



1970 Group Publishes Inaugural Liquidity Conditions Index, Revealing Optimism Among Financial Decision Makers Amid Economic Uncertainties

NEW YORK (BUSINESS WIRE) - October 25, 2023 - 1970 Group, a specialized risk financing provider with expertise in insurance and structured credit, today revealed the results of its inaugural Liquidity Conditions Index, a comprehensive measure of how financial decision makers at U.S. middle-market and large-cap companies view current and future financing and liquidity conditions.

The inaugural measure of the Liquidity Conditions Index is 82 (out of a possible 100), reflecting a high level of optimism among financial decision makers. Whether driven by a desire to maximize growth opportunities or to fortify themselves against market fluctuations, businesses are constantly in pursuit of liquidity and access to capital. The Index is derived from the responses of corporate finance leaders to a series of questions regarding their perceived level of current and future access to financing and liquidity. Conducted in the third quarter of 2023, this survey captured over 300 responses from finance leaders across a range of industries.

"In our research we were intrigued to find that — despite the current tightening of credit markets and rise of interest rates — optimism prevails among financial decision makers," said Stephen Roseman, CEO of 1970 Group. "Despite other indicators hinting at uncertainty on the horizon, there is an undercurrent of continued optimism from those working within the real economy. We look forward to continuing to track over time the sentiment of this important group as conditions ebb and flow along broader economic cycles."

Key Findings

The inaugural edition of the Index reflects a strongly positive outlook from financial decision makers regarding both current liquidity conditions and expectations for the next 12 months. Eighty-one percent of respondents reported that their current access to capital has recently improved, with 85% stating that their current liquidity position is on the upswing. Interestingly, these positive sentiments diverge from actual lending trends, as indicated in reports like the latest Senior Loan Officer Opinion Survey (SLOOS) report from July 2023, which reveals that 51% of banks have tightened lending standards for medium and large-sized businesses in the prior three months.

Despite the prevailing economic uncertainty faced by the corporate C-suite, current economic conditions, business leader optimism extends into the future. Eighty percent predict that their access to capital will continue to improve in the next 12 months, and 87% hold a similar outlook for their future liquidity position.

Headwinds and Concerns

The Index also points to several headwinds that could temper respondents' optimism. Ninety-one percent of respondents acknowledged that macroeconomic factors have a significant impact on liquidity, suggesting a market reset or downturn would have an outsized impact on their firm's access to capital. Private equity-owned ("sponsored") companies, in particular, express heightened vulnerability to macroeconomic shifts.

Despite these challenges, the pursuit of liquidity remains focused on supporting growth and optimizing balance sheets. CFOs and other business leaders perceive opportunities in the

current macroeconomic environment, indicating their intent to capitalize on market conditions. Additional key findings include:

- **Business leaders are positioning for growth:** 76% of respondents foresee an increased need for liquidity and capital access in the coming year. Interestingly, most plan to use liquidity for offensive purposes, with 90% anticipating revenue growth in the next 12 months. Focusing on improving liquidity, organic growth plans, balance sheet management and acquisitions were the top three drivers for companies to improve their liquidity position.
- **Sponsored and mid-sized companies are especially bullish:** Demographic analysis reveals nuances, with respondents from sponsored companies and those earning \$500M - \$999M being more likely to see an increased need for capital. Those surveyed from public and family-owned companies hold a less positive outlook on capital access and liquidity than their private equity-owned counterparts.
- **Alternative financing methods remain a niche option:** Corporates are predominantly relying on traditional means, such as banks and credit facilities, to access capital. Despite the growth of the alternative financing space, about one-third (33%) of respondents report not utilizing market financing or alternative providers, indicating a potential opportunity for greater adoption of alternative financing methods.

“We found that private equity-owned companies are faster to mobilize alternative financing solutions than family-owned or public companies,” said Roseman. “This suggests that diversifying capital sources could be a strategic move for those seeking to ensure financial stability, especially before the next economic downturn”.

About the Liquidity Conditions Index

The Liquidity Conditions Index is 1970 Group’s quarterly survey that explores the prevailing attitudes of finance leaders on the topic of liquidity. The survey polls U.S. respondents employed at companies ranging in size from \$50M to over \$5B in annual revenue that are involved in financial decision making at the company and have a title that ranges from the Senior Director level to CFOs and CEOs. The Index figure is a four-item composite number out of 100 that averages responses to key questions put to respondents’ views on current and future liquidity and capital access conditions.

About 1970 Group

1970 Group is a specialized risk financing provider with expertise in structured financing, credit support and risk management. The company pioneered the concept of the Insurance Collateral Funding solution, which enables companies to transfer their insurance collateral requirements giving them more capital to deploy for business operations and investment opportunities. The 1970 Group leadership team is comprised of insurance, investment and legal veterans with decades of experiences led by Stephen Roseman, CFA, Chairman & CEO and Ron Friedman, Esq., President & General Counsel. Visit www.1970group.com for more information.