



Integrating Start-Ups Into Your Research Franchise

Steve Haggerty

Interior Lines Advisory

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CONFIDENTIAL



Integrating Start-Ups Into Your Research Franchise

Agenda

- Some Definitions
- The Increasing Importance of Start-Ups and Private Companies for the Sellside and Buyside
- How Start-Ups Can Enhance Your Equity Franchise
- Navigating the Start-Up Landscape
- What Can Research Analysts Do?
- Some Real-World Examples
- Wrap-up

Integrating Start-Ups Into Your Research Franchise

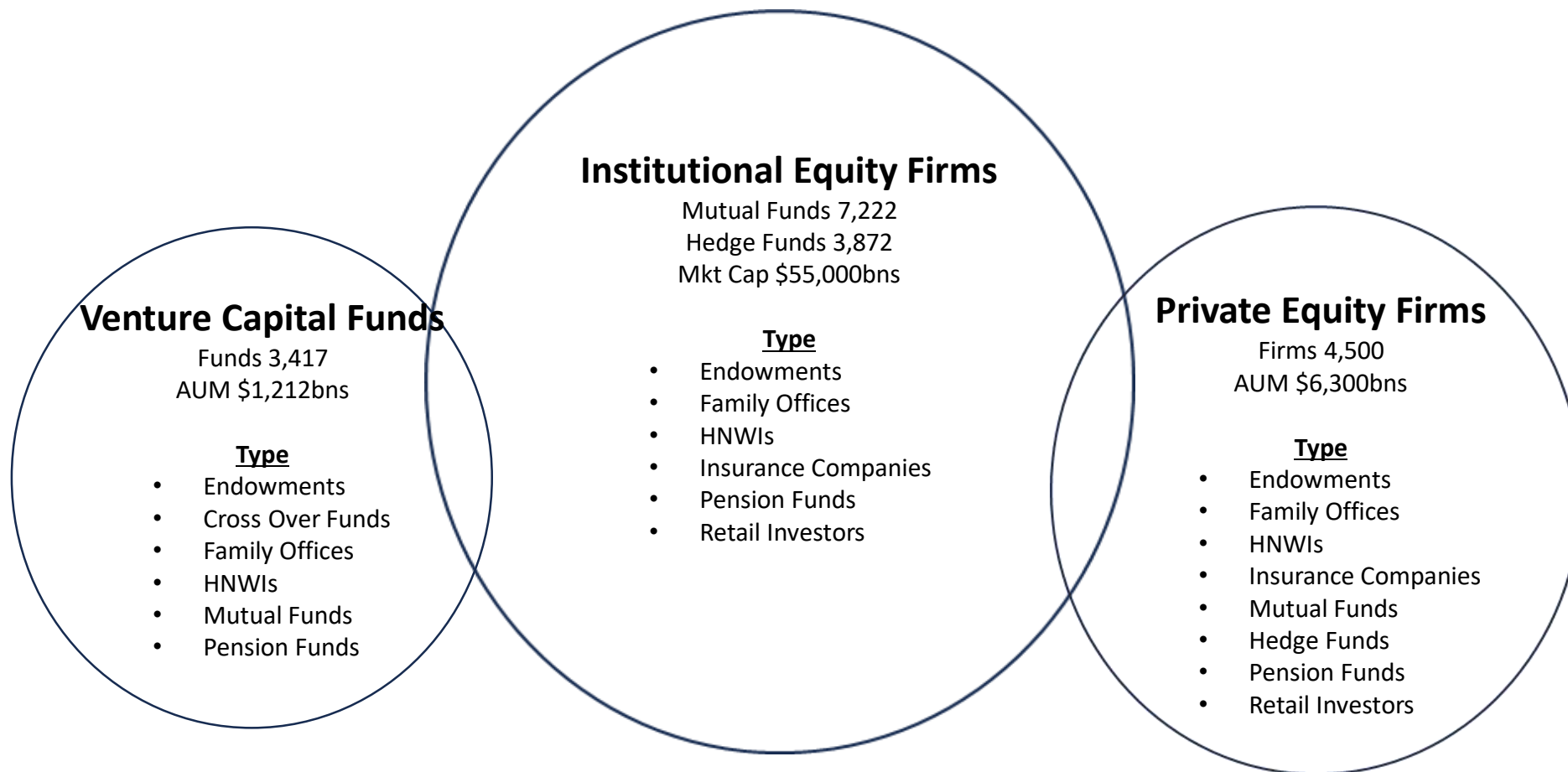
Some Definitions for This Discussion

Private Companies	<ul style="list-style-type: none">• Private companies are businesses owned by private individuals, families, or a small group of investors and not publicly traded on a stock exchange.• Well-known examples include Cargill, Koch Industries, and Mars Inc.
Private Equity	<ul style="list-style-type: none">• Private equity (PE) is a form of investment capital raised from institutional and individual investors to invest in private companies, often with the goal of improving their performance and increasing their value.• PE investments are often aimed at mature companies, with firms using various strategies such as leveraged buyouts.
Start-ups	<ul style="list-style-type: none">• Start-ups are businesses that are in the initial phases of development. They usually have a business concept or prototype but may not yet have a full product, established revenue, or profitability.• These companies are often focused on innovation and high growth potential, which makes them attractive for venture capital and angel investors willing to take on high risk for the possibility of substantial returns.



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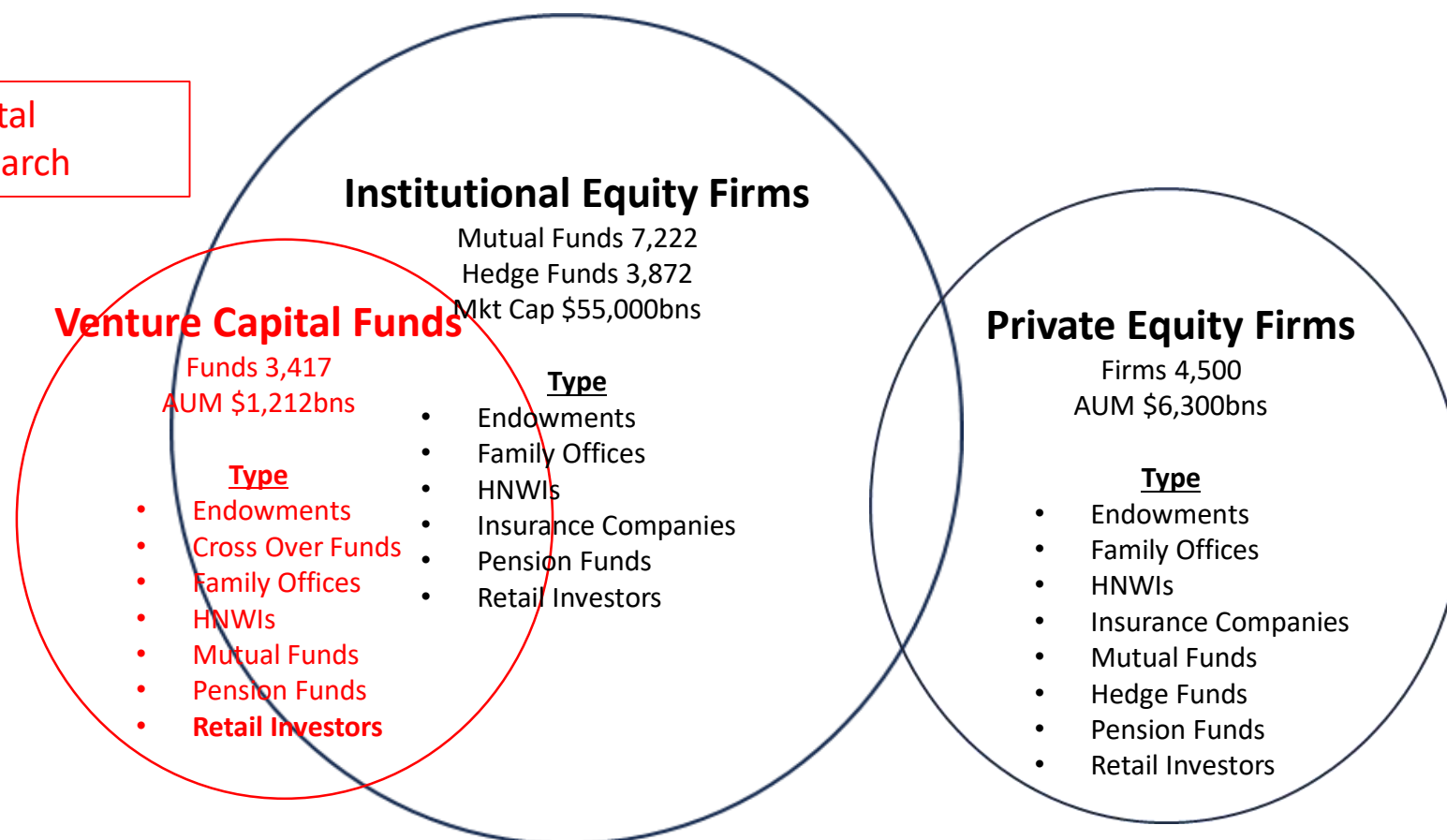
The Increasing Importance of Start-Ups and Privates for the Sellside and Buyside



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The Increasing Importance of Start-ups and Privates for Sellside and Buyside firms

- More Institutional Capital
- More Institutional Research





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The Increasing Importance of Start-Ups and Private Companies for the Sellside and Buyside

- The **value** of Privates (Start-ups and Private Companies) is increasing, Private Companies, especially Start-ups are staying private **longer** and the **differences** between Public and Private assets are blurring (especially in Credit)
- Institutional capital is looking for new sources of Alpha as long-term Public market returns are expected to be lower than historical returns
- Many Buyside firms are increasing the structure and size of in-house Start-Up investment teams and value the insight that Sellside firms can provide on those businesses
- Some Sellside firms are beginning to adapt their Research content to provide Start-Up analysis to Buyside firms



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How Start-Ups Can Enhance Your Research Franchise

Aligns your franchise with the growing Buyside interest in Start-Ups and Private Companies

1. Helps you identify potential disruptive trends in your sector
2. Offers opportunities for additional Research content and Touchpoints (Client Calls, Conferences, Industry notes)
3. Exposes you to a new group of investors – Venture Capitalists
4. Makes you look smarter to Clients, Corporates, Business Partners (Sales, Banking)

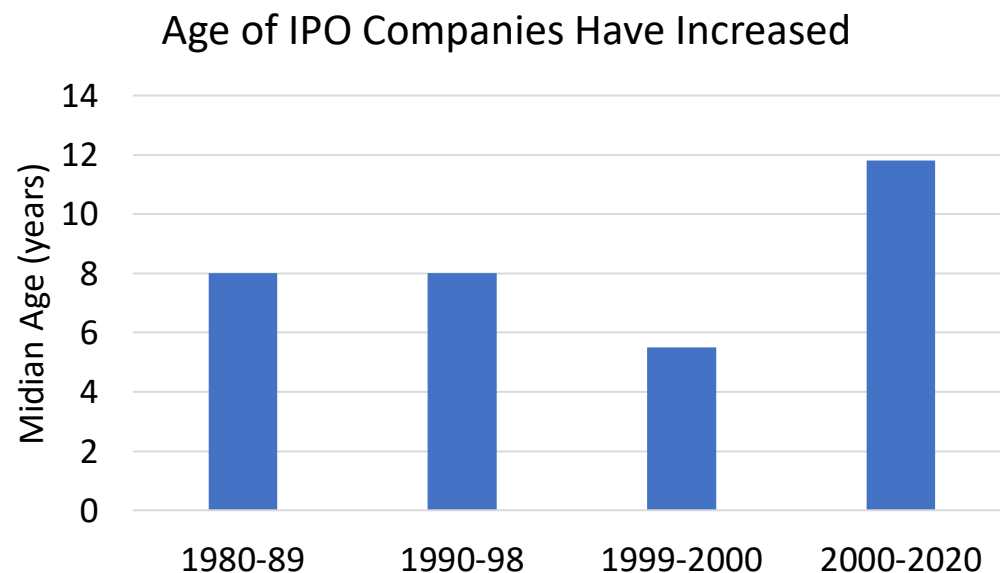
YOU WILL SEE THIS CHART AGAIN



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Navigating the Start-up Landscape

The **value** of Privates (Start-ups and Private Companies) is increasing, and Private Companies, especially Start-ups are staying Private **longer**



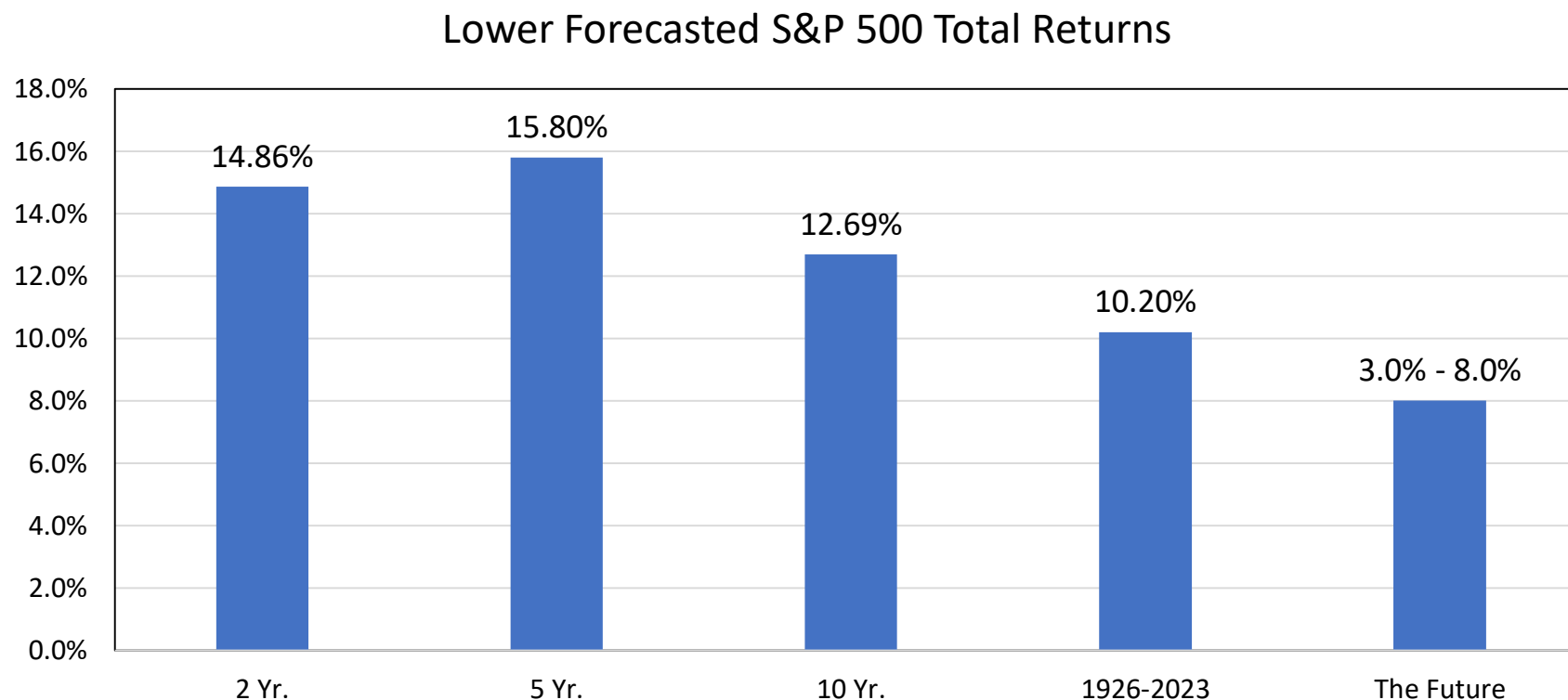
From 2010 to 2022 the number of Private Companies valued over \$1.0bn increased from 50 to 1,200



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Navigating the Start-up Landscape

Asset managers are looking for Alpha outside Public markets





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Navigating the Start-up Landscape

Venture and Private returns have outpaced Institutional Equity returns

Asset Class Comparison 2023 Long-term Returns

Venture Capital Funds (Start-ups)	Private Equity Funds	Institutional Equity Funds
<ul style="list-style-type: none">10 Year Annualized Return 15.33%^	<ul style="list-style-type: none">10 Year Annualized Return 15.59%^	<ul style="list-style-type: none">U.S. Large Cap Mutual Fund 10 Year Annualized Return 12.5%#Hedge Funds 10 Year Annualized Return 5.6%*S&P 10 Year Annualized returns 12.69%@

^Cambridge Associates 10 years ended Dec 2023

#Morningstar – 10 years ended Dec 2023

*HFRI Equity Total Index – 10 years ended June 2024

@ Ajo Vista –10 Years ended May 2024



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Navigating the Start-up Landscape

Several Buyside firms are changing fund structures and increasing the size of their early-stage investment teams

Baillie Gifford™





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Navigating the Start-up Landscape

BaillieGifford™

The Schiehallion Fund Limited (Trust Fund, \$1,222m Total Assets) seeks to generate capital growth for investors through long-term minority investments in later stage private businesses that the Company considers to have transformational growth potential and to have the potential to become publicly traded.

Top Ten Holdings

Holdings	% of Total Assets
1 Space Exploration Technologies	8.3
2 Bytedance Ltd.	7.4
3 Bending Spoons	5.7
4 Wise	4.4
5 Affirm	4.3
6 Tempus AI Inc	3.7
7 Brex	3.6
8 Wayve	2.9
9 Daily Hunt	2.9
10 Stripe	2.8
Total	46.2

Baillie Gifford's launched a new fund – Private Companies Fund III – in 2023 to attract institutional capital



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Navigating the Start-up Landscape – New entrants

CAPITAL NEWS



Fidelity Raised Its First VC Fund

Fidelity Investments has raised \$250 million for its first-ever venture capital fund.

October 4, 2024

The giant manager has been an investor in growth-stage companies for many years,

For more than 15 years, Fidelity, which has \$5.5 trillion in discretionary assets, has been investing in growth-stage companies through some of its mutual funds.

But it was time for a dedicated venture fund. The reason is that more companies are staying private longer. Fidelity and other investors have fewer public ones to choose from, with less upside to capture, so they want to become shareholders before an IPO.





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Navigating the Start-Up Landscape – Start-Ups offer new products and services

- The term Start-Up refers to a company in the first non-public stages of business operations.
- Start-Ups are typically created by one or more Founders who want to develop a product or service for which they believe there is new or unrecognized demand.
- The framework of “**what problem are you trying to solve**” is often used as a lens for understanding the reason for the new business.
- These companies generally start with high costs and zero revenue and look for capital from a variety of sources including: Friends & Family, Investment Clubs, Family Offices, Foundations, **Venture Capital Funds and increasingly Institutional Equity.**



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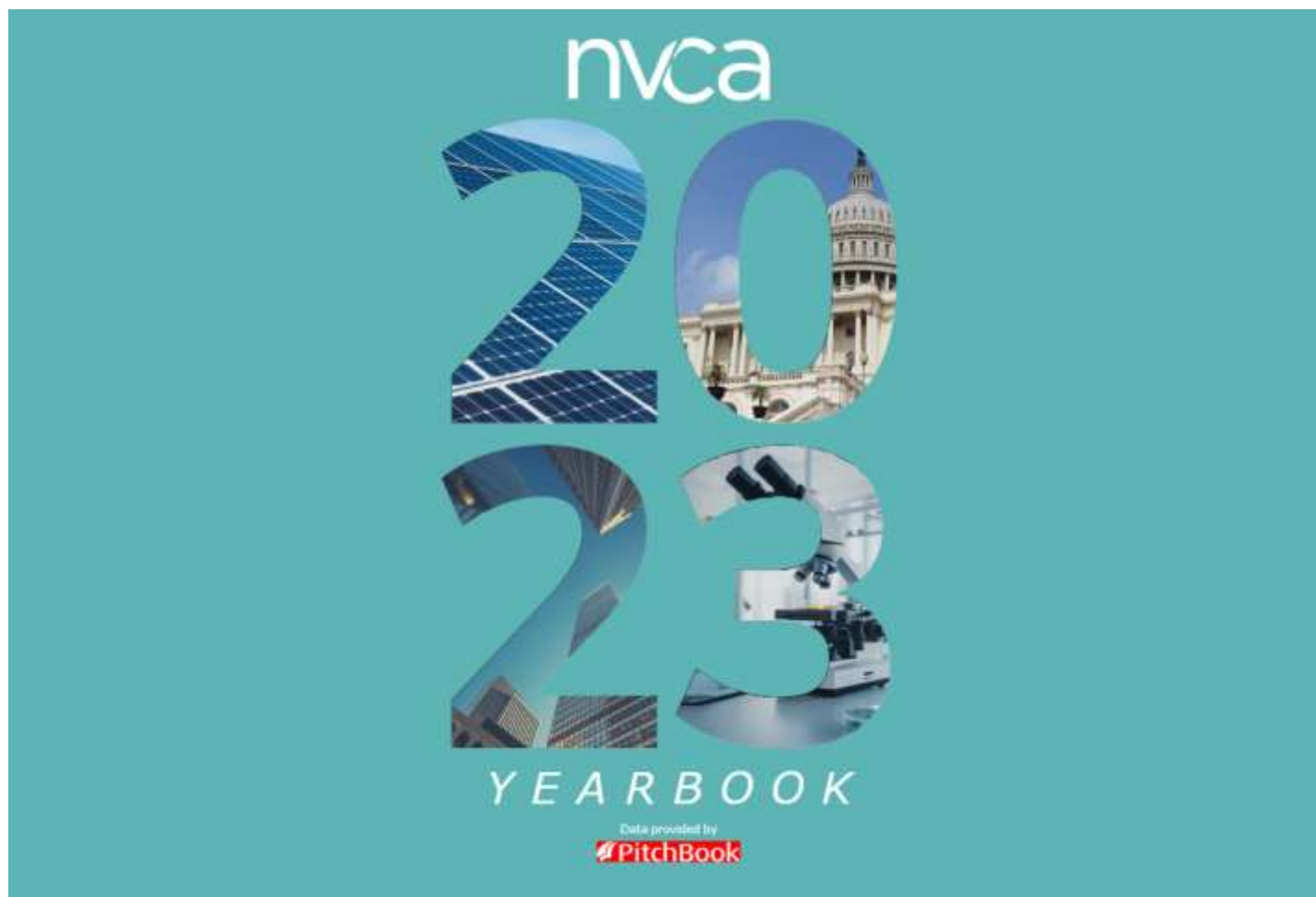
Navigating the Start-Up Landscape – Start-Ups and Venture Capital Funds

- ***Venture Capital Funds (VCs)*** are a source of Early-Stage financing or "venture capital" for start-ups, often in high-tech or emerging industries.
- VCs manage pooled investments in high-growth startups, early-stage and growth stage firms.
- Investors in VCs have a long investment horizon – 5 to 10 years.
- Investors in VCs earn a return when a portfolio company exits, either through an IPO, merger, or strategic acquisition.
- ***This presentation uses VC Fund (NVCA) data to look at the Start-up landscape data.***



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Navigating the Start-Up Landscape – There is a National Venture Capital Association (NVCA)





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Navigating the Start-Up Landscape – Start-Ups and Venture Capital Are Not New

- **1946** – Georges F. Doriot “the father of venture capital”, formed the first modern Venture Capital (VC) firm called the American Research and Development Corporation (ARDC).
- **1950s** – Arthur Rock, a student of Doriot’s helped secure funding for “The Traitorous Eight” who formed Fairchild Semiconductor in 1957. Among the eight were: Eugen Kleiner, Gordon Moore and Robert Noyce.
- **1972** – Sequoia Capital was founded by Don Valentine, a salesman from Fairchild Semiconductor. Kleiner Perkins was also founded.
- **1979** – Changes to the Employee Retirement Income Security Act’s (ERISA) “Prudent Man Rule” made it easier for corporate pension funds to invest in Venture Capital funds.
- **1990s** – The rise in personal computers and the internet led to a technology venture boom. With companies like Netscape, Amazon, eBay, Netflix, PayPal, Yahoo, Google, and Salesforce coming to the market with Venture Capital backing.



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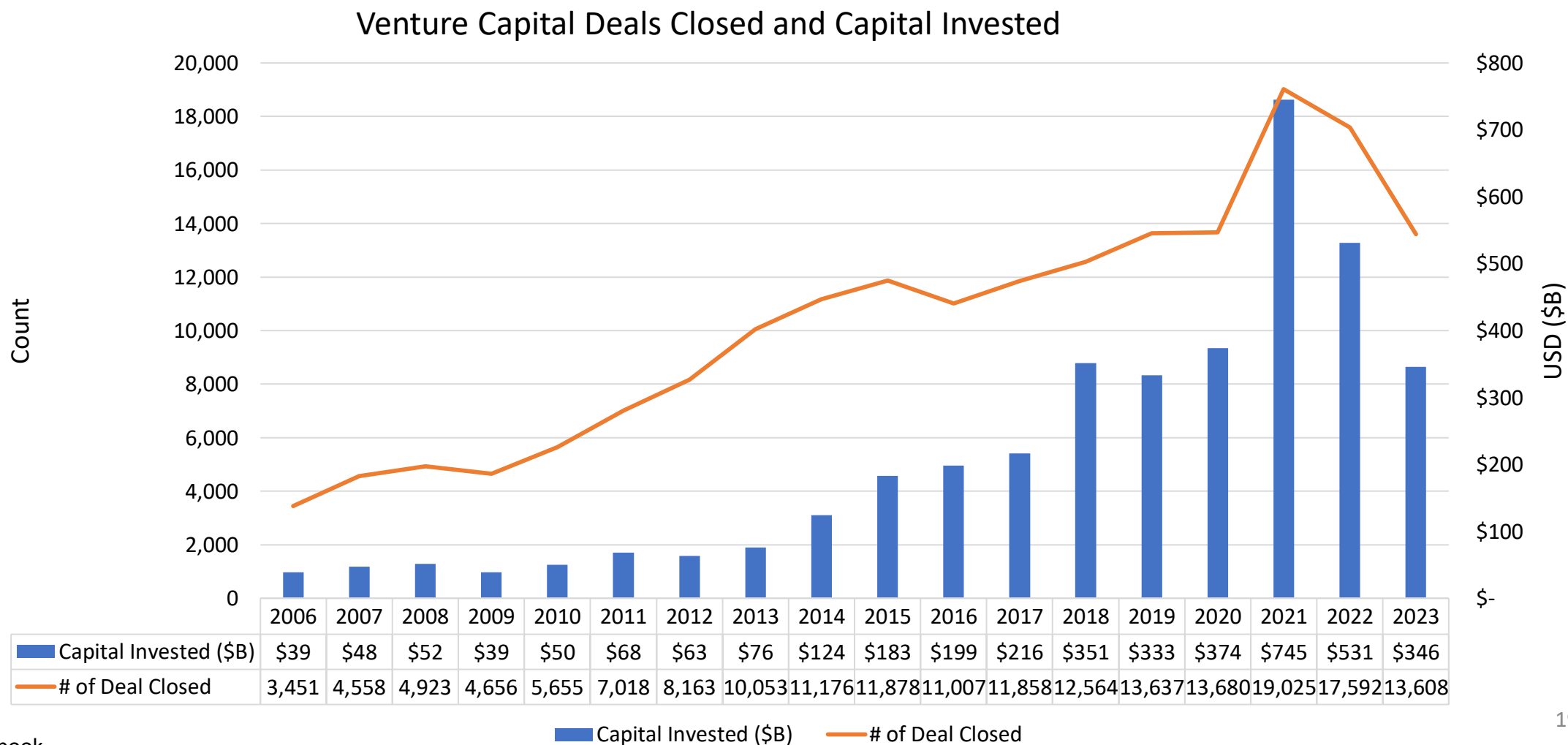
Navigating the Start-Up Landscape – Four Key Start-Up Funding Stages

P R O G R E S S I O N ↓	Funding Stage	Profile
	Pre-Seed: This is the earliest stage of business development when the founders demonstrate the concept, build product prototypes, and validate the Total Addressable Market (TAM).	Disruptors Acquisition
	Angel/Seed Funding: This is the point where a new business seeks to launch its first product, attract customers and assess scalability. Typically, there is no revenue.	
	Early/Later – Stage Funding: An emerging business will seek to ramp up production and sales to scale the business, generate revenue and move toward profitability and positive cash flow. The business will use funding rounds denoted as Series A, Series B, maybe Series C, etc. as it moves toward a strategic investor or IPO.	Buyout IPO
	Growth-Stage Funding: Based on age of company, prior financing history and participating investors. Typically classified as Series D or later and often with revenue and profit.	



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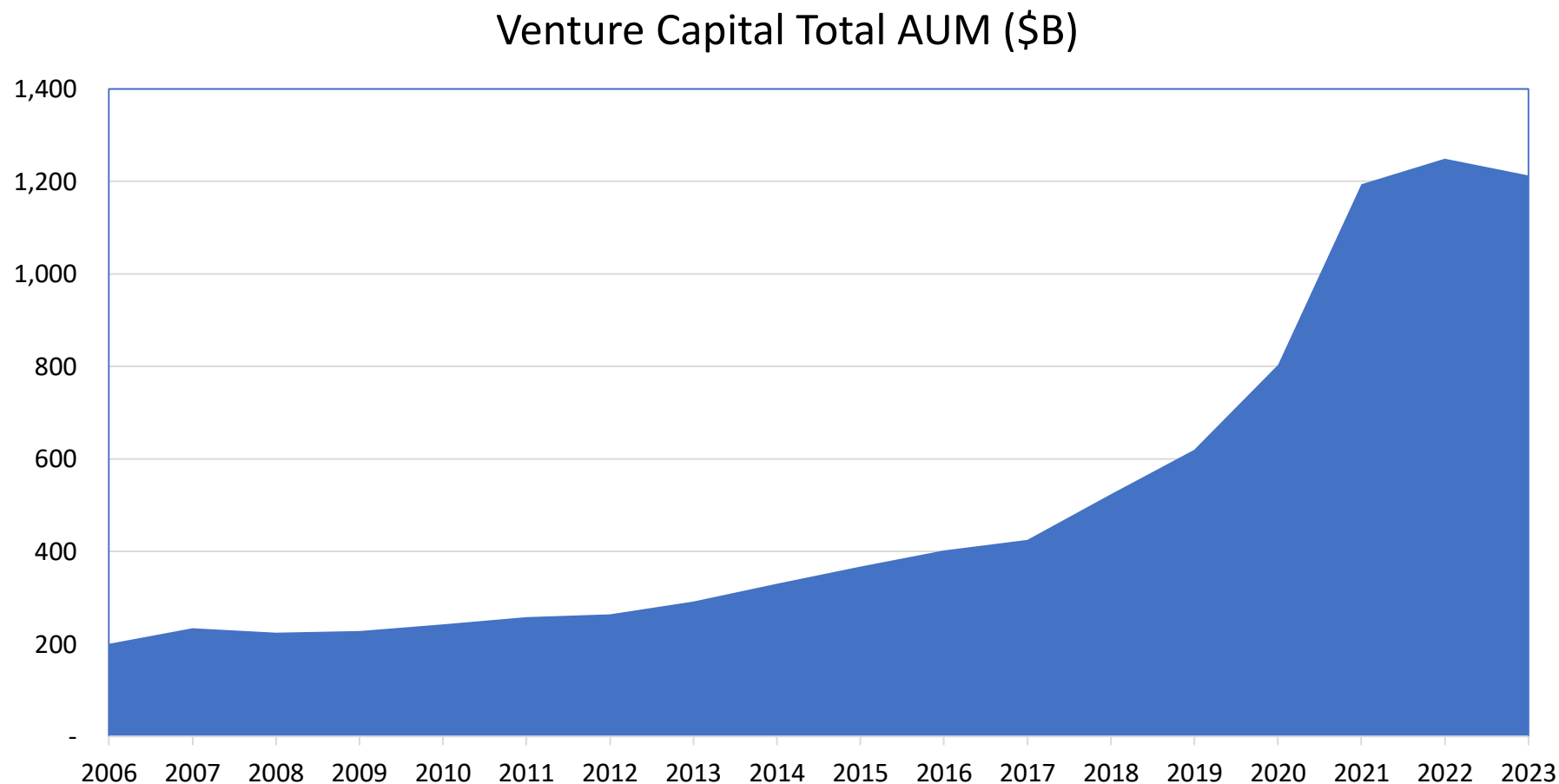
Navigating the Start-Up Landscape – Venture Activity Fell Dramatically in 2022 & 2023





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Navigating the Start-Up Landscape – AUM Grew Rapidly then Peaked in 2022

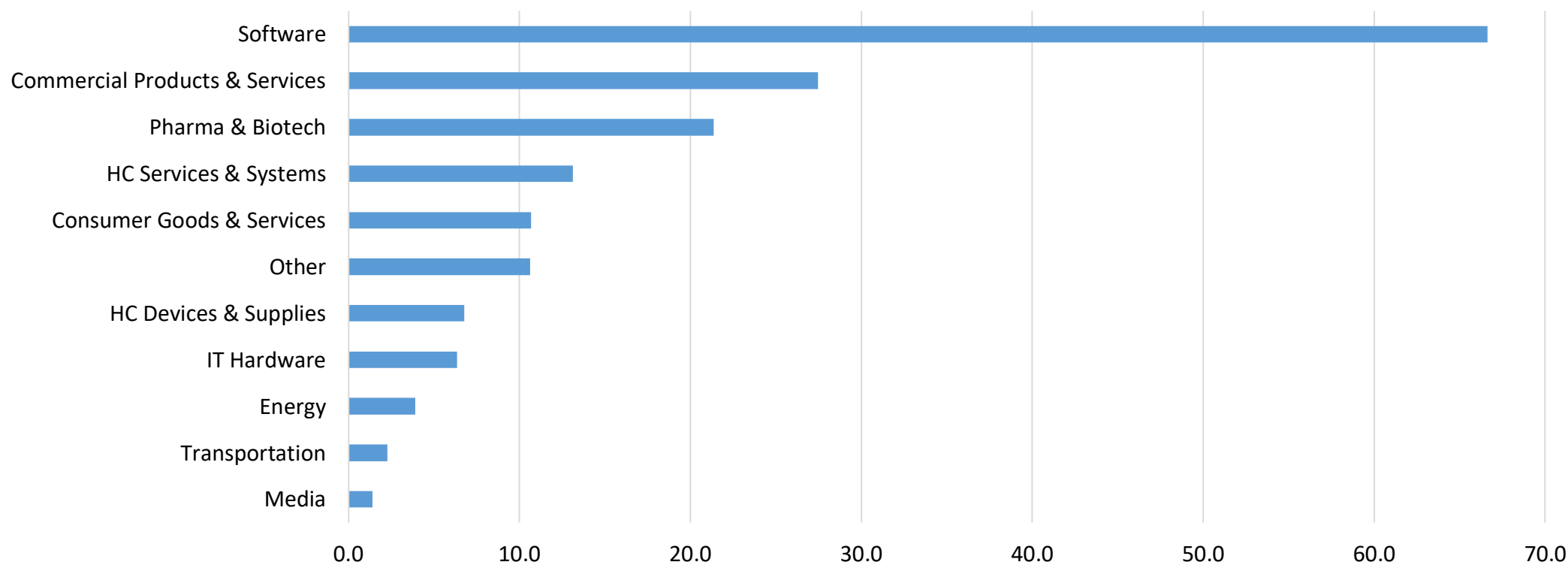




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Navigating the Start-Up Landscape – Not Just Software and Biotech

2023 US VC Amount Invested by Sector (\$B)

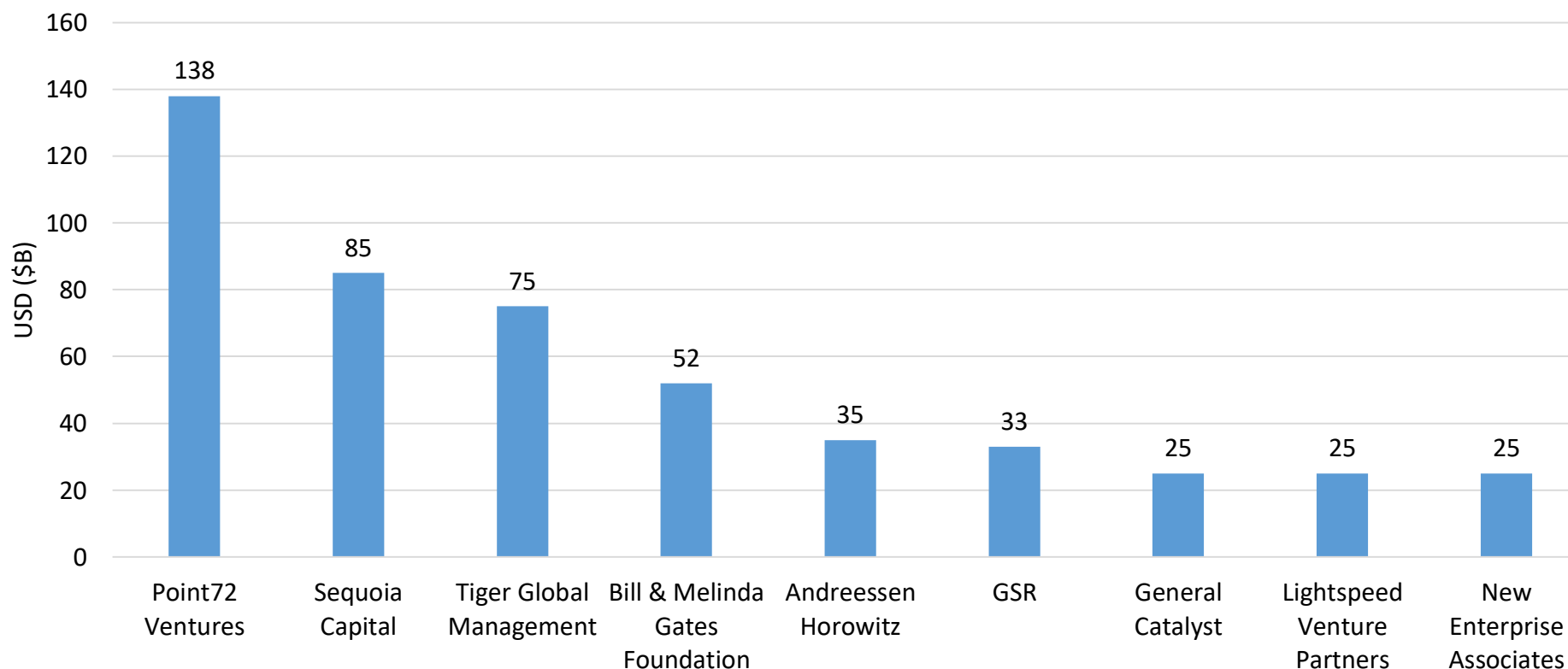




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Navigating the Start-up Landscape – Different Players

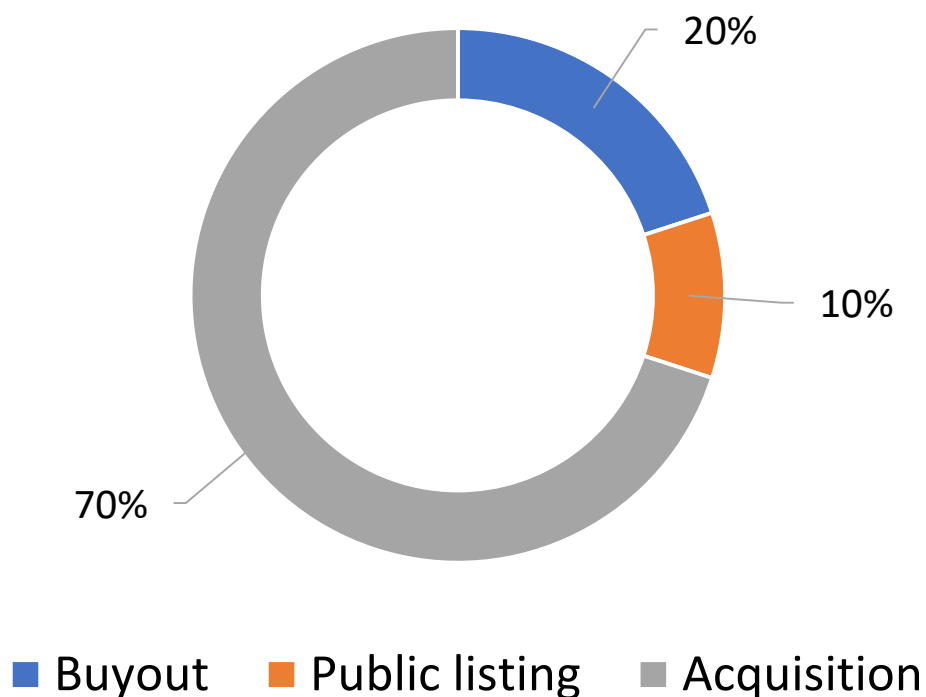
2023 Top 10 VC Funds by AUM (\$B)



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Navigating the Start-Up Landscape – Public Listings Are a Small Percentage of Total Exits

Start-Up Exits 2023





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What Can Research Analysts Do?

1. Start-Ups are not just Tech – there are most likely companies in your sector (Although every startup will now utilize the term AI)
2. Attend Start-Up and Venture Capital conferences in your sector (there are lots in NYC)
3. Meet Start-Ups at these events
4. Profile interesting start-Ups in research reports along side public companies
5. Utilize Start-Ups in:
 - Your corporate access events alongside public companies
 - Webinars with founders or experts on emerging sector technologies
6. Provide feedback on these emerging firms and technologies to your Buyside clients



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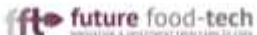











What Can Research Analysts Do? Resources: Start-Up websites

VCs by Stage	VCs by Location	VCs by industry	Angel Investors
<ul style="list-style-type: none">♦ Pre-Seed: https://lnkd.in/gnxYgFF8♦ 750+ Seed Funds: https://lnkd.in/g7rntFQa♦ NYC Early Stage: https://lnkd.in/gMKTstBz♦ Seed & Series A: https://lnkd.in/gU_PZwra♦ Below 200 Million: https://lnkd.in/g4QhNsjV	<ul style="list-style-type: none">♦ Most Active US: https://lnkd.in/gDcKfxwD♦ NYC: https://lnkd.in/gMKTstBz♦ European VCs: https://lnkd.in/gZC4qqxW♦ UK VCs: https://lnkd.in/gkPYUKH3♦ French VCs: https://lnkd.in/g2bHpUYd♦ Spanish VCs: https://lnkd.in/gBD_7rRY♦ Baltic VCs: https://lnkd.in/gx2iHdDS♦ Australian VCs: https://lnkd.in/gbFnpmRX♦ Indian VCs: https://lnkd.in/durcuiUw♦ Singapore VCs: https://mapofthemoney.com/	<ul style="list-style-type: none">♦ Climate VCs: https://lnkd.in/d_3NqRC♦ Deep Tech VCs: https://lnkd.in/gqTqjKJu♦ HealthTech VCs: https://lnkd.in/gMWDprYC♦ Consumer VCs: https://lnkd.in/ganPEBgV♦ FinTech VCs: https://lnkd.in/gWFADRuP	<ul style="list-style-type: none">♦ US Founders Investing: https://lnkd.in/gHtZZY2y♦ SaaS Angels: https://lnkd.in/g3z9sBAE♦ US Women: https://lnkd.in/gd4JefpG♦ Global Women: https://lnkd.in/gYAW3avh♦ Crypto: https://lnkd.in/gJfuaFVy♦ Australia: https://lnkd.in/gxYmwaTb♦ Africa: https://lnkd.in/g3z-cx6z♦ Middle East: https://lnkd.in/ghZ5PeQF

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What Can Research Analysts Do? Resources: Start-Up Ag Tech Conferences (Examples)

UPCOMING EVENTS

 future food-tech INNOVATION & INVESTMENT FORUM 19-20 JAN London, October 2-3, 2024 22 - 23 OCTOBER 2024 - LONDON LEARN MORE	 ANIMAL AGTECH INNOVATION SUMMIT HEALTH NUTRITION PRECISION AMSTERDAM, OCTOBER 9-10, 2024 22 - 23 OCTOBER 2024 - AMSTERDAM LEARN MORE
 WORLD AGRI-TECH INNOVATION SUMMIT Mexico City, October 29-30, 2024 28 - 29 OCTOBER 2024 - MEXICO CITY LEARN MORE	 ASIA-PACIFIC AGRI-FOOD INNOVATION SUMMIT Singapore, November 19-21, 2024 19 - 21 NOVEMBER 2024 - SINGAPORE LEARN MORE
 WORLD AGRI-TECH INNOVATION SUMMIT Dubai, December 9-10, 2024 22 - 23 DECEMBER 2024 - DUBAI LEARN MORE	 WORLD WATER-TECH INNOVATION SUMMIT London, February 25-26, 2025 25 - 26 FEBRUARY 2025 - LONDON LEARN MORE
 WORLD AGRI-TECH INNOVATION SUMMIT San Francisco, March 11-12, 2025 11 - 12 MARCH 2025 - SAN FRANCISCO LEARN MORE	 future food-tech INNOVATION & INVESTMENT FORUM 19-20 JAN San Francisco, March 13-14, 2025 13 - 14 MARCH 2025 - SAN FRANCISCO LEARN MORE
 ANIMAL AGTECH INNOVATION SUMMIT HEALTH NUTRITION PRECISION DALLAS, APRIL 8-9, 2025 08 - 09 APRIL 2025 - DALLAS LEARN MORE	 BLUE FOOD Innovation Summit LONDON, APRIL 8-9, 2025 08 - 09 APRIL 2025 - LONDON LEARN MORE
 INDOOR AGTECH INNOVATION SUMMIT Chicago, May 15-16, 2025 15 - 16 MAY 2025 - CHICAGO LEARN MORE	 WORLD AGRI-TECH SOUTH AMERICA SUMMIT São Paulo, June 24-25, 2025 24 - 25 JUNE 2025 - SÃO PAULO LEARN MORE

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What Can Research Analysts Do? Resources: Pitchbook

Discover the Power of PitchBook

Everything you ever wanted to know
about VC, PE, and M&A



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Some Real World Examples— Sellside Research is beginning to adapt its product suite

The screenshot displays the UBS Research & Commentary website. The top navigation bar includes the UBS logo, a search bar, and links to Home, Research, Knowledge Network, and Conferences. A left-hand menu lists various research categories, with 'Private Companies' highlighted. The main content area is titled 'Private Company Profiles' and features three 'Featured Reports' and a 'Latest Reports' section. The featured reports include 'Financials Private Company Compendium', 'Profiling relevant private...', and 'Profiling Private Semiconductor Companies - 2nd...'. The latest reports section shows 'US Healthcare - Non-Therapeutics Private Company Compendium...', 'Profiling Private U.S. Data Center...', and 'Private Company Profiles - US Medical...'. A sidebar on the right contains a video player titled 'Private Company Profiles' and a text box stating 'UBS Research is continually striving to provide our clients with differentiated insights into each sector that we cover. By profiling private companies our analysts gain valuable perspectives into the competitive dynamics in their sectors, beyond the activities of the major listed companies. We believe this can aid in better identifying and understanding the disruptive forces shaping their industries. On this page you can access the UBS Research reports featuring commentary on all the private companies which we have profiled.' At the bottom right, there is a link to 'Private Companies Profile Tracker 31-Jul-2024'.

UBS Research & Commentary

Search Companies, authors, themes, research, expert questions...

Home Research Knowledge Network Conferences

Research

- Tools
- Equities
- Strategy & Economics
- Featured Products
- Evidence Lab
- Q-Series
- HOLT
- APAC Focus
- China 360
- Private Companies

Private Company Profiles

Featured Reports

Financials Private Company Compendium

We profile 53 companies across Insurers,...

Brian Meredith | Research - Americas Equity - US ... | US 18 Sep 2024

Profiling relevant private...

Insights into the equipment rental, power generation, and E&C sectors with our profiles of...

Steven Fisher | Research - Americas Equity - US M... | US 11 Sep 2024

Profiling Private Semiconductor Companies - 2nd...

With more eyes on the sector, we profile 7...

Timothy Arcuri | Research - Americas Equity - US ... | US 10 Sep 2024

Private Company Profiles

UBS Research is continually striving to provide our clients with differentiated insights into each sector that we cover. By profiling private companies our analysts gain valuable perspectives into the competitive dynamics in their sectors, beyond the activities of the major listed companies. We believe this can aid in better identifying and understanding the disruptive forces shaping their industries. On this page you can access the UBS Research reports featuring commentary on all the private companies which we have profiled.

Latest Reports

Private Company Compendium -...

Healthcare (Non-Therapeutics) Private Company

Profiling Private U.S. Data Center...

Private data center companies represent the bulk of

Private Company Profiles - US Medical...

Private Companies Profile Tracker 31-Jul-2024

Joseph Parkhill | Research - Ame... | US



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Some Real World Examples— Sellside Research is beginning to adapt its product suite


A strategic collaboration between Unreasonable Group and Barclays

We believe that solving the world's toughest problems is not only a moral imperative — it's also an unprecedented financial opportunity

Unreasonable Impact is a global movement dedicated to scaling up growth-stage entrepreneurs operating at the nexus of advanced technology, global impact, and profit. We are actively scaling business solutions dedicated to solving pressing global challenges while rapidly creating the jobs of tomorrow. First established in 2016 and spanning across the Americas, Europe, and Asia Pacific, we are supporting 330+ ventures that are headquartered in 46 countries, have collectively raised more than \$14bn+ in financing, have mitigated 111m+ metric tons of CO2 equivalent from our atmosphere, and are actively supporting more than 31,000+ full-time employees. Barclays and the team at Unreasonable co-founded this global initiative with one goal in mind — leverage capitalism as a tool to create a more just, sustainable, and equitable future.

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Some Real World Examples— Sellside Research is beginning to adapt its product suite




Equity Research
3 December 2024

Thematic Investing

Corporate Venture Capital: Hunting for future growth

We view CVC as an important metric when assessing listed players' strategic positioning, as CVC now makes up c.50% of all VC. Our CVC mapping identifies which tech/business models are being prioritised, AI leading investment. Future focus areas include space, neurotech, cellular ag, eVTOLs & cyber.



As CVC funds become much more strategic (commercial deals, R&D sharing, M&A sourcing), CVC is becoming a key metric in assessing future growth of listed players. Leveraging Pitchbook data, we flag three core conclusions from our analysis of the CVC market:

- ➔50 different applications are driving the AI trend. AI became the most CVC-funded vertical in 2024 (surpassing SaaS). CVC activity of NVIDIA, Microsoft, Google & Salesforce suggests >50 AI applications, with a focus on Healthcare, Productivity & Automation.
- CVC represents one-third of Cleantech funding, with partnerships crucial to scaling development. Distribution channels and operational expertise remain key to scaling energy tech and new energy sources.

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This research report has been prepared in whole or in part by equity research analysts based outside the US who are not registered/qualified as research analysts with FINRA. Please see analyst certifications and important disclosures beginning on page 46.

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SIGNATURE

Thematic Investing

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Source: UBS

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Some Real-World Examples – Start-Ups in Corporate Access Trips

Tuesday, 9/10:

7:00am – 8:00am CT

10:45am – 12:00am ET

12:30pm – 2:15pm ET

3:00pm – 5:45pm ET

6:00pm – 8:00pm ET

Nutrien (NTR) Potash Terminal

5901 Hump Road, Hammond, IN

Nutrien (NTR) Facility Tour

850 S. Prince William Rd, Delphi, IN

Andersons (ANDE) Ethanol Plant

3389 W CR 300 S Logansport, IN 46947

Inari Lab and Research Farm Tour

West Lafayette, IN (ADDRESS PENDING / 15 MINS FROM RESTAURANT)

Dinner with Inari Management

8Eleven Modern Bistro, 201 S Grant St Ste 100, West Lafayette, IN 47906

Wednesday, 9/11:

7:30am – 9:15am

10:00am – 1:00pm ET

2:30pm – 4:30pm ET

5:30pm – 7:30pm

10k acre Farm Tour w/ Advanced Agrilytics

6608 west 700 south, Colfax, IN 46035

Corteva (CTVA)

9146 Zionsville Road, Indianapolis, IN 46268

White River Soy Processing Plant

6874 North Base Road Seymour, IN 47274

Dinner with multiple Ag experts

The Capital Grille Indianapolis, 40 West Washington Street, Conrad Room

Thursday, 9/12:

7:30am – 9:15am CT

10:00am – 11:30am CT

12:30pm – 2:00pm CT

2:30pm – 3:30pm CT

4:00pm – 5:30pm CT

UPL (UPL)

David Elser, Regional Head, North America

2102 S Wright St, Urbana, IL 61802

GDM Seeds

Gibson City, IL (exact address pending)

Pivot Bio Field Site

Gridley, IL (exact address pending)

Illinois Fertilizer & Chemical Association

KJ Johnson, President

14171 Carole Drive Bloomington, IL 61705

Growmark & Intelinair

Baxter's American Grille, 3212 E Empire St, Bloomington, IL 61704, USA



Integrating Start-Ups Into Your Research Franchise

Wrap-Up..... How Start-ups Can Enhance Your Research Franchise

Aligns your franchise with the growing Buyside interest in Start-Ups and Private companies

1. Helps you identify potential disruptive trends in your sector
2. Offers opportunities for additional Research content and Touchpoints (Client Calls, Conferences, Industry notes)
3. Exposes you to a new group of investors – Venture Capitalists
4. Makes you look smarter to clients, corporates, business partners (Sales, Banking)

THIS IS THE REPEAT SLIDE



Integrating Start-Ups Into Your Research Franchise

Wrap-Up/Q&A



Integrating Start-Ups Into Your Research Franchise

Appendix