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Macro Trends

Large Cap public equity, particularly FAANGs



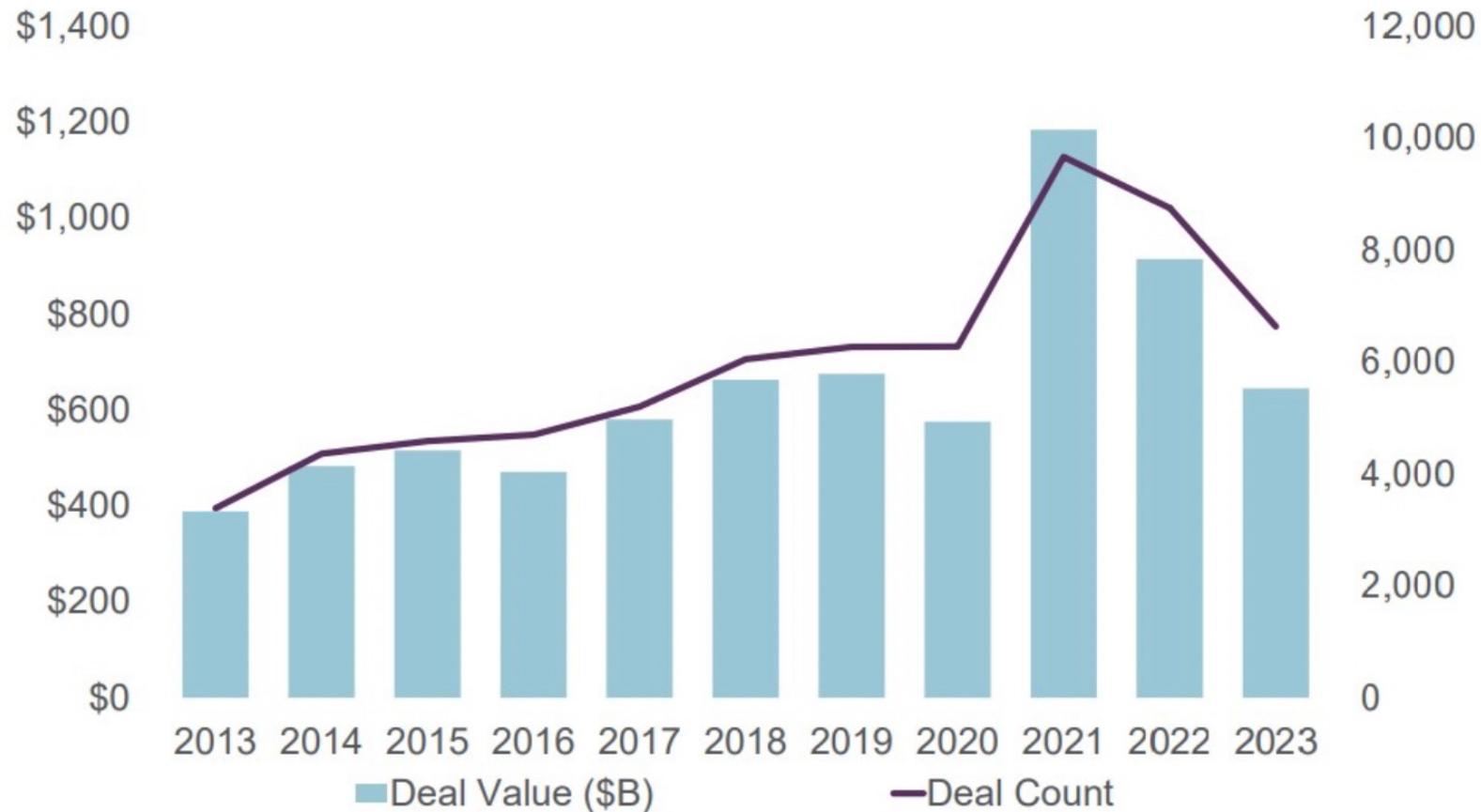
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Macro Trends

Private markets have retracted significantly from COVID peak



U.S. PRIVATE EQUITY DEAL ACTIVITY



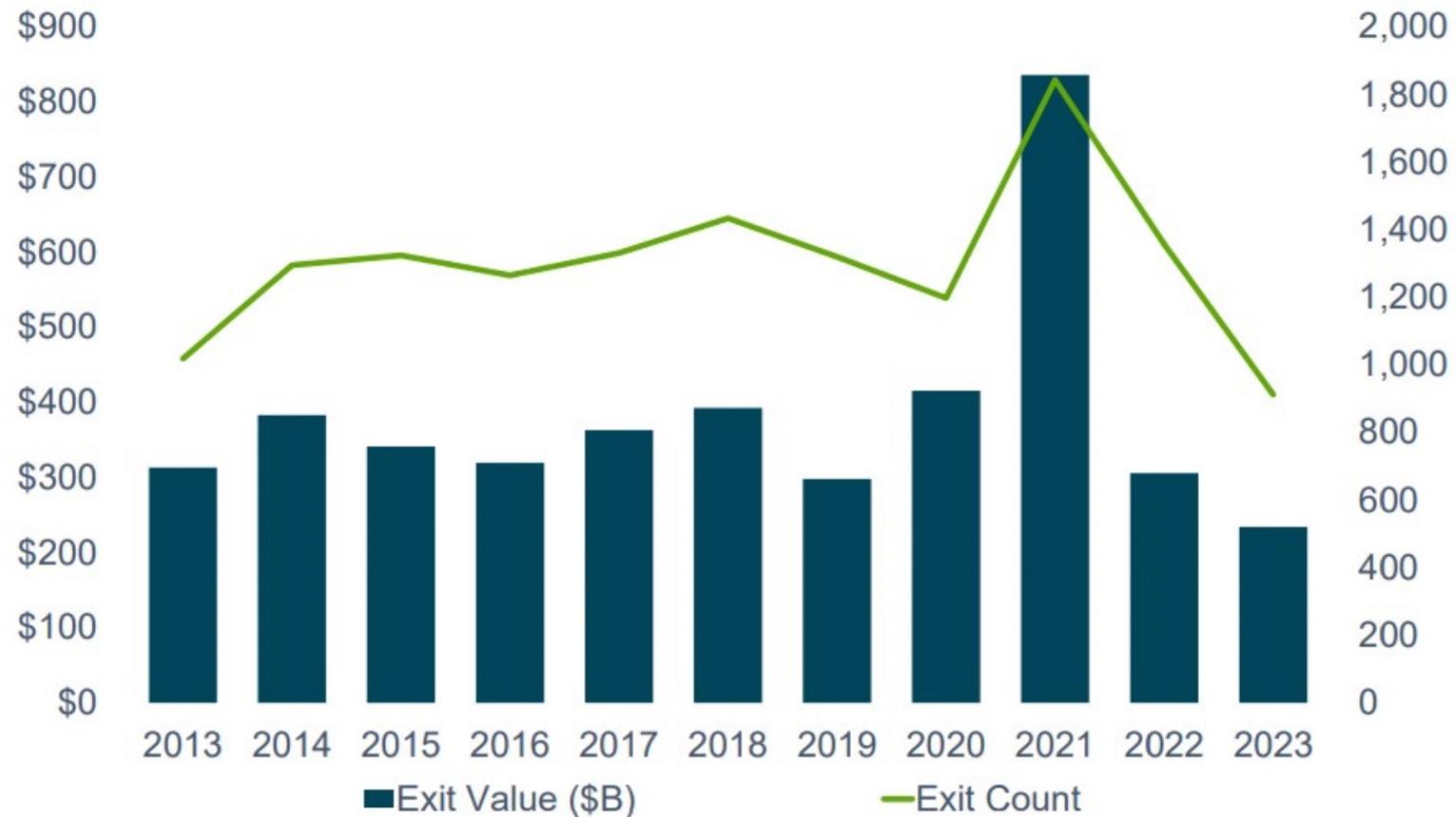
Source: Pitchbook | Geography: US
As of 12/31/2023

Macro Trends

Far fewer exits translates to less capital to recycle



U.S. PRIVATE EQUITY EXIT ACTIVITY



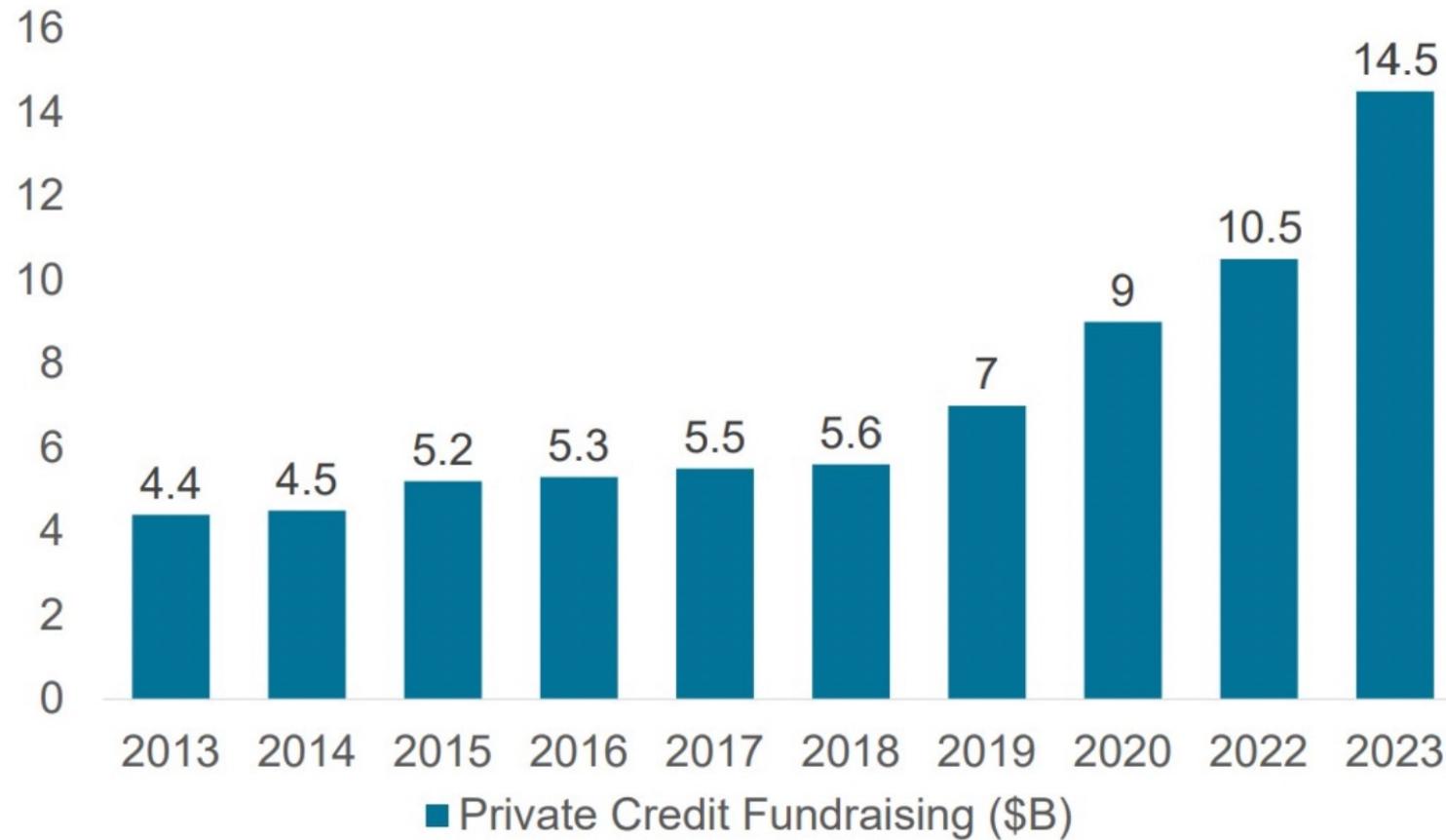
Source: Pitchbook Geography: US
As of 12/31/2023

Macro Trends

Private credit funds have filled the gap



PRIVATE CREDIT FUNDRAISING (\$B)



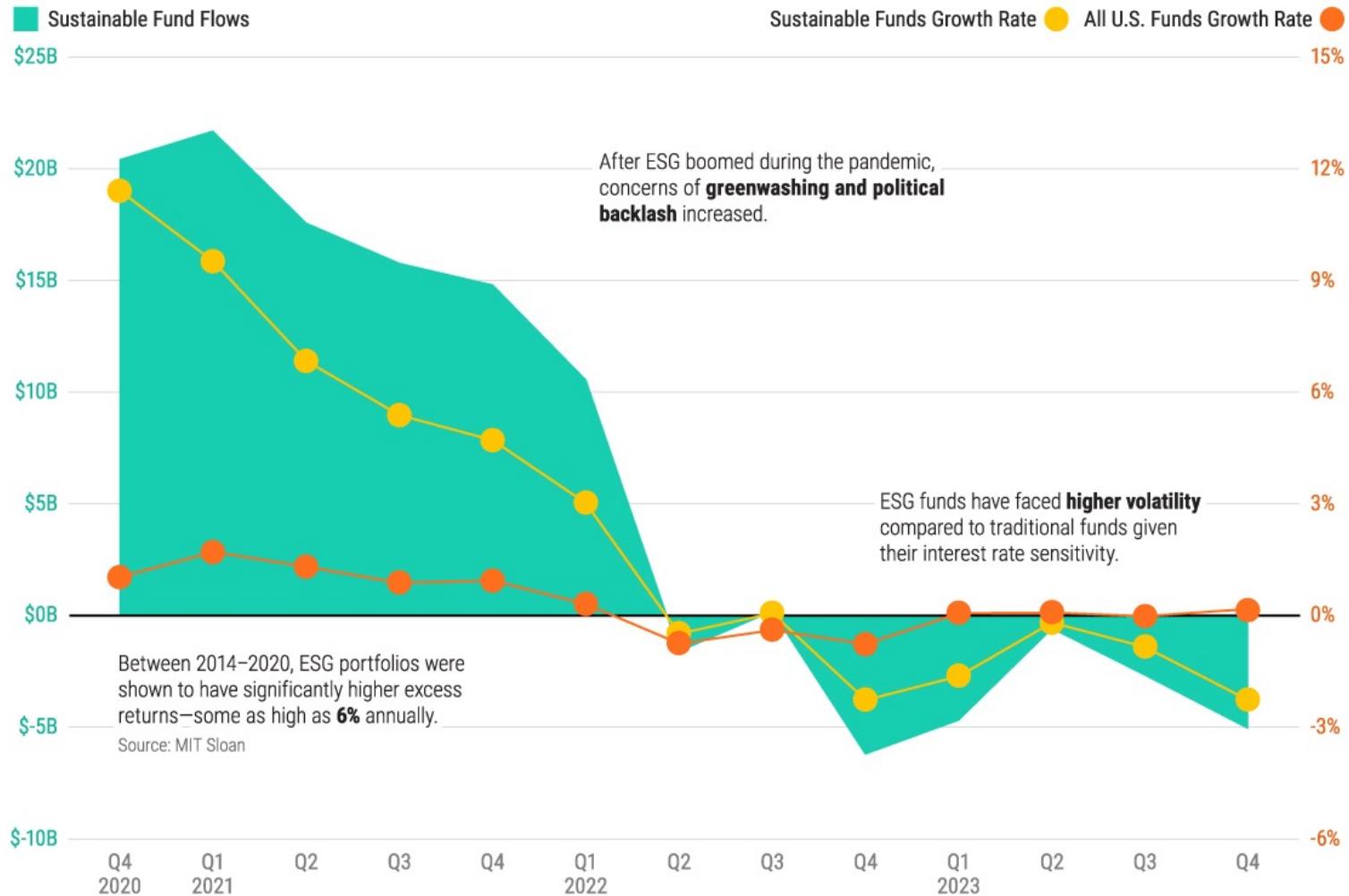
Source: Bloomberg as of October 2023

Macro Trends

ESG investing in decline, but we suspect this will reverse in the long-run



U.S. Sustainable Fund Flows



Source: Morningstar Direct, Manager Research. Data as of Dec. 31, 2023.

Whole of Government Approach

Private capital will be the largest source of funds, but it will take government support



Cumulative funding needs to 2030 \$1,642 million

Reaching \$2,184 million in revenue by 2030 will require \$1,642 million to establish and grow the industry during the period 2024–2030.

The ambition to start up this nascent industry will benefit from a blended^a capital approach: philanthropic grants, equity, debt, and government funds should be combined to achieve an optimal return, risk, and impact outcome.



Securing government funding and tax incentives will be important to kick-start the industry. There is significant federal funding for infrastructure, renewable energy, and climate-smart agriculture, as well as tax incentive programs at the state level.

- “Inflation Reduction Act” (primarily a climate bill): major R&D in hemp for carbon sequestration and as feedstock for biofuels.
- Infrastructure Bill: potential funding for hemp fiber construction materials (erosion mats, noise barriers, engineered composites, building materials).
- The USDA Partnership for Climate-Smart Commodities invests over \$50 million in hemp fiber and grain production.
- Intermediaries like Rural Business Investment Companies (RBIC) could also play a catalytic role through their equity investments.
- Rural business development grants, specialty crop grants but also loan guarantees, are various instruments to use.

However, government financing remains limited, and private capital will be the largest source to fund the development of the industry.

Source:
<https://biosolutionsinitiatives.com/publications>