global M&A deals down 50% YoY in Q1'2023, caution to dominate 2023 dealmaking
- I-Banks struggle with plunging top-line, 40% fall in FY'22 revenue
- Private Equity scouts opportunities after ~30% YoY drop in 2022 deal flow
- Private Credit seeks "recession-resilient" deals for $1.4Tn dry powder
- Asset managers aim for excess returns with macro-resilience after 2022's reset.

### 3. Global trends spark search for a realigned investment thesis via emerging opportunities

- >$20 billion PE investment in Conversational AI in the year, a whopping 180% CAGR from 2018.
- Sustainable financing market set to surpass $1Tn by 2023, unlocking profitable opportunities
- Fintech partnerships gain momentum as 65% of banks and credit unions enter at least one in the past 3 years

### 4. Strategic framework to navigate uncertainty in the new world order

- Tech-Driven Market Scanner: Repositioning in a challenging macro-environment
- Know-Your-Data (KYD) Strategy: Aim for Resilience and Scalability
- Unlock your Market Hot-beds: 2023 Heat map

# 1. Persistent market turbulence has created a challenging investment environment

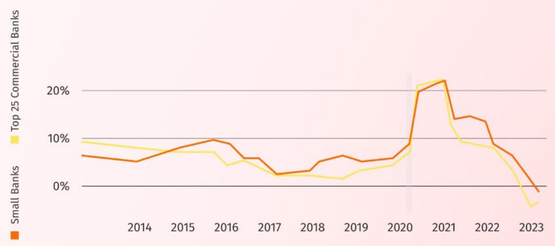
**The global markets witnessed an unprecedented vacuum of uncertainty for the past twelve months, as a dynamic pivot in the macroeconomic environment plunged cross-asset markets deeper into the abyss of an economic limbo. Investors faced increased volatility while yearning for normalization as the era of easy money came to an end, and capital commitments took an abrupt turn in search of resilience.**

## 1.1 Navigating Uncertainty: How the Financial Sector is Adapting to New Realities

FIs are still tangled in the aftershocks of banking failures and market uncertainties. Rising interest rates and the approaching recession are aggravating banking issues, while deposit growth is still sluggish.

As per Reuters, by week ended **March 15th 2023,** small bank deposits had dropped by almost **$120Bn** to ~**$6 trillion,** as anxious depositors hastily withdrew their money.

**YoY change in US Bank Deposits**

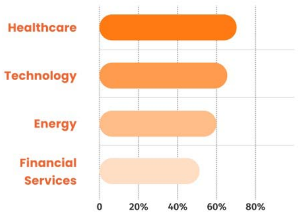


*Source: Federal Reserve*

Investor confidence in the financial sector is eroding and corporate dealmaking show signs of reduced appetite for exposure to the turbulent sector.

**The ongoing dominance of deals in sectors like Healthcare and Technology is overshadowing the declining prominence of such corporate activity in the financial services sector.**

**CEO Outlook: 2023's Projected Deals Capital Flow**

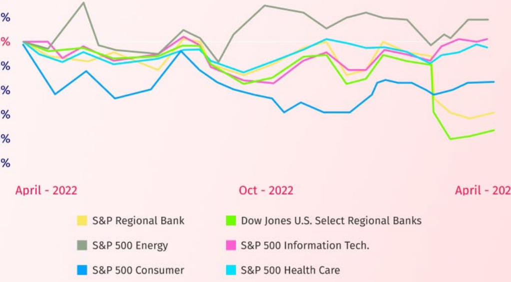


*Source:* ***CEOs- What's on Their Minds?***
*Jasper Colin's Sector Spark Survey*

## 1.2 Examining the Impact of Declining Markets on Investor Confidence

Fund managers face challenges navigating through an unfamiliar environment as inflation becomes a "deal killer." Constant decline in the major public stock market indices since 2022, including the S&P 500 and MSCI Europe, creates further headwinds to valuations and investment returns.

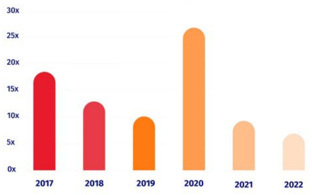
**Jasper Colin's Market Watchdog Index**



*Source: S&P Global*

**A 66% drop in the US transaction multiple since 2017 has further worsened investor unease** as the search for a prospective industry has become much more elusive.

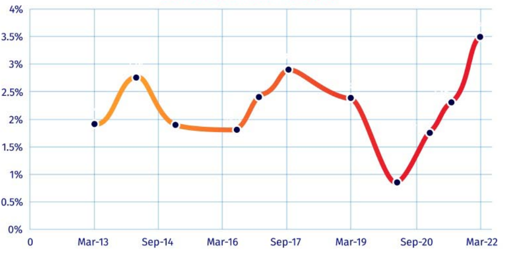
**US Transaction Multiple: EV/EBITDA**



**Source:** *Pitchbook*

**Fed's rate hikes lure investors towards a high-quality bond market;** however, the spectre of inflation adds a haunting level of risk, requiring a cautious consideration of interest rate sensitivity.

**US T-Bond Market Yield (%)**



**Source:** *US Department of Treasury*

## 1.3 Navigating Challenges in the Private Capital Market

**>$4 trillion** worth of dry powder is dominating the private capital markets, 25% of which is tied up in buyout funds and yet the deals are in a historic slowdown. The global value of growth and late-stage funding slipped by almost 30% in 2022 *(Source - Preqin)*

> Value sourcing for dealmaking means finding a new alternative to the traditional screening of outcomes as we know it.
>
> *records Jasper Colin's Expert Panel Transcripts' 2022*

Investors seek alternative data sources beyond primary data for informed investment decisions. Enhanced deal-making insights through competitive analysis

**76%**

**of investors have leveraged and combined at least four different data sets when evaluating a deal,**
*from Jasper Colin Deal Insight survey 2023.*

*JC Power Deal Survey 2023*, with **60+** deal experts and fund managers in the US, revealed that **40% of investors** will be focusing on deal sourcing, while **25% plan to dedicate** most of their time in 2023 to supporting their existing portfolios.

## 1.4 The Rise of Shareholder Activism: A Global Shake-Up in the Making

**ESG-related shareholder proposals increased by 25% in 2022 (as per Forbes) and this volume of shareholder proposals is only expected to further increase going forward**

This rising wave of shareholder activism in small-cap acquisition targets has become a notable source of pain in realizing synergies for acquirers in Europe and Asia, as per *Jasper Colin's Global M&A Market Watchdog screens.*

**At least 40% of institutional investors** with minority stakes are concerned about the transparency of disclosures in their portfolio companies, as recorded by our Shareholder Pulse surveys conducted across US and Europe in 2022. The current environment of cheaper valuations has created an even more fertile environment for investor scrutiny of corporate decisions and post-acquisition successes.

Evidently, shareholder activism is on everyone's minds. Japan and UK have been found to be the most prominent battlegrounds for shareholder activism dominating M&A success for ventures.

This comes especially at a time when shareholder capital is on the rise, with a more stringent regulatory environment incubating a conducive ecosystem for corporate failures.

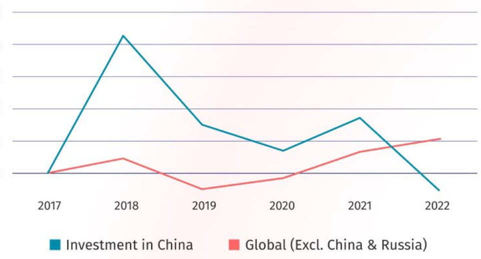
## 1.5 Global Turmoil Rattles Investors: Geopolitical Risks Take Center Stage

The escalating tension between the West and the East and declining dollar value send caution winds across the Chinese and European investors.

**The adoption of Central Bank Digital Currency (CBDC) by Asian, Gulf, African, and European countries has accelerated due to a drop in the value of the US dollar, making these areas potential alternate heavens for investors.**

US investments in China have dropped by 35%, to $46 billion in FY22, as investors choose European and Asia-Pacific economies, where investments have increased by 52% in the same period.

**US Investments* since 2017**

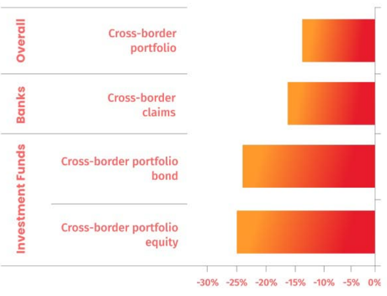


*Source: Pitchbook* *Investments by PE/VC since 2017 (re based to 2017)

**The Global Geopolitical Survey 2023 by Jasper Colin, conducted with 50+ economists and market strategists** in the US, in conjunction with in-house expertise on secondary research and data analytics, revealed that 70% of survey respondents cited **Geopolitical Risks & Trade Tensions as a top threat to the investment allocations in 2023.**

An increase in tensions between an investing and a recipient country, such as between the United States and China since 2016, **reduces the overall bilateral cross-border allocation of portfolio investment and bank claims by 15%.**

**Allocation of portfolio investment and bank claims**



*Source:* ***IMF***

# 2. Selective investments:
# The turning point for institutional investors

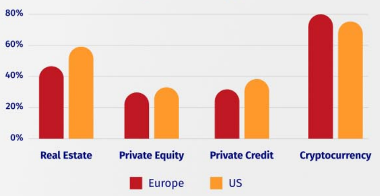
**Institutional investor sentiment of the post-2022 era is being defined by uncertainty and speculation after a muted yearlong downturn.**

of investors believe that 2023 will bear the brunt of 2022's war with inflation and regulations as the markets will continue to witness elevated volatility going forward, as recorded by Jasper Colin's 2023 Investor Sentiment-o-Meter Study.

With unprecedented volatility expected to prevail in the future as per the expert consensus, a fixation on the turbulent times that characterized the past few quarters seems to be quite a certainty.

The general level of investor confidence ever since the fed rate hikes and recession debates hit the markets in 2022, has been on a railing decline as recorded by Jasper Colin's proprietary Market Watchdog screens

Confidence in allocating capital to the given sectors based on expected developments for 2023



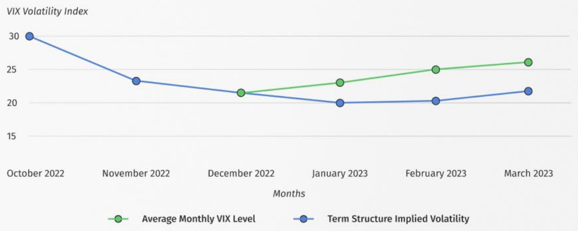
Source: Annual Sentiment-o-Meter Matrix, Jasper Colin's Market Watchdog Screens

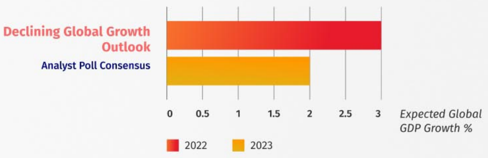
## Uncertainty of a soft landing is fueling a record slowdown in investment activity across the asset classes

The **"will it or won't it be a recession"** question has been on every investor's mind across asset segments for the past few quarters: from Commodities to Real Estate and from Equity to Private Credit.

The VIX indicator has remained in the mild range of 20-22 since December 2022, having touched the peak of 30 in October, while at the same time, almost 70% of analysts in the US were predicting a recession going into 2023 as per Macroeconomic Outlook 2023, Jasper Colin's Market Watchdog.

Divergence of Forecasts on Recession Certainty is leading to swinging expectations on VIX and Declining Global Growth outlook





Source: FS Insights Hub, Jasper Colin (CBOE VIX data, Global Analyst Sentiment on Growth - Poll by Jasper Colin)

## Our multi-period study of the post-2022 markets found that investors of this era are more focused on value in a new regime of market risks, rather than the outdated "playbooks" of the past.

## 2.1 Cautious Dealmaking expected in an investment landscape dominated by risk aversion

### Navigating capital and margins is becoming harder in an era of lost confidence and value dominance post the historic frenzy of 2021

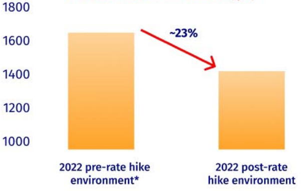
As per Reuters, the dealmaking landscape of the past year witnessed a remarkable trajectory of decay as the estimated global value of M&As suffered a whopping 37% YoY decline from a record $5.9 trillion in 2021 to $3.66 trillion in 2022. The effect of macroeconomic volatility, heightened risk exposures and inflation-riddled markets have dampened dealmaking globally, but European and US markets seem to have been hit the hardest.

| Region | 2022 Growth | 2022 Value ($Bn) | 2023 Q1 Growth | 2023 Q1 Value ($Bn) |
|---|---|---|---|---|
| Europe | -27% | 1030 | -70% | 81.8 |
| US | -43% | 1500 | -44% | 282.7 |
| Asia Pacific | -30% | 678 | -26.5% | 176.1 |

Source: Dealogic and FS Insights Hub (Jasper Colin)

The number of buyouts and growth deals with $500+ million value has declined by >30% (as per Dealogic). The story of 2022's uncertainty-driven rhetoric is quite visible in the trends in the global announced volume of deals.

Global Deals Announced ($B)



*The first half is Pre-June'2022 Data

Source: Dealogic and FS Insights Hub, Jasper Colin

## 2.2 I-Banks are in the spotlight for a record slowdown as losses and fierce regulations spell trouble

Global Investment Banking (IB) revenue took a massive plunge of 40% last year as the industry witnessed a historical downfall from $57.4 billion in 2021 to $35.6 billion in 2022 (as per Dealogic). Numerous factors, including market slowdown, regulatory pressures and risk failures, fed into the sector-wide slowdown.

Equity raising suffered a massive hit in 2022's global capital markets:

**64%** fall in the global volume of capital raised through IPOs (Initial Public Offerings)

**50%** decline in IPOs launched globally from 3260 in 2021 to 1671 in 2022

**90%** decline in US IPOs, from 187 in Q4'2020 to 20 in Q4'2022

Source: S&P Global

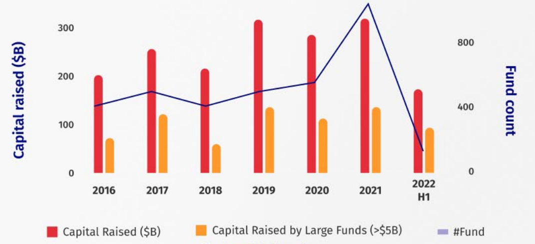
## 2.3 Private Equity is scouting for opportunities in an era of downturns

The downturn in private equity has been abundantly clear, especially post the contractionary monetary policy of the Fed in **H2 2022**, as the industry was hit with falling numbers on all fronts, be it fundraising, or deals made.

A capital wave of H1'2022 mostly favoured large funds as fundraising halted abruptly for middle market players

**Despite the bull market which extended into 2022's pre-rate hike quarters**, the activity declined by the end of Q4 2022, where the global Private Equity (PE) deal volume decreased by almost **26% to $2.4 trillion** (as per Preqin). Capital Raising in North American Private Equity Funds declined significantly as the sector witnessed a staggering **20% YoY dip** in volume raised in 2022.

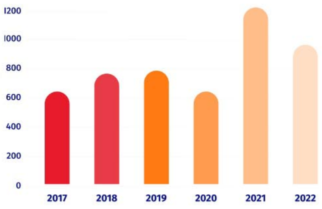
Capital Raised by US PE funds (2016-2022 H1)



*Source: Pitchbook*

**Private Equity Market Plunges in the US as Deal-Making takes a Sharp Turn South.**

Total PE deals in the US took a major setback in 2022 after having almost **doubled** in 2021. **27% decline** in deal flow in 2022 shows that it was just the **2021's frenzy that extended into H1 2022 that supported these optimistic numbers.**



**Source:** *Pitchbook*

## 2.4 Private credit emphasizes value as the market shifts away from traditional lending

The downturn in private equity has been abundantly clear, especially post the contractionary monetary policy of the Fed in H2 2022, as the industry was hit with falling numbers on all fronts, be it fundraising, or deals made.

> The global private credit market, despite the growth in its available capital, is expected to undergo a heavy wave of restrictive fund flow; borrowers are scrambling for whatever pieces they can get their hands on.
>
> *Jasper Colin's Expert Panel Transcripts*

After having been at the forefront of investing amidst the liquid and low-interest rate environment of the post-2008 era in the US, Corporate credit is curtailing seeing a fallback in demand in the current environment. As the corporate default rate in the US is expected to nearly triple to 6% by the end of 2023, from a mere 2% by the 2022 year-end (as per Bloomberg), the sentiment is that of cautiousness in lending.

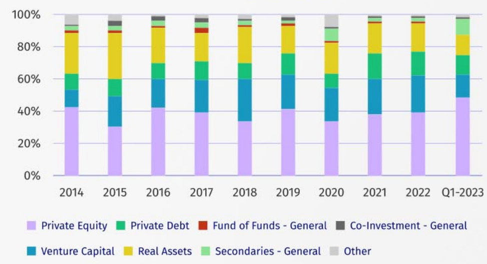
**Over**

**40%**

**of managers in private debt funds are optimistic about the expanding role of private credit in 2023 and beyond, as per** *Jasper Colin's Fund Manager Sentiment report.*

**Role of Private Credit in Global Fundraising: A dichotomy of growth and risk aversion**

**Global fundraising by category (%)**



Source: Pitchbook

Global fundraising for Private Debt dipped to ~14% after having peaked at ~15% in 2021 but is still higher than pre-pandemic levels. Private debt has grown by 11% per annum since 2018 suggesting that the growing role of these lending funds as an alternative to bank financing is only expected to create opportunities going further.

## 2.5 Asset Managers compete for outperforming objectives after 2022's free fall

### Hedge Fund woes

Bombarded by lower returns amidst rising costs, pension fund ownership in the hedge fund investment has contracted by **~25% since 2018**. ~60% of pension fund managers believe their hedge fund allocations have underperformed since 2021. HFRI 500 Index posted a −4.25% return in 2022 compared to the weighted average return of 11.37% in 2021. As pension funds constitute the largest investor segment for hedge funds, with almost **30% of holdings in 2022** being occupied by these funds, the demands of these return chasers have brought hedge funds into the limelight for a massive strategy "re-think" (Reuters).

### Pension Asset Managers in trouble amidst risky exposures

Liability Driven Investments (LDI), a lesser-known asset product for asset-liability matching schemes of pension funds, witnessed a significant fallout in Europe as regulators are calling for higher collateral or margin requirements on the use of such leveraged instruments. Demand for diversification and macro-resilient strategies and opportunities is gaining traction in a market where fund managers are looking for "excess returns", and leveraged allocations are failing to keep up.

# 3. Global trends spark a re-aligned investment thesis via niche opportunities

Regional markets are being wrecked by global inflation as central banks constantly modify their monetary policies in response to the market. The investor community is particularly interested in the financial industry's quicker adoption of AI-enabled solutions and the emergence of sustainable bond markets.

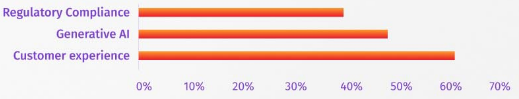
## 3.1 Unlocking Investment Opportunities with Tech-Enabled Solutions

Financial Institutions have fast-tracked AI /ML adoption to counter future macroeconomic jolts. In the past several years, financial institutions have significantly increased their technology spending in the areas of compliance, fraud and customer interface.

**60% of the financial institutions' technology**

efforts are geared towards enhancing the **customer experience,** compared to **40% invested in regulatory compliance.**

**Top 3 US Banking technologies investment areas in 2023**

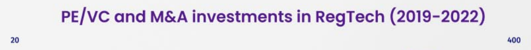


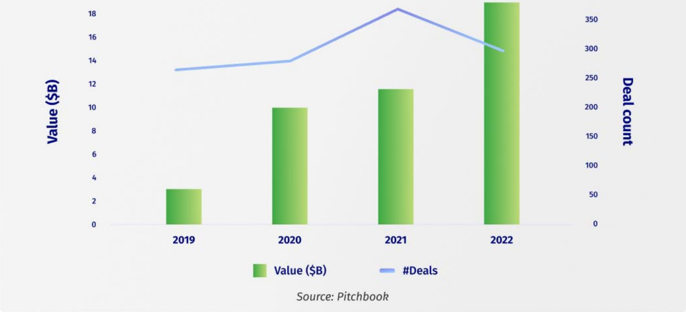
*Source: Jasper Colin's US Banking Technology Survey, 2023 (Sector Screener)*

The significance of RegTech (Regulatory Technology) in financial services is becoming increasingly clear, with advantages for financial institutions in meeting regulatory compliance and risk management concerns. RegTech incorporates AI and ML to automate the tracking of global regulatory data to minimise risks related to non-compliance.

PE/VC and M&A investment in RegTech solution companies have increased at ~68% CAGR since 2019, amounting to ~$19B in 2022.

**PE/VC and M&A investments in RegTech (2019-2022)**

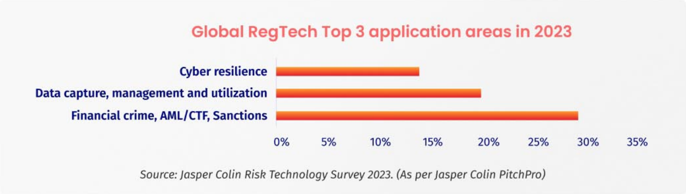




Source: Pitchbook

Global RegTech market size is all set to experience significant growth, expected to reach $88 billion in 2028, with a growth of 44% CAGR (as per Pitchbook).

**RegTech solutions continue to place a high priority on preventing financial crime, including AML and sanctions monitoring.**


Global RegTech Top 3 application areas in 2023

*Source: Jasper Colin Risk Technology Survey 2023. (As per Jasper Colin PitchPro)*

> 70% of Global FIs have extended the required skill set within their risk and compliance functions to address the regulatory challenges and disruptive RegTech solutions
>
> *as recorded by Jasper Colin Risk Technology Survey 2023 (Jasper Colin Sector Spark)*

FIs are constantly looking to enhance their customer interface through **AI-enabled solutions.** AI-powered chatbots integrated with mobile banking apps are providing **real-time virtual banking assistance** to consumers including bill payment, account opening, savings, FICO scoring, and reward redemption.

**97%**

**of users report using AI-powered voice assistants for their daily banking transactions.**

*A recent survey on mobile users in the US, through Jasper Colin Consumer Insight 2023*

PE/VC investments skyrocketed in 2022, with

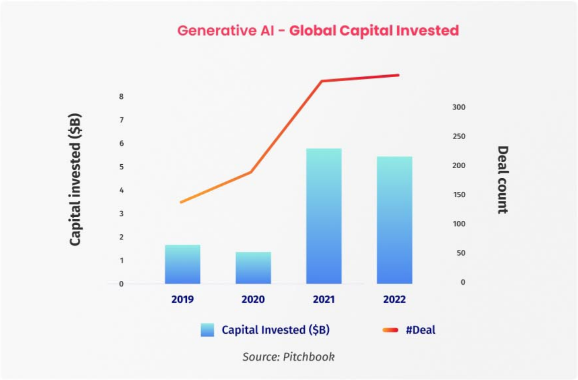
**$20 billion investment in Conversational AI in 2022, a whopping 180% CAGR from 2018 (as per Pitchbook).**

Generative AI applications like ChatGPT are **empowering customers** to find relevant info from the bank's website instantly and with little effort by the bank.

gain in S&P 500 is attributed to the **interest in artificial intelligence** that ChatGPT and other big language models have generated (as per J.P. Morgan).

CAGR of
**65%**

PE/VC investments have grown dramatically from 2017 to 2022, with around **$5 billion** invested in the same year, expanding at a 65% CAGR


Generative AI – Global Capital Invested

Source: Pitchbook

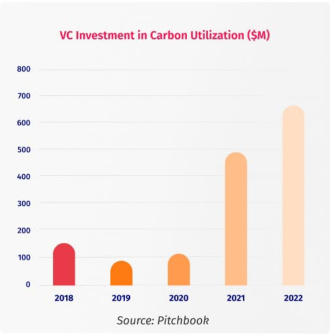
## 3.2 Sustainable-linked financing avenues

PE/VC firms are focused on de-carbonizing their portfolios driven by regulatory and policy incentives, technological advancements, and increased usage of carbon capture hardware.

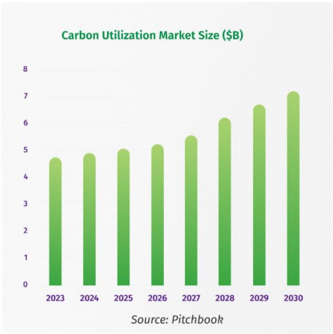
increase in venture capital investments for carbon-use technologies seen since 2018, with the total investment reaching **$700 million** in 2022.

CAGR of
**7%**

Carbon Utilization and Storage is expected to reach **$7 Billion** by 2030, a highly profitable market for investors.


VC Investment in Carbon Utilization ($M)

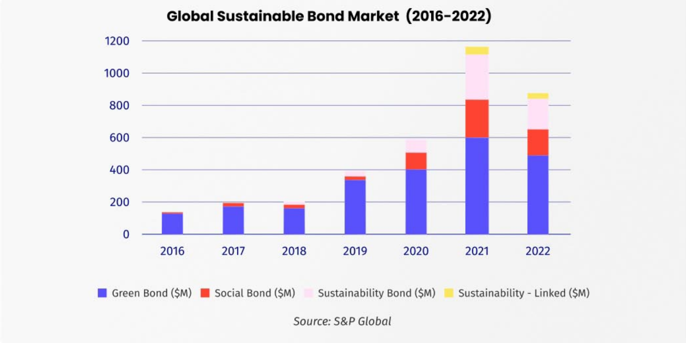
Source: Pitchbook


Carbon Utilization Market Size ($B)

Source: Pitchbook

2023 is set to see the revival of the sustainable bond market thanks to growing interest from investors and climate funds. Sustainable bonds are a crucial part of the world's fixed-income markets; they have a lower yield/return than traditional bonds but offer tax advantages.

**By 2023, the market for sustainable bonds is predicted to reach $1 trillion (as per S&P Global).**


Global Sustainable Bond Market (2016-2022)

Source: S&P Global

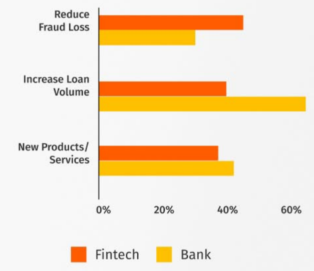
## 3.3 Banking on Fintech: The Dynamic Partnership Shaking Up Traditional Finance!

To boost profitability, client reach, and client retention rates, banks and Fintech companies are transitioning from

**THE "I" MODEL** → **THE "WE" IMPERATIVE**

and building a financial solution hub for customers that offers both traditional and digital financial products.

> **65%** of banks and credit unions have entered at least one fintech partnership over the past three years, and 35% have invested in a fintech start-up.
>
> *recorded by **Bank-Fintech Partnership Survey 2023, Jasper Colin***



**Top 3 Key Partnership Areas in 2023**

*Source: Bank-Fintech Partnership Survey 2023, Jasper Colin*

| Key Technologies to focus on | Market Size (2030, $B) | CAGR (2030) |
|---|---|---|
| Digital Wallet | $16,000 | 25% |
| Embedded Finance | $7,000 | 80% |
| Real-time Payment | $118 | 30% |
| AI-Cybersecurity | $113 | 27% |
| Blockchain | $112 | 63% |
| Banking-as-a-Service | $66 | 15% |

*Source: Pitchbook*

> **70%** of bankers have said Fintech partnerships will be important to their strategies in 2023, driving investments and deployment of APIs.
>
> *as recorded by **Jasper Colin Banking Strategy Study 2023***

## Key Takeaway

Investor confidence has plummeted amid declining M&A activity and the stock market, as the search for a prospective industry is still a mystery. The necessity for an AI-driven strategy in all phases of the transaction process, from targeting through due diligence and post-integration, became unavoidable because traditional deal-making has depended on a human-oriented approach. The requirement for an AI-driven transaction strategy that combines internal data analytics with human-centric would further boost deal processing and assist in achieving investment goals.

# 4. Strategic framework to navigate in the new world order

**While the volatility is expected to be integral to the outlook for upcoming quarters, the experts are still torn as to whether that implies an inevitable bust session for investors as the strategic guards against such market swings are being actively deployed for better outcomes and generating long-term alpha returns.**

**Build Tech-Driven Market Scanners**

**Know-Your-Data (KYD) Strategy**

**Unlock Your Market Hotbeds**

## 4.1 Tech-Driven Market Scanner: Repositioning in a Challenging Macro-Environment

### Market tracking: Augmenting the path for an enhanced portfolio growth journey

The 2023 Strategic Outlook for Investment Leaders Report by Jasper Colin's Sector Spark shows that building a robust tech stack to support investment decisions in the current challenging market dynamics is a **"top priority"** for Chief Investment Officers.

> Tech portfolios for **Preventive risk analytics** are in focus as **three in four** risk professionals in investment houses cite sub-optimal computation processing has become a concern as they seek analytics-driven risk computation solutions.

### Scenario analysis and planning: Achieving the essentials of growth and innovation with AI/ML

While scenario analysis takes the spot for one of the most used terminologies in investment, we found that three in five fund houses consider themselves **"under-prepared"** for baseline scenarios on themes like technological disruption *(as per Jasper Colin Sector Spark Survey 2023)*.

**At the same time, at least**

**68%**

of institutional investors expect to go through **in-house processing of data acquired from targets.** Hence, investment is expected to pour in for tools & processes for analytics-driven scenario planning.

Operational diligence and governance in **AI-based post-deal analytics** are already one of the **top 5 areas of capital allocations** among the leading private equity houses.

### Seeking Opportunities to Uncover hidden "Gems" - Top 5 areas for investment in accelerating tech maturity for 2023

1. **AI-powered due-diligence to track unnoticed risks from traditional models**
2. **ML-based algorithms to provide accurate valuations from unstructured data**
3. **Digital marketplaces for deal sourcing**
4. **Cloud-based tools to streamline integration & separation**
5. **Automated Regulatory & Threat Monitoring**

## 4.2 Know-Your-Data (KYD) Strategy: Aim for Resilience and Scalability

### Alternative Data to feed into institutional Deal-tech algorithm

An ensemble of third-party, social media and transaction-level data is being deployed to unearth risks and opportunities in investment strategies, especially in target screening and post-integration value assessments.

Risk management in investment divisions is re-aligning to include solutions giving them access to fully configurable outputs from raw data as well as data conforming to their ad-hoc, value-add needs.

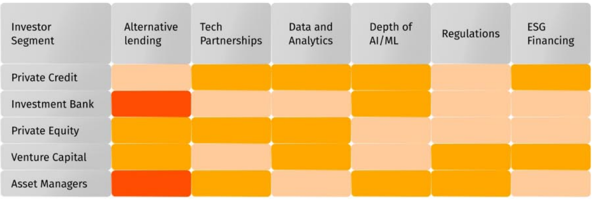
**More than 52% of Private Equity managers already report deploying non-traditional data in pre-deal due diligence in 2022. This includes data from social media platforms like Twitter, LinkedIn, and Facebook to track trends and identify investment opportunities. (As per Jasper Colin Deal Analytics Survey,2022)**

### Drilling value out of integration strategies for data completeness and integrity

of Venture Capital incubators are optimistic about **deploying data warehouses for dynamic decision** modeling for investments in start-ups. (As per Jasper Colin Investor Survey,2023)

consider **network analytics in deal screening** to be crucial to their data integration and utilization strategy.

# 4.3 Unlock your Market Hot-beds: Emerging Trends Heap-map for 2023



| Investor Segment | Alternative lending | Tech Partnerships | Data and Analytics | Depth of AI/ML | Regulations | ESG Financing |
|---|---|---|---|---|---|---|
| Private Credit | 🟨 | 🟧 | 🟧 | 🟧 | 🟨 | 🟧 |
| Investment Bank | 🟥 | 🟨 | 🟨 | 🟧 | 🟨 | 🟨 |
| Private Equity | 🟧 | 🟧 | 🟧 | 🟨 | 🟨 | 🟨 |
| Venture Capital | 🟧 | 🟨 | 🟧 | 🟨 | 🟧 | 🟧 |
| Asset Managers | 🟥 | 🟧 | 🟨 | 🟧 | 🟧 | 🟨 |

Scale of Relevance: 🟨 **High** 🟧 **Medium** 🟥 **Low**

***Methodology:*** *The influence analysis of various emerging trends incorporates a weighted average sectoral sentiment towards the selected attribute based on surveys, panel interviews, news reporting and relative impact metrics.*

## Methodology

01

### IDENTIFY SECTOR HEAD WINDS & TAIL WINDS

Investor confidence in the financial sector has reached rock bottom post-depleting deposits and declined stock performance. Jasper Colin's Index Survey carried out a comparative analysis of various sector indices to identify possible sectors that offer better investment returns amid this market volatility.

***PitchPro further helped us by doing a thorough company screening and categorizing the businesses according to a specified range of asset sizes, which allowed us to examine the change in deposits at various financial institutions.***

02

### UNCOVERING THE INVESTOR SENTIMENTS & PAIN POINTS

The increasing market volatility driven by the changing macroeconomic and geopolitical risk has caused the dry powder to pile up as PE/VC investment and M&A deals declined at a faster pace. Through Jasper Colin's Investor Sentiment-to-Meter Study 2023, the FS team was able to identify the key issues that caused the decline in deal value and the valuation metrics across the hemisphere.

***Market Watchdog further assisted in gathering further insights on the market data obtained from historical Mergers & Acquisitions, and private debt and equity transactions (IPO, Private Equity and VC deal analysis) over the years.***

03

### ASSESS FUTURE INVESTMENT OUTLOOK WITH EXPERTS

The FS team interviewed 50+ investment experts and fund managers in the US to understand their future focus areas, including AI-enabled solutions and Sustainable financing solutions. A multi-attribute-based weighted average model for projected investment activity was used as institutional investors were asked about their outlook for 2023's capital market trajectory.

***Sector Screener (Market Assessment) supplemented the source data by offering a competitive perspective on the future prospective investment venues for both Private Equity and Venture Capitalist fund houses.***

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