



U.S. Equity Capital Markets Weekly

For the week ended August 12th, 2022

U.S. equities had another strong week with the S&P 500, Dow Jones, and Nasdaq closing the week at +3.3%, +2.9%, and +3.1%, respectively. U.S. equities rallied for a fourth-straight week, the longest streak since November, on the back of better-than-expected inflation data. Energy was last week's top outperformer, with the sector increasing +7.1% for the week. Consumer Staples was the biggest underperformer despite rising +1.2% for the week. Volatility decreased with the VIX closing at 19.5 on Thursday, down (7.7%) from the week prior. On Wednesday, the VIX dipped below 20.0 for the first time since April.

Markets initially fell to begin the week as several technology companies released preliminary Q2 earnings that were worse than expected. Most notably, shares of Nvidia dropped (8%) on Monday and drove markets lower as the chipmaker warned that its Q2 revenue will likely fall below consensus estimates. Shares of Micron Technology also fell this week after the company warned of weakening demand and lower sales in Q2. Both Nvidia and Micron cited supply chain disruptions and macroeconomic headwinds as driving factors behind the lower than expected Q2 revenue figures.

Most notably, on the macro front, CPI data for July showed that the pace of inflation cooled slightly to an +8.5% annual increase, lower than estimates of an +8.7% increase. Falling energy prices were the main driver, with gasoline prices falling (7.7%) for the month. Excluding energy and food prices, core CPI increased by +5.9% annually, lower than estimates for a +6.1% increase. The S&P 500 rose +2.1% on Wednesday as investors reacted favorably to the CPI news. July PPI data also fell by (0.5%), which marked the first decline since early 2020 and beat estimates for a +0.2% increase.

On the geopolitical front, President Biden authorized a \$1 billion weapons package for Ukraine, marking the largest package so far and bringing the total U.S. commitment to Ukraine to \$9.8 billion. The military aid, which is the 18th such tranche provided by the U.S., includes munitions for long-range weapons in addition to medical transport vehicles.

Last Sunday, the Senate passed the Inflation Reduction Act by a narrow vote of 51-50 in favor of the Democrats. The \$700 billion package, which also passed in the House of Representatives on Friday, includes \$430 billion to fight climate change and extend healthcare coverage. One key component of the bill is drug pricing, which will empower Medicare to negotiate lower drug prices for seniors and potentially reduce federal spending on prescription drug plans. Additionally, the bill includes spending towards the manufacturing of electric vehicles and also a program to retrofit homes. The bill now goes to President Biden's desk to be signed into law.

On the earnings front, 92% of companies in the S&P 500 have reported Q2 earnings. The blended EPS growth rate for Q2 is +6.4%, higher than initial estimates of +4.0%. While Q2 earnings have exceeded expectations, many equity strategists have cited concerns related to shrinking corporate profit margins and weakening demand moving forward.

Looking to the week ahead, key macro data releases include Wednesday's July retail sales report and Monday's housing data. Market participants will most keenly be observing the July FOMC minutes this week, which could provide insight into the Fed's outlook on rate hikes for the balance of the year.

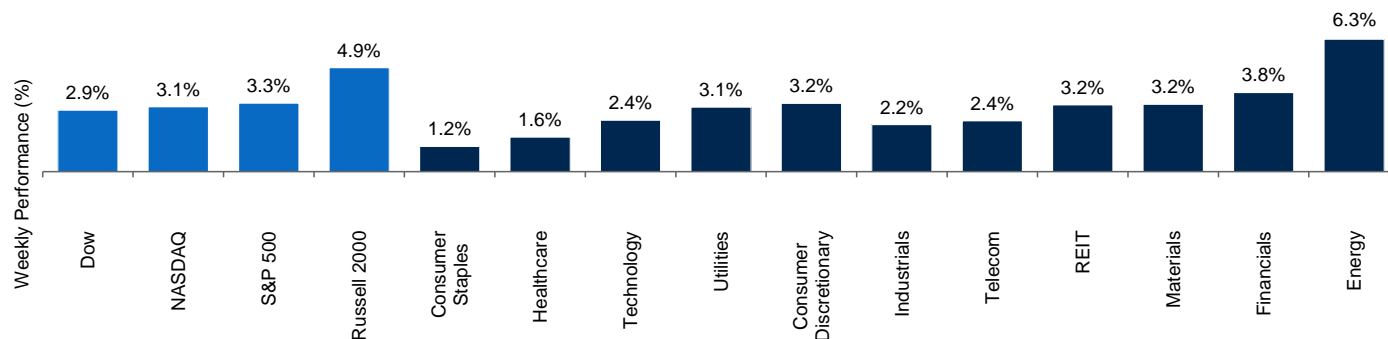
With respect to issuance this week:

3 IPOs priced this week, raising \$140.0mm

20 Follow-ons priced this week, raising \$3.8bn

3 Convertibles priced this week, raising \$1.4bn

Equity Market Drivers For the Week Ended 08/12/22



Note: Sector indices reflect S&P 500 companies.

Positive Drivers

- CPI data for July showed that the pace of inflation cooled slightly to an +8.5% annual increase, lower than estimates of an +8.7% increase. July PPI data also fell by (0.5%), which marked the first decline since early 2020 and beat estimates for +0.2% increase
- With 92% of companies in the S&P 500 having reported Q2 earnings, the blended EPS growth rate for Q2 is +6.4%, higher than initial estimates of +4.0%
- Volatility decreased with the VIX closing at 19.5 on Thursday, down (7.7%) from the week prior. On Wednesday, the VIX dipped below 20.0 for the first time since April

Negative Drivers

- Despite the overall positive inflation readout last week, inflationary pressures for housing and food costs continued to rise. Rent of primary residences rose by +0.7% for the month of July while food inflation increased by over 1%
- Supply chain disruptions and macroeconomic headwinds weighed on preliminary Q2 earnings from chipmakers last week, with Nvidia and Micron Technology reporting weak sales figures

Market Performance

	Current	2022	Month Chg.	Week Chg.
Dow Jones	33,761.1	(7.1%)	2.8%	2.9%
S&P 500	4,280.2	(10.2%)	3.6%	3.3%
NASDAQ	13,047.2	(16.6%)	5.3%	3.1%
VIX	19.53	13.4%	(8.4%)	(7.7%)

Economic Forecast

	2020	2021	Most Recent	2022E
Real GDP (YoY%)	(3.5%)	5.7%	(0.9%)	1.7%
Unemployment Rate	8.1%	5.4%	3.5%	3.7%
Core PCE (YoY%)	1.4%	3.3%	4.8%	4.8%
Fed Funds Target	0.25%	0.25%	2.50%	3.60%

New Issuance For the Week Ended 08/12/2022

	IPOs		Follow-Ons		Convertibles		Total	
U.S. Offerings Greater Than \$15 million	# of	\$ mm	# of	\$ mm	# of	\$ mm	# of	\$ mm
Offerings Priced	3	\$140.0	20	\$3,806.0	3	\$1,350.0	26	\$5,296.0
Offerings Filed	2	\$102.5	15	\$3,167.8	3	\$1,025.0	20	\$4,295.3
Offering Expected next Week	-	\$0.0	1	\$8.0	-	\$0.0	1	\$8.0
Offerings Withdrawn / Postponed	4	\$625.0	-	\$0.0	-	\$0.0	4	\$625.0

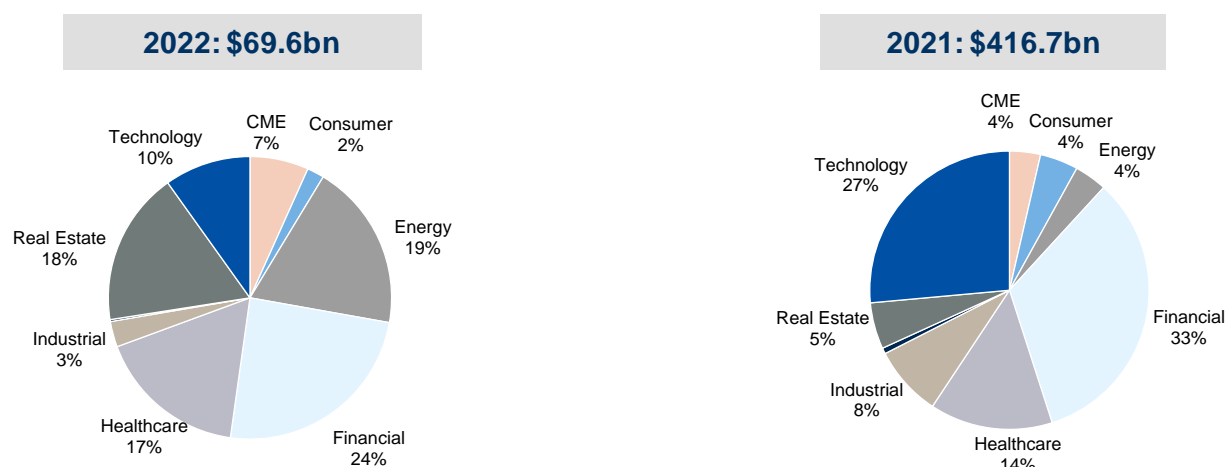
Source: Bloomberg & Dealogic.

(1) MRQ: Q1 2022.

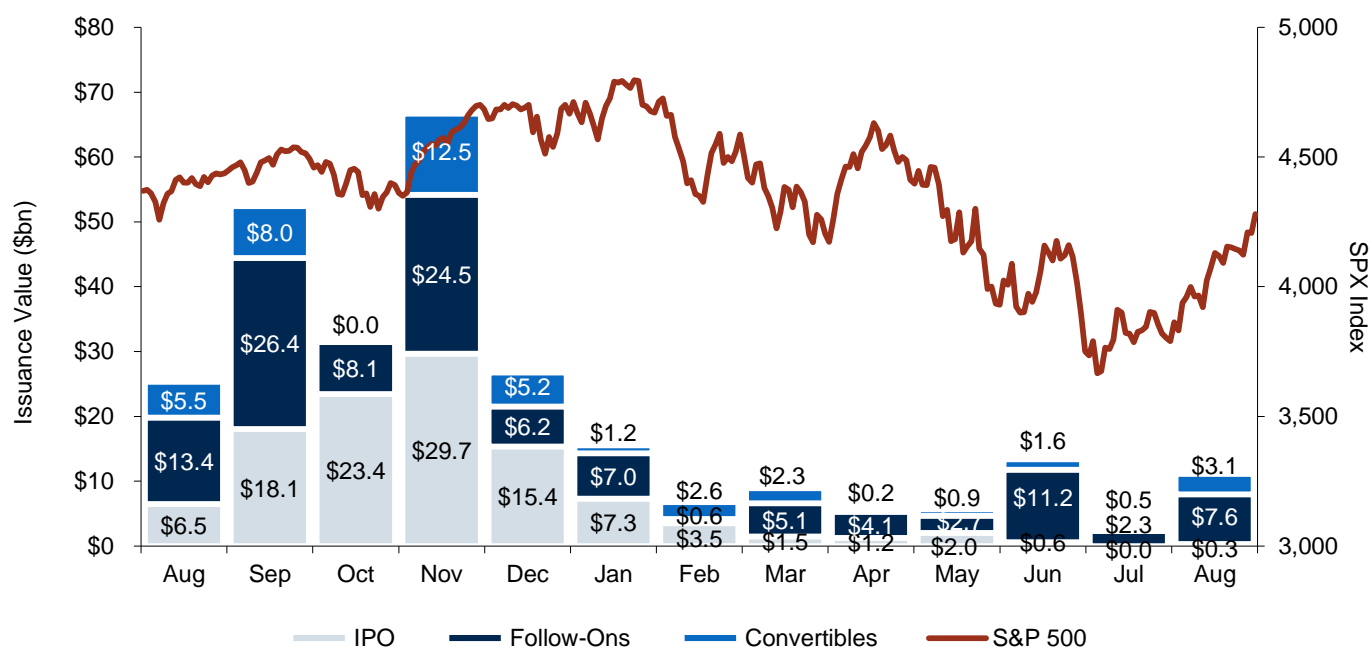
Year To Date Equity Issuance

Deal Type	2022		2021		YoY % Change	
	Proceeds (\$bn)	# of Deals	Proceeds (\$bn)	# of Deals	Proceeds	# of Deals
IPO	\$16.6	110	\$210.0	647	(92.1%)	(83.0%)
Follow-On	\$40.6	164	\$141.8	533	(71.3%)	(69.2%)
Convertible	\$12.4	27	\$64.9	113	(81.0%)	(76.1%)
Total:	\$69.6	301	\$416.7	1,293	(83.3%)	(76.7%)

Year To Date Equity Issuance By Sector



Monthly Equity Issuance – LTM

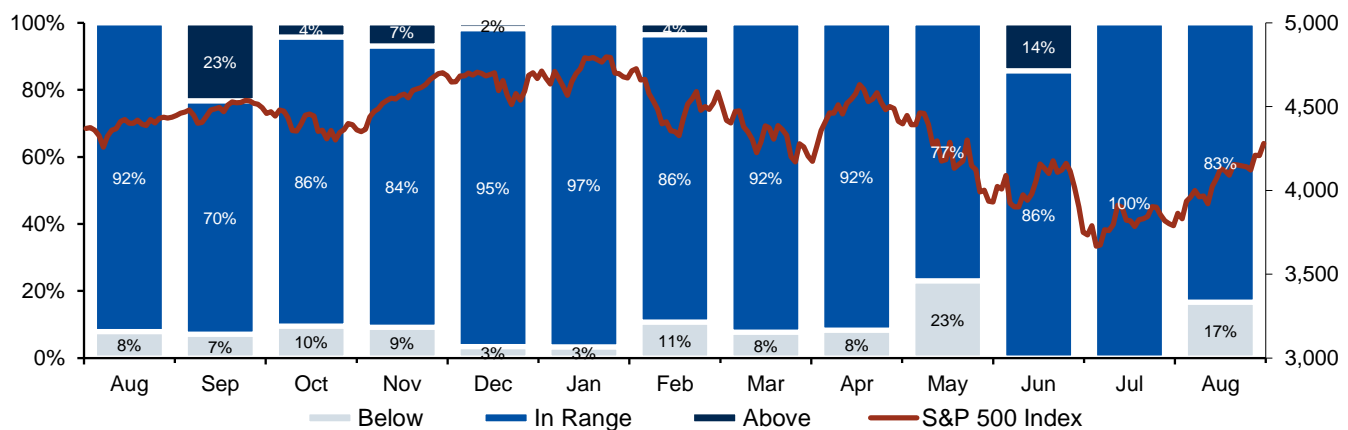


Source: Bloomberg & Dealogic.

Recently Priced IPOs

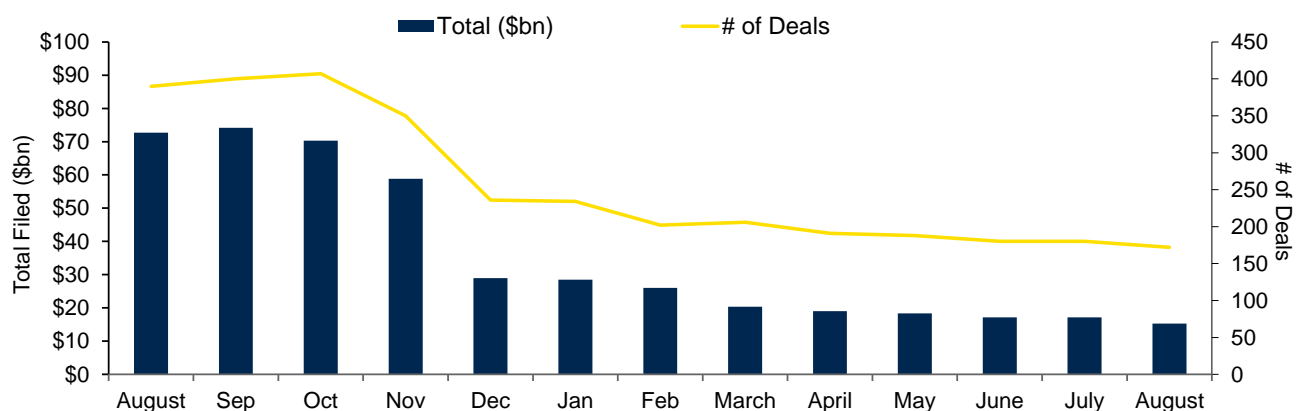
Pricing Date	Issuer	Ticker	Base Deal Size (\$m)	Green Shoe Exercised (Y/N)	Revised Deal Size % Chg	Mkt Cap (\$m)	% of Mkt Cap	Returns				Industry	Financial Sponsor
								Pricing vs. Range	P+1 Day	P to Current			
08/10/22	Hainan Manaslu Acquisition Corp	HMACU	\$60		-	\$78	76.8%	In Range	0.0%	0.0%		Finance	
08/09/22	Embrace Change Acquisition Corp	EMCGU	\$65		30.0%	\$85	76.2%	In Range	0.3%	0.4%		Finance	
08/04/22	Magic Empire Global Ltd	MEGL	\$20		-	\$80	25.0%	In Range	2325.0%	105.5%		Finance	
08/04/22	Pono Capital Two Inc	PTWOU	\$100		-	\$131	76.2%	In Range	0.3%	0.5%		Finance	
08/03/22	Mobiv Acquisition Corp	MOBVU	\$87		(13.0%)	\$115	76.0%	In Range	0.4%	0.5%		Finance	
08/03/22	Bruush Oral Care Inc	BRSH	\$16	Y	51.0%	\$31	50.8%	Below	(48.3%)	(55.5%)		Consumer Products	
07/12/22	Intelligent Living Application Group Inc	ILAG	\$20		15.0%	\$72	28.0%	In Range	53.0%	(32.0%)		Consumer Products	
06/27/22	Ivanhoe Electric Inc	IE	\$169		-	\$1,091	15.5%	In Range	(8.1%)	(15.4%)		Mining	
06/24/22	SK Growth Opportunities Corp	SKGRU	\$200		-	\$250	80.0%	In Range	(0.8%)	(0.0%)		Finance	
06/21/22	Golden Sun Education Group Ltd	GSUN	\$18	Y	(12.0%)	\$70	25.3%	In Range	307.5%	1110.8%		Professional Services	
06/15/22	Feuture Light Acquisition Corp	FLFVU	\$85	Y	-	\$111	76.3%	In Range	0.1%	0.5%		Finance	
06/09/22	Acric Capital Acquisition Corp	ACACU	\$75	Y	-	\$94	80.0%	In Range	(0.1%)	0.0%		Finance	
06/07/22	Phoenix Motor Inc	PEV	\$16		(47.5%)	\$147	10.7%	Above	(45.9%)	(50.3%)		Auto/Truck	
06/01/22	Zhong Yang Financial Group Ltd	TOP	\$25		-	\$175	14.3%	In Range	239.8%	176.8%		Finance	
05/16/22	Visionary Education Technology Holdings Group Inc	VEDU	\$17		(15.0%)	\$157	10.8%	In Range	525.0%	(64.8%)		Professional Services	
05/13/22	Actelis Networks Inc	ASNS	\$15	Y	25.0%	\$68	22.2%	In Range	(40.0%)	(66.8%)		Telecommunications	
05/12/22	ProFrac Holding Corp	PFHC	\$288	Y	-	\$2,524	11.4%	Below	0.6%	12.8%		Oil & Gas	
05/12/22	Prime Number Acquisition I Corp	PNACU	\$60	Y	-	\$79	76.1%	In Range	(0.6%)	0.7%		Finance	
05/10/22	Hanover Bancorp Inc (NY)	HNVR	\$27	Y	(6.5%)	\$149	17.9%	In Range	0.0%	(2.4%)		Finance	
05/10/22	Monterey Capital Acquisition Corp	MCACU	\$80	Y	(20.0%)	\$101	79.1%	In Range	(0.4%)	0.1%		Finance	
20 Transactions			Mean:	\$72	0.7%	\$280	46.4%		165.4%	56.1%			
			Median:	\$60	(9.2%)	\$106	39.4%		0.1%	0.0%			

LTM IPO Pricing Performance by Month



# of IPOs:	38	56	94	87	58	30	28	13	12	13	7	1	6
Deal Value (\$bn):	\$6.5	\$18.1	\$23.4	\$29.7	\$15.4	\$7.3	\$3.5	\$1.5	\$1.2	\$2.0	\$0.6	\$0.0	\$0.3

Historical IPO Backlog

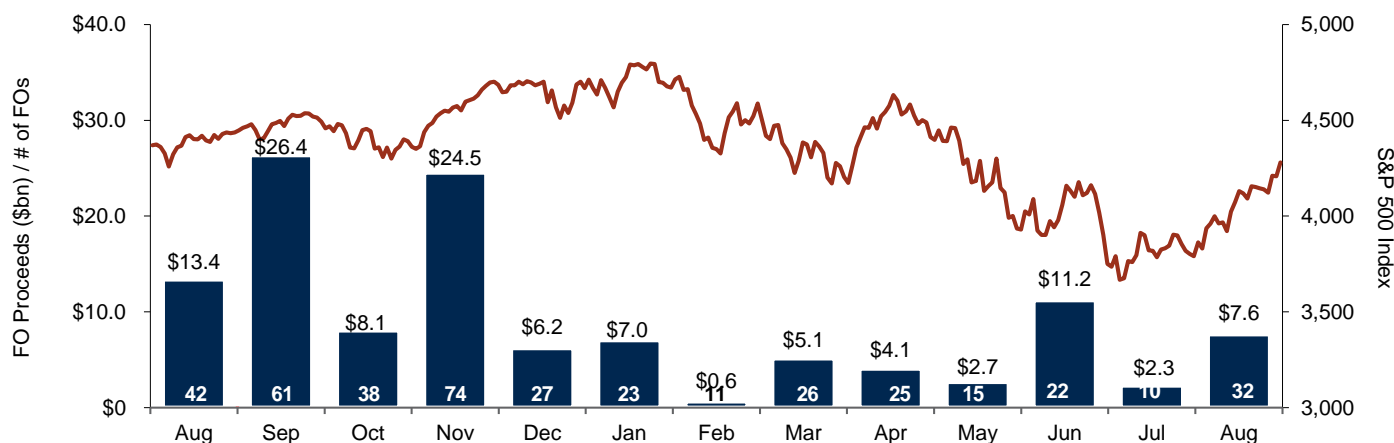
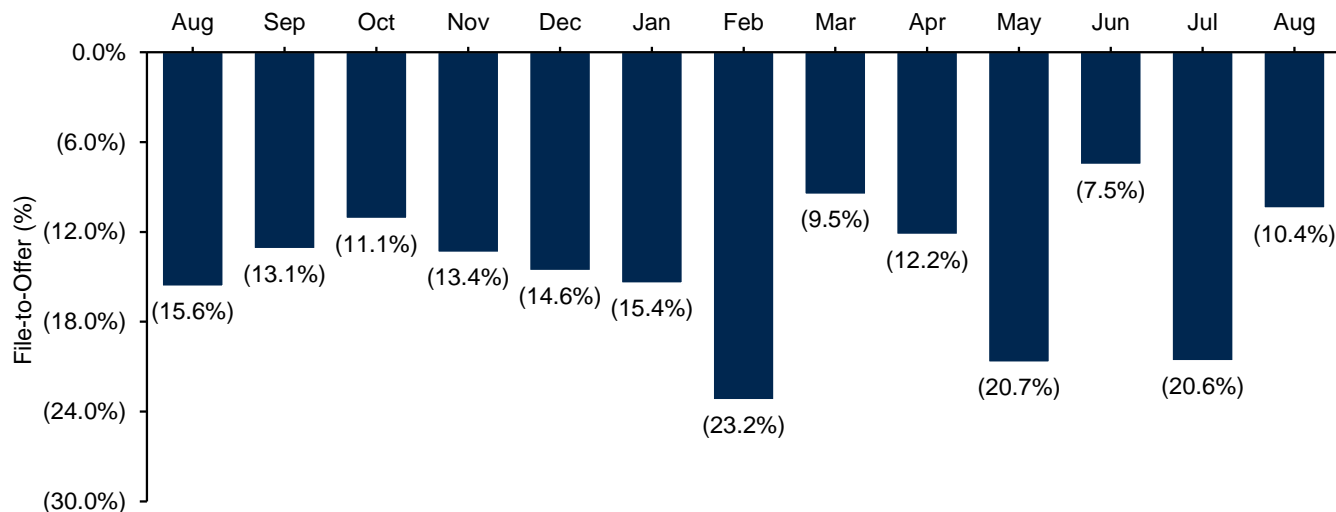


Source: Bloomberg & Dealogic.

Recently Priced Follow-Ons⁽¹⁾

Base Offer As																Absolute Returns			
Pricing Date	Deal Type	Issuer	Ticker	Base Deal Size (\$m)	Green Shoe Exercised (Y/N)	Revised Deal Size % Chg	% Secondary	Mkt Cap (\$m)	% of Mkt Cap	Multiple of ADTV	File to Offer %	P+1 Day	P to Current	Industry	Financial Sponsor				
08/12/22	A	Cerevel Therapeutics Holdings Inc	CERE	\$254		-	-	\$5,549	4.6%	10.1x	(15.5%)	(0.4%)	(0.4%)	Healthcare					
08/12/22	B	Certara Inc	CERT	\$124		-	100.0%	\$3,228	3.8%	11.3x	(12.1%)	(1.1%)	(1.1%)	Computers & Electronics	Arsenal Capital Partners LP; EQT AB				
08/12/22	-	Terns Pharmaceuticals Inc	TERN	\$65		-	-	\$126	51.7%	109.7x	0.4%	24.8%	24.8%	Healthcare					
08/11/22	A	Portillo's Inc	PTLO	\$190		-	100.0%	\$1,795	10.6%	12.7x	(16.5%)	(3.2%)	(3.2%)	Dining & Lodging	Berkshire Partners LLC				
08/11/22	A	Athenex Inc	ATNX	\$30		-	-	\$179	16.7%	20.9x	(32.4%)	(28.3%)	(30.7%)	Healthcare					
08/11/22	A	OrthoPediatrics Corp	KIDS	\$125		-	-	\$1,274	9.8%	19.9x	(2.6%)	3.5%	0.1%	Healthcare					
08/11/22	A	Main Street Capital Corp	MAIN	\$50		-	-	\$3,370	1.5%	2.9x	(4.5%)	0.4%	2.0%	Finance					
08/11/22	B	Inspire Medical Systems Inc	INSP	\$215	Y	-	-	\$6,485	3.3%	3.7x	(5.1%)	2.3%	2.3%	Healthcare					
08/10/22	A	Sovos Brands Inc	SOVO	\$119		-	100.0%	\$1,483	8.0%	26.6x	(12.6%)	(1.4%)	(1.5%)	Food & Beverage	Advent International Corp				
08/10/22	A	CinCor Pharma Inc	CINC	\$225	Y	25.0%	-	\$1,448	15.5%	33.2x	(14.3%)	14.4%	17.0%	Healthcare					
08/10/22	A	Borr Drilling Ltd	BORR	\$250		-	-	\$838	29.8%	32.2x	(4.5%)	8.1%	10.3%	Oil & Gas					
08/10/22	A	LSB Industries Inc	LXU	\$104		-	100.0%	\$1,222	8.5%	10.7x	(15.1%)	1.5%	4.8%	Chemicals					
08/10/22	A	Evertec Inc	EVTC	\$175		(13.8%)	100.0%	\$2,254	7.8%	15.7x	(11.6%)	5.0%	8.8%	Computers & Electronics					
08/10/22	B	Broadstone Net Lease Inc	BNL	\$278		-	-	\$4,165	6.7%	19.1x	(4.6%)	(1.8%)	(0.7%)	Real Estate/Property					
08/09/22	A	Karuna Therapeutics Inc	KRTX	\$750	Y	-	-	\$7,635	9.8%	7.6x	(10.9%)	20.4%	29.0%	Healthcare					
08/09/22	A	Medicenna Therapeutics Corp	MDNA	\$20		-	-	\$124	16.1%	91.7x	(15.7%)	(36.7%)	(28.7%)	Healthcare					
08/09/22	A	Mrum Pharmaceuticals Inc	MIRM	\$80		23.3%	-	\$996	8.0%	11.8x	(18.9%)	8.4%	8.7%	Healthcare					
08/09/22	B	Tidewater Inc	TDW	\$63		-	-	\$934	6.7%	8.3x	(12.6%)	7.6%	15.3%	Oil & Gas					
08/08/22	A	PennantPark Floating Rate Capital Ltd	PFLT	\$50		-	-	\$598	8.3%	12.2x	(6.0%)	(1.6%)	(0.6%)	Finance					
08/08/22	B	BellRing Brands Inc	BRBR	\$329		29.5%	100.0%	\$3,541	9.3%	13.2x	(9.6%)	0.8%	0.4%	Food & Beverage					
20 Transactions				Mean:	\$175	16.0%	30.0%	\$2,362	11.8%	23.7x	(11.2%)	1.1%	2.8%						
Median:				\$125	24.1%	0.0%	\$1,466	8.4%	12.9x	(11.9%)	1.1%	1.2%							

LTM Follow-On Issuance by Month

LTM Follow-On Issuance Monthly File-to-Offer Discounts⁽²⁾

Source: Bloomberg & Dealogic.

(1) M = Marketed; A = Accelerated; B = Block. (2) LTM Follow-On Issuance Monthly File-to-Offer Discounts excludes bought deals.

U.S. Convertible & Equity-Linked Issuance and Market Commentary

- On August 9th, **Post Holdings, Inc. (NYSE: POST)** priced a \$500.0mm offering of 2.50% up 17.5% Convertible Senior Notes due 2027
 - The transaction was upsized from a base deal size of \$400.0mm and priced at the midpoint of the coupon marketing range (2.25% – 2.75%) and at the low-end of the premium marketing range (17.5% – 22.5%)
 - The Notes are provisionally callable after year 3 subject to a 130.0% stock price trigger with a make-whole feature
 - The Company intends to use the net proceeds to repurchase up to \$100.0mm in their common stock and the remainder for general corporate purposes
- On August 10th, **Liberty Media Corporation, Inc. (NASDAQ: LSXMA)** priced a \$425.0mm offering of 2.25% up 30.0% Convertible Senior Notes due 2027
 - The transaction priced at the low-end of the coupon marketing range (2.25% – 2.75%) and at the midpoint of the premium marketing range (27.5% – 32.5%)
 - The Notes are provisionally callable after year 3 subject to a 130.0% stock price trigger with a make-whole feature
 - The Company intends to use the net proceeds to refinance a portion of outstanding convertible debt and the remainder for general corporate purposes
- On August 12th, **Cerevel Therapeutics Holdings, Inc. (NASDAQ: CERE)** priced a \$300.0mm offering of 2.50% up 32.5% Convertible Senior Notes due 2027
 - The transaction priced below the low-end of the coupon marketing range (2.75% – 3.25%) and at the high-end of the premium marketing range (27.5% – 32.5%)
 - The company simultaneously issued \$254 million in a concurrent common stock offering
 - The Notes are provisionally callable after year 3 subject to a 130.0% stock price trigger with a make-whole feature
 - The company intends to use the net proceeds to fund research and development and the remainder for general corporate purposes

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