NIC

— Nova Investment Club —

Newsletter

December 2025

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Foreword

This Month:

In our Macro Overview section, analysts from the Financial Markets Division will cover broad macro themes while reviewing major economic news from the past month. In our Deeper Dive section, Julia Karaś explores the impact of the longest US shutdown and what that means for the economy and markets.

Our Investment Banking Division will guide you through October's overall M&A activity. Read about Leonard Green & Partners acquiring Topgolf and Kimberly-Clark acquiring Kenvue. Additionally, get a detailed overview of what happened to Boeing Co, and read expert insights about Renewed Momentum in the EMEA IPO Market.

Our Financial Markets Division will present the monthly results of the NIC Fund, an active relative return fund investing across three different asset classes: Equities, Fixed Income, and Commodities. The analysts will also provide commentary on each of the three major asset classes including Currencies through an analysis of the past month's major market moves. The overall performance of the NIC Fund in November was negative, with a cumulative return of -0.41%.

Our Private Equity Division will cover global and European trends in private equity transactions and investments, followed by brief insights into some top deals. Read about Arcline Investment Management acquiring Novaria Group from KKR and Apollo Sports Capital acquiring Atlético de Madrid.

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NIC

—Nova Investment Club—

Macro Overview

Monthly

December 9th, 2025

Deeper Dive

What the Longest US Shutdown Means for the Economy and Markets

— p.2

Market Moves

Market Moves

% change

	Last Close	-1W	-3M	YTD
S&P 500	6,849	3.73%	6.02%	16.45%
DJIA	47,716	3.18%	4.77%	12.16%
Nasdaq	23,366	4.91%	8.90%	21.00%
MSCI World	4,358	3.28%	1.65%	17.30%
MSCI EM	4,421	2.02%	2.53%	20.13%
Russell 2000	2,500	5.52%	5.66%	12.12%
Euro Stoxx 50	5,668	2.78%	5.91%	15.77%
FTSE 100	9,721	1.90%	5.80%	18.93%
Nikkei 225	50,254	3.35%	17.64%	25.97%
Hang Seng	25,859	2.53%	3.12%	28.91%
Dollar Index	99.46	-0.72%	1.73%	-8.32%
EUR/USD	1.160	0.74%	-0.75%	12.01%
GBP/EUR	1.141%	0.30%	-1.25%	-5.58%
GBP/USD	1.324%	1.04%	-1.99%	5.74%
USD/JPY	156.180	-0.15%	6.21%	-0.65%
USD/CHF	0.80	-0.53%	0.44%	-11.40%
Brent Crude	63.200	1.02%	-7.22%	-15.33%
Gold	4,218.3	3.40%	21.44%	60.44%

Generic Bond Yields

change in bps

	Last Close	-1W	-3M	YTD
US 10Y Yield	4.013%	-5.0	-21.5	-55.6
GER 10Y Yield	2.689%	-1.4	-3.5	32.2
JPY 10Y Yield	1.812%	3.4	21.0	71.1
UK 10Y Yield	4.440%	-10.6	-28.2	-12.8
PT 10Y Yield	3.005%	-3.8	-17.5	15.7

**Source: Bloomberg, as of 2025-11-28*

In Focus

November

Netflix announces landmark USD 72 bn acquisition of Warner Bros Discovery's studio and streaming assets. Netflix agreed to purchase Warner Bros Discovery's TV, film and streaming division in a cash and stock deal valuing the company at USD 27.75 per share, or roughly USD 72 bn in equity and USD 82.7 billion including debt, a 121% premium to WBD's 10th of September closing price before reports of a potential deal emerged. Market reaction was mixed, with WBD shares rising 3.2%, Netflix edging down 0.2%, and Paramount falling 6.1%. The transaction is expected to face heightened antitrust scrutiny in the US and Europe.

US rate-cut expectations firm as policymakers turn dovish. Market conviction in a December cut strengthened after Morgan Stanley joined J.P. Morgan and BofA in projecting a 25 bp move, reversing earlier expectations for a hold. Softer late-November US data and dovish remarks from John Williams, Christopher Waller, and Mary Daly reinforced views that policy recalibration is underway. Rate-cut odds have risen sharply, with traders pricing an 87.2% chance of easing at the December 9-10 meeting.

Longest US government shutdown ends as funding bill allows services to restart. President Donald Trump signed legislation ending the 43-day shutdown after the House passed the funding bill 222 to 209, allowing food assistance, federal worker pay, and air-traffic control to resume. Economists estimate the outage shaved more than a tenth of a percentage point from GDP each week, with much of the loss expected to be recouped in the months ahead.

Expectations for a BOJ rate increase solidify as officials signal willingness to move. The Bank of Japan appears poised to raise its policy rate to 0.75% from 0.5% in December, with government officials indicating they will tolerate the move. Governor Kazuo Ueda's recent remarks signalled a strong chance of tightening at the December 18-19 meeting, pushing the 10-year JGB yield to an 18-year high and leading markets to price an 80% probability of a hike. The BOJ's final decision will hinge on wage data, the upcoming US Federal Reserve decision, and market conditions, while attention is shifting to how Ueda will frame the longer-term rate path, an area he has been ambiguous about, citing uncertainty around Japan's neutral rate, estimated at 1% to 2.5%.

China's property market remains uneven as new-home gains contrast with resale weakness. New home prices rose 0.37% in November, while secondary-market values fell nearly 1%, reflecting persistent fragility in a sector still recovering from the 2021 developer liquidity crunch.

India's growth outlook remains robust as the economy absorbs tariff pressures. Moody's forecasts India will expand by 6.5% through 2027, sustaining its role as the fastest-growing G20 economy despite elevated US tariffs on select exports. Growth momentum is underpinned by strong infrastructure investment, resilient household demand, and continued diversification of export markets

Italy's credit profile strengthens as Moody's delivers first upgrade in over two decades. Moody's raised Italy's rating to Baa2 with a stable outlook, marking the country's first uplift since 2002 and reflecting improved fiscal management under Prime Minister Giorgia Meloni. Investor confidence has also improved, with the Italy-Germany 10-year yield spread now well below 80 bps.

Felix Neumann
Financial Markets Division

Deeper Dive

What the Longest US Shutdown Means for the Economy and Markets

Julia Karaś
Investment Banking Division

"We've already rolled the dice a lot this year ... so while the impact of a short shutdown should be minimal, a protracted government shutdown is just another chance we're taking that could derail the trend of steady growth we've been on the last couple of years."

– Michael Zdinak, Economics director, S&P Global Market Intelligence

"It's going to be challenging to discern what this means for the direction of Fed policy"

– Jay Barry, Head of Global Rates Strategy, JP Morgan

The US ended its longest-ever government shutdown on the 13th of November 2025, after 43 days without full federal funding. The shutdown began on the 1st of October 2025 when lawmakers failed to pass spending bills for the 2026 fiscal year. Roughly 1.4 million federal employees either worked without pay or were placed on unpaid leave, while a wide range of agencies suspended operations. As the new agreement funds most federal departments through January of 2026, attention has now shifted to assessing the economic and market implications of this closure, as well as the potential for renewed uncertainty early next year.

While shutdown-related disruptions typically reverse once operations return to full capacity, this episode's long-term ramifications can be far worse than expected. The Congressional Budget Office estimates that the shutdown will reduce fourth-quarter GDP by about 1.5pp, with a rebound of roughly 2.2pp expected in the first quarter as delayed activity resumes. However, not all of the disruption will be recovered, as the CBO projects around USD 11 bn in permanent output losses linked to suspended contracts and halted operations. The shutdown has also worsened Americans' economic outlook and consumer confidence. The White House Council of Economic Advisers estimates that a month-long shutdown could cut consumer spending by roughly USD 30 bn, adding to the overall slowdown.

The absence of federal data collection created an additional challenge. The inflation picture is particularly affected, since most CPI inputs require in-person price collection that was suspended during the shutdown. The delay means the Federal Reserve will enter its upcoming policy meeting without the usual set of indicators that guide rate decisions. Chair Jerome Powell noted that the lack of visibility requires caution, and policymakers are divided on whether to cut rates again. JP Morgan maintains its expectation of a 25bps reduction in December, citing underlying labor-market softness that may become clearer as data collection resumes.

Financial markets showed fairly contained reactions. Both US and global equities regained ground after early declines, supported by progress toward a funding agreement. Gold extended its ongoing rise, while the USD weakened early in the shutdown before reversing losses in the following week. Treasury yields rose after the October FOMC meeting's cautious tone, with front-end yields returning to recent highs. Strategists note, however, that without key economic data the near-term pricing of inflation-linked securities remains more uncertain, leaving valuations more sensitive to incoming information.

Sector-specific effects were more evident. Airlines faced reduced staffing among unpaid air-traffic controllers, resulting in flight delays, cancellations, and temporary capacity cuts, with normal operations expected to take time to resume. The temporary funding bill also did not extend health-insurance tax credits that help keep premiums affordable for Americans. If the subsidies expire, insurance costs would rise for many lower-income households, affecting demand dynamics in healthcare markets.

The reopening of the government should produce a rebound in measured growth early next year as delayed spending resumes. The near-term policy environment nevertheless remains complicated. Businesses dependent on federal permits, contracts, and regulatory decisions face delays that may extend into the first quarter of 2026. For investors, the focus will be on the return of federal data releases, the Fed's interpretation of incomplete information at the December meeting, and developments in Congress, as the next funding deadline approaches, leaving the possibility of another shutdown if negotiations fail to progress.

Julia Karaś
Investment Banking Division

Macro Overview

Economic Calendar

Economic and Political Events

European Council Summit
EU heads of state convene in Brussels on the 18th and 19th of December. The agenda includes final approval of the EUR 140 billion Ukraine loan funded by Russian assets, the next budget framework (MFF 2028-2034), climate targets proposing 90% emission cuts by 2040, and responses to US tariffs.

Swiss National Bank Assessment
The SNB announces its quarterly assessment on the 11th of December. After six consecutive cuts, the policy rate stands at 0.00%. Consumer prices fell 0.2% MoM in November. The strong Swiss Franc, up 4.9% year-over-year, drives deflationary pressures affecting exports.

South Korea Political Crisis
President Yoon's recent impeachment and martial law attempt have heightened East Asian geopolitical risk. The resulting political vacuum threatens semiconductor supply chains, balancing deflationary hardware pressures against the inflationary risk of severed supply lines.

Central Bank Decisions

Fed Interest Rate Decision
The Federal Reserve announces its rate decision on the 10th of December, with rates currently at 3.75%-4.00% after two 2025 cuts. Economists expect hawkish dissent, though the decision is complicated by shutdown-disrupted economic data.

Bank of Japan Rate
Markets assign an 80–90% probability of a BoJ rate hike to 0.75% on December 18-19 meeting, driven by solid wage and inflation data. This divergence from global easing trends is set to strengthen the Yen and challenge the Fed's narrative by tightening global liquidity.

Bank of England Decision
The MPC announces its decision on the 18th of December with markets pricing 90% probability of a 25 bp cut to 3.75%. The November meeting held rates at 4.00% in a tight 5-4 vote. UK inflation at 3.6% exceeds the 2% target, with services inflation at 4.5%. Budget tax increases add complexity.

Inflation and Deflation

Eurozone HICP Final
Eurostat releases final November inflation on the 17th of December showing 2.2% headline, up from 2.1% in Oct. Core holds at 2.4%, with services driving 3.5% increases. Notable divergence exists: Germany at 2.6% and Spain at 3.1%, while France and Italy remain below target.

UK Consumer Price Index
The ONS releases November CPI data on the 17th of December at 7:00 AM GMT. October showed headline inflation at 3.6% year-over-year with core CPI at 3.4%. UK inflation remains nearly double the 2% target. Food and beverages accelerated to 4.9%. The BoE forecasts inflation falling to approximately 2.1% by Q4 2026.

US Consumer Price Index
The BLS releases November CPI on the 18th of December at 8:30 AM ET. September showed 3.0% headline and core inflation. Critically, October data was not collected due to the government shutdown. The November release will lack one-month changes, making it crucial for January 2026 Fed policy decisions.

Labour Market

Eurostat EU Survey Q3
Eurostat publishes detailed quarterly employment data on the 12th of December showing euro area unemployment at 6.4% as of October, up from 6.3% a year earlier. Total EU unemployment stands at 13.35 mn, with youth unemployment elevated at 15.2%. The release provides data on labour force participation and sector breakdowns.

UK Labour Market Report
The ONS releases August-October 2025 employment data on the 16th of December at 7:00 AM GMT. Previous data showed payrolled employees falling by 109,000 year-over-year through September. The Labour Force Survey faces quality challenges with smaller sample sizes. Critical for BoE deliberations amid inflation concerns.

US Employment Situation
The BLS releases November non-farm payrolls on the 16th of December at 8:30 AM ET, unusually scheduled on Tuesday due to shutdown backlog. September showed +119,000 jobs with unemployment at 4.4%. October data was not collected. The labour market has softened in 2025. Important as the Fed meets days later.

Davide Romeo
Financial Markets Division

Investment Banking

M&A

Overall Activity

Global

Global M&A activity lost further momentum in November 2025, with deal volume falling to USD 379.6 bn, a 17.26% decline MoM but a strong 26.60% increase YoY. This disparity emphasises a slowdown from October while confirming that dealmaking remains materially greater than a year earlier. While deal volume increased YoY, the 10.54% decline in deal count underscores that activity was concentrated in large-cap transactions led mainly by strategic acquirers seeking scale, technology, and energy-transition exposure, as equity-market volatility driven by renewed doubts over AI-related valuations tempered financial sponsor and lender risk appetite. The average premium reached 15.85%, up from 11.28% in October but below 19.91% in November 2024, suggesting greater valuation discipline amid lingering macroeconomic uncertainty. November's M&A landscape was defined by Kimberly-Clark's USD 47.9 bn acquisition of Kenvue, signalling large-cap consumer consolidation, and the formation of 2PointZero Group PJSC, a c. USD 33 bn Abu Dhabi investment platform spanning energy, consumer, and AI capabilities.

Selected Regions

North America

M&A activity in North America firmed in November 2025, with deal volume edging up to USD 282.5 bn, a 0.65% increase MoM and a substantial 54.93% surge YoY. The latter continues to reflect a pronounced recovery from last year's subdued levels. However, deal count declined 12.10% MoM and 3.44% YoY, reflecting that headline volumes are increasingly sustained by a narrower set of transactions, indicating a tilt towards greater strategic deals.

EMEA

M&A activity in the EMEA region rebounded in November 2025, with deal volume jumping 56.33% MoM to USD 130.8 bn, yet still 18.39% lower YoY. The sharp monthly recovery points to a partial revival in larger transactions, but overall momentum remains below last year's levels. Deal count rose 4.22% MoM yet was still down 18.39% YoY, highlighting that smaller and mid-sized deals continue to lag megadeals, as buyers stay cautious on cyclical assets.

Asia

M&A activity in Asia remained subdued in November 2025, with deal volume falling 19.97% MoM to USD 68.7 bn and declining 21.58% YoY. The contraction reflects geopolitical frictions and tighter regulation, curbing sponsor deployment and boardroom confidence despite selective interest. However, deal count increased 11.74% MoM while remaining 4.94% lower YoY, suggesting that a broader base of smaller transactions drove overall activity.

M&A

Deals of the Month

Announced Date	Target	Buyer	Target Region	Target Business	Value[1] (USD m)	Premium (%)
03 Nov 25	Kenvue Inc	Kimberly-Clark Corp	US	Consumer	47,918.0	39.31
20 Nov 25	Exact Sciences Corp	Abbott Laboratories	US	Health Care	21,428.2	54.98
14 Nov 25	Ghitha Holding PJSC	Two Point Zero Group PJSC	AE	Consumer	19,009.8	
14 Nov 25	2PointZero	Two Point Zero Group PJSC	AE	Financials	18,745.7	
18 Nov 25	Axalta Coating Systems Ltd	Akzo Nobel NV	US	Materials	12,240.9	48.41
17 Nov 25	Sealed Air Corp	Clayton Dubilier & Rice LLC	US	Materials	10,199.7	14.35
03 Nov 25	Thermal business/Boyd Corp	Eaton Corp PLC	US	Consumer	9,500.0	
11 Nov 25	Filtration Group Corp	Parker-Hannifin Corp	US	Industrials	9,250.0	
03 Nov 25	Civitas Resources Inc	SM Energy Co	US	Energy	8,289.0	5.98
03 Nov 25	New Gold Inc	Coeur Mining Inc	CA	Materials	7,997.6	34.65

Note: 1. Sum of the announced equity value and net debt.

Niklas Kaminski
Investment Banking Division

M&A: Top Deals

Leonard Green & Partners to Acquire Topgolf

Leonard Green & Partners, the California-based private equity fund announced the acquisition of a 60% stake in the golf entertainment venue business Topgolf and its accompanying technology stack Toptracer, valuing the two businesses at USD 1.1 bn. The transaction was announced on 18th of November 2025 and is expected to be closed in the first quarter of 2026.

Buyer vs Seller

Leonard Green & Partners is a leading private equity investment firm with over USD 75 bn in AUM. The firm's investment focus is on market-leading businesses in the services, distribution and industrials sectors. The seller, Callaway Golf Company (formerly known as Topgolf Callaway Brands Corporation), is a manufacturer of premium golf equipment. In 2024, the company achieved revenue of USD 4.4 billion. Goldman Sachs and Centerview advised Callaway, while Moelis advised Leonard Green & Partners.

Industry Overview

The global golf equipment market is expected to reach a value of USD 34.09 bn by 2030, growing at a CAGR of 4.95% during the forecast period. The key growth drivers are: A general increase in individuals seeking outdoor sports as part of a healthy lifestyle, an increase in discretionary income in developing nations, specifically in Southeast Asia, and the fast-developing market for technology such as ball trackers, GPS devices and rangefinders.

Peers	Currency	Market Cap (CUR m)
NIKE, Inc	USD	97,354.34
Amer Sports, Inc	USD	19,833.20
Acushnet Holdings Corp	USD	4,904.09
PUMA SE	EUR	3,139.00
Mizuno Corporation	EUR	1,222.00

Deal Rationale

The sale of Topgolf is part of Callaway's wider shift to focus on its golf equipment and active lifestyle brands. This approach has also involved the recent disposal of the outdoor brand Jack Wolfskin. Both companies were sold at a significant discount compared to their acquisition price, showcasing the difficulty of creating post-acquisition synergies within the brand ecosystem. Leonard Green & Partners acquisition of Topgolf is consistent with its strategy of acquiring consumer businesses at a conservative valuation and improving their performance during the holding period.

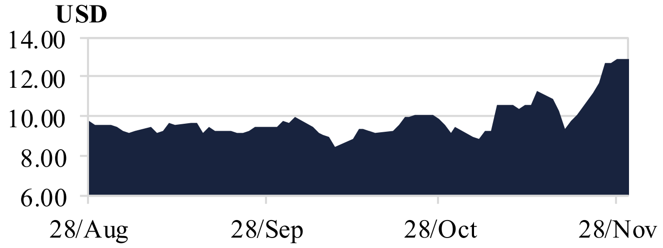
Market Reaction

Leonard Green & Partners

Unlike other private equity funds, which are often considered to be "corporate raiders", the firm's focus is on fostering collaborative growth partnerships with its portfolio companies. Previous consumer industry investments include companies such as the video game publisher Activision Blizzard, the gym chain Equinox, the burger chain Shake Shack, and the supermarket chain Whole Foods Market. Leonard Green & Partners plans to close its tenth fund in 2026, which is expected to match its predecessor and be one of the largest in the industry once again, with a volume of USD 15.2 bn.

Callaway Golf Company

Following the initial share price drop post-announcement the stock rallied 36.7% until the end of November signalling investor optimism.



Future Challenges

Topgolf has recently struggled to generate growth following a steep demand increase during and shortly after the pandemic. Leonard Green & Partners will need to restart revenue growth and find a way to manage the company's high capital needs for construction of additional venues. The transaction is subject to certain regulatory approvals and customary closing.

Johannes Schmidt
Investment Banking Division

M&A: Top Deals

Kimberly-Clark to acquire Kenvue

On 3rd of November 2025 Kimberly-Clark agreed to acquire Kenvue, the maker of Tylenol, in a cash-and-stock deal valued at roughly USD 40 bn. Kenvue shareholders will receive USD 3.50 in cash plus 0.14625 Kimberly-Clark shares per Kenvue share, implying a USD 21.01 offer price, a 46% premium to the prior close. The transaction carries an enterprise value of USD 48.7 bn.

Buyer vs Seller

The deal fuses Kimberly-Clark's scale in mass-market consumer staples and global distribution with Kenvue's portfolio of established health and wellness brands and OTC expertise. The combination creates a more diversified consumer-products powerhouse spanning hygiene, personal care, everyday essentials, and healthcare. The buy-side was led by PJT Partners and JP Morgan, while the sell-side was advised by Centerview Partners and Goldman Sachs.

Industry Overview

The global consumer-healthcare market was valued at approximately USD 405.6 bn in 2024. It is forecasted to expand at 7-8% CAGR through 2030, driven by rising demand for OTC medicines, wellness, and personal-care products. Consumers are increasingly prioritizing self-medication and preventative health, boosting sales of supplements, hygiene, and skincare. Ageing populations and higher disposable incomes are further supporting market growth.

Peers	Currency	Market Cap (CUR m)
Haleon plc	GBP	32,116.74
Perrigo Co plc	USD	1,860.68
Procter & Gamble Co	USD	339,106.77
Reckitt Benckiser Group plc	GBP	40,159.46
Bayer AG	EUR	32,758.93

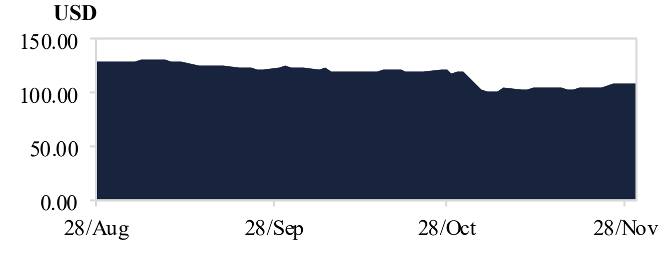
Deal Rationale

The deal is not expected to be immediately accretive, but Kimberly-Clark views it as a strategic pivot toward higher-growth, higher-margin consumer-health categories, noting that Kenvue's brands directly support this shift. By pairing Kimberly-Clark's global scale and retail reach with Kenvue's trusted OTC and wellness portfolio, management expects meaningful long-term synergies in pricing power, marketing, and distribution. The combined firm aims to surpass Unilever and become the world's second-largest seller of healthcare and wellness products after Procter & Gamble.

Market Reaction

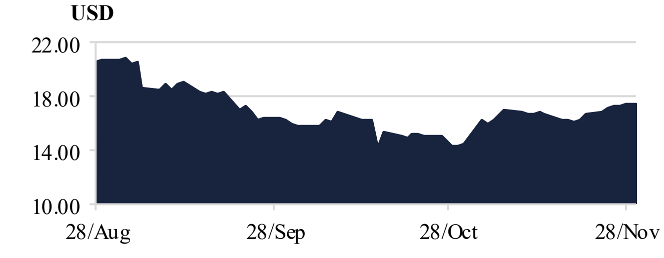
Kimberly-Clark

Kimberly-Clark shares slumped as much as 14% on the announcement, reflecting investor caution over the size of the transaction and regulatory concerns tied to Kenvue's portfolio.



Kenvue

Kenvue shares jumped up to 20%, as investors welcomed the acquisition premium and the prospect of operational and strategic improvements under Kimberly-Clark's ownership.



Future Challenges

Kimberly-Clark faces integration risk as it absorbs Kenvue's underperforming operations and recent management instability. Ongoing regulatory scrutiny around Tylenol adds reputational and legal uncertainty that could constrain growth. Additionally, delivering the deal's synergies requires significant reinvestment, creating execution pressure in the near term.

Nils Becherer
Investment Banking Division

What Happened To

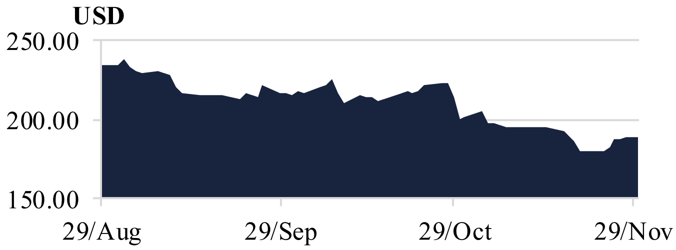
Boeing Co

Boeing (NYSE: BA) is one of the world's largest aerospace manufacturers, active across commercial aviation, defence, and space systems. Founded in 1916, the company has a long history in aviation engineering and large-scale aircraft production, manufacturing major commercial aircraft families such as the 737, 787, and 777.

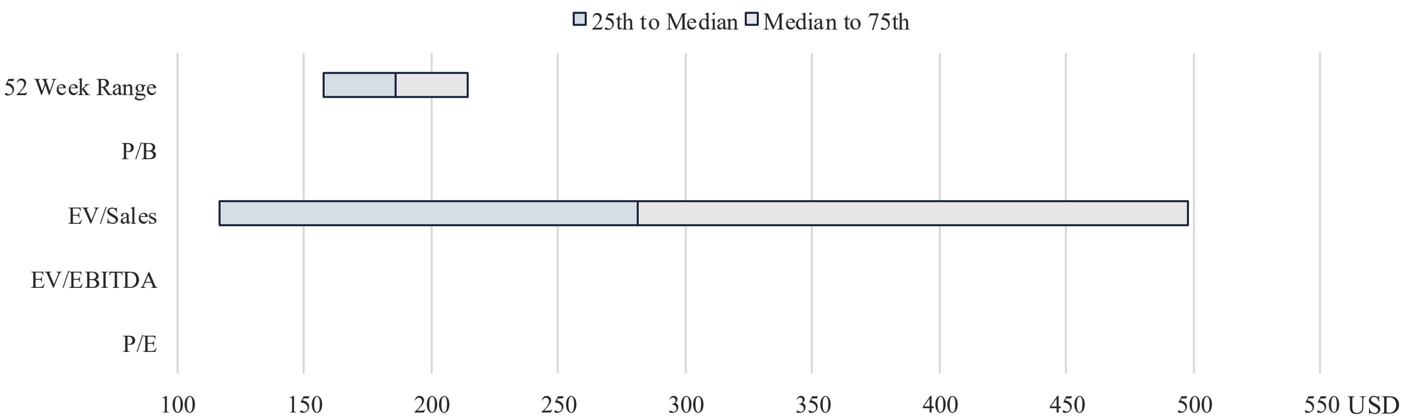
Corporate News

Boeing has continued to face operational challenges throughout 2025, most notably the further delay of its 777X programme, whose first delivery has now been pushed. Despite third quarter revenue growing by 30% to USD 23.3 bn, Boeing's stock price fell 12% after announcing thar the company had pushed back the timing of the first delivery of the 777X jet program to 2027. The company recorded an additional USD 5 bn impairment charge related to the programme, adding to the cumulative costs of repeated schedule revision. Additionally, production issues have also persisted across the 737 and 787 families, driven by supply-chain constraints, quality-control adjustments, and regulatory oversight that has slowed the pace of deliveries to major airline customers. Several carriers, including Alaska Airlines and Hawaiian Airlines, have reported having to revise fleet plans due to postponed aircraft arrivals.

Price (30 Nov 25, USD)	202.17
Target Price (USD)	250.00
3M Performance	-13.85%
Market Cap (USD m)	153,668.50
Enterprise Value (USD m)	189,784.50
**Target Price is for 12 months*	



Valuation Analysis



Boeing's delivery delays come at a critical time when competitors are maintaining stronger production momentum, increasing competitive pressure, particularly in the lucrative narrow-body market. The resulting lack of new aircraft has forced major customers, such as Ryanair, to cut their passenger forecasts in early 2025, highlighting the systemic impact of Boeing's production struggles on the global aviation industry.

Despite the persistent operational challenges and the impairment charge on the 777X programme, Boeing continues to hold a leading market position in the Aerospace & Defence industry. Boeing's leadership has emphasized improving financial prospects, hence the higher expected delivery volumes in 2026 should support a gradual strengthening of the company's financial position.

Peers	Currency	Market Cap (Cur m)
Howmet Aerospace Inc	USD	76,343.58
Curtiss-Wright Corp	USD	19,948.44
Lockheed Martin Corp	USD	103,667.37
General Dynamics Corp	USD	90,556.53

Pape Abdou Diagne
Investment Banking Division

NIC's View On

Renewed Momentum in the EMEA IPO Market

Felix Horeis
Investment Banking Division

"We've witnessed a surge in ECM activity since US Labor Day, kicking off with block and quickly followed by a wave of IPOs. The EMEA IPO market, in particular, has delivered outstanding results for both companies and investors."

– Sunil Dhupelia, Head of ECM, JP Morgan

"The September IPO activity is the quarter's standout story, with issuers and private equity viewing the product as a viable exit route again in Europe."

– Phil Drake, Head of UK ECM, Bank of America

Since 2021, when the initial public offering (IPO) market surged to 614 IPOs and total deal volume of USD 93.2 bn, the EMEA region has experienced a marked shortage of first-time offerings. This has been driven by elevated uncertainty in public markets, caused by factors such as rising interest rates, soaring energy prices and the war in Ukraine. The year 2025 again started weak for IPO markets, mainly due to the disruptions and uncertainties created by announcements from the US administration. As of 20th of November 2025, EMEA exchanges had still raised 34.2% less capital than in 2024, whereas IPO fundraising in the US and Asia rebounded, according to data from Bloomberg. Despite this, there was a noticeable pick-up in IPO activity in September and October 2025, leading many market participants to believe that this could mark a turning point in the prolonged drought in the EMEA IPO market, with the potential for a substantial rebound in 2026.

Since early September, EMEA IPO activity has accelerated significantly, with total IPO volumes in the region rising by more than 150% YoY in Q3. One of the key drivers of this recovery in the second half of 2025 has been stronger investor engagement, evidenced by order books being covered multiple times within a few hours of launch. This demonstrates that issuers, after a period of caution, are once again viewing IPOs as a viable exit route in Europe. Several factors are supporting this renewed appetite for going public, including improved macroeconomic visibility, recent signals from the European Central Bank of interest-rate stabilisation, and enhanced dollar-based returns on European equities due to a weaker dollar versus the euro, which is helping attract fresh US capital into the EMEA region.

Looking ahead to 2026, expectations suggest that this momentum will continue, with several advisers arguing that the current IPO market in Europe could become the strongest in several years. On the one hand, there is a sizeable pipeline of potential IPOs, with multiple large-cap deals in energy, software, fintech, and defence preparing to launch. Examples of possible 2026 listings include the software solutions provider Visma and a potential IPO of the sponsor-backed marketplace Mobile.de. On the other hand, the number of first-time offerings since September 2025, most of which are trading well in the aftermarket, is creating additional momentum for the market.

Additionally, European IPO activity has historically tended to increase following an uptick in the US. With that in mind, and assuming historical patterns continue to hold, the significant rebound of the US IPO market this year compared with 2024 suggests that activity in Europe should further improve in 2026, building on the positive trend already visible at the end of 2025.

Overall, the market is highly optimistic about a lasting revival of European IPOs, with several advisers viewing the recent upturn as the first step towards a full rebound in IPO activity in 2026. However, these expectations are far from guaranteed, as risks such as major macroeconomic, geopolitical or policy shocks could once again increase market volatility and potentially derail the anticipated rebound.

Date	Recent News
04 Dec 25	Why the 2026 IPO market may hinge on private equity exits ***Source:*** *bloomberg.com*
23 Nov 25	The Europe's IPO bankers see a revival next year, for real this time ***Source:*** *bloomberg.com*
10 Oct 25	European IPO markets show signs of revival ***Source:*** *maerskoil.com*
22 Sep 25	Europe's IPO uptick sparks hopes of a much needed rebound ***Source:*** *cnbc.com*

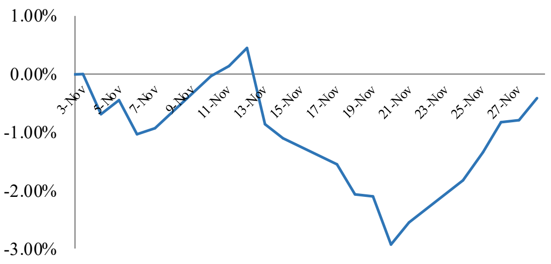
Felix Horeis
Investment Banking Division

NIC Fund

NIC Fund

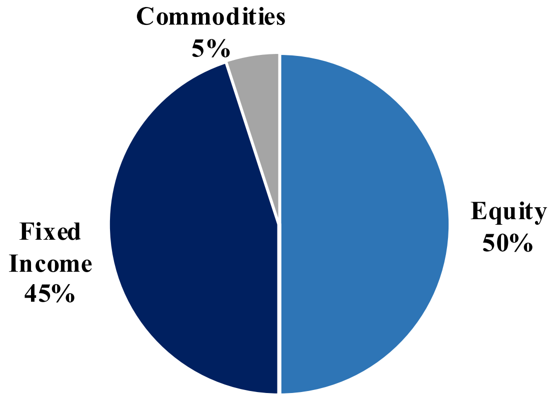
Portfolio Overview

NIC Fund Cumulative Return



Portfolio Snapshot

In September, the NIC Fund remained invested in Equities, Fixed Income and Commodities. Specifically, 50% of the fund remained devoted to Equities, 45% to Fixed Income and 5% to Commodities. More than half of Equity was allocated to individual stocks using an equally weighted strategy, while the remaining part was allocated to ETFs as well as the FTSE 100 INDEX. For Commodities, over half was allocated to Gold via the Goldman Sachs Physical Gold ETF.



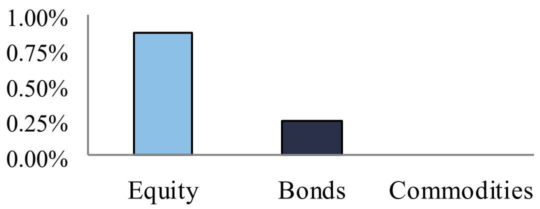
Portfolio Statistics	
Cumulative Return	-0.41%
Annualized Return	-4.93%
Daily St. Dev	0.57%
Period St. Dev	2.62%
Annualized St. Dev	9.08%
Info Sharpe	-0.54
Skew (Monthly)	-0.54

Benchmark	
iShares 3-7 Year Treasury Bonds	40%
SPDR S&P 500 ETF Trust	40%
Invesco DB Commodity Index	10%
iShares JP Morgan USD Emerging	10%

Return Metrics

The portfolio's overall performance was negative in November, with a cumulative return of -0.41%. The best performers were Commodities, contributing with a positive return of 0.22%, followed by Fixed Income, which contributed a return of 0.19%. Equities contributed with a return of -0.70%. The Equity portfolio consists of 35 individual stocks such as Mercado Libre Inc. (MELI US), Amazon.com Inc. (AMZN US), Ferrari NV (RACE MI) and Rolls-Royce Holdings PLC (RYCEY US). The top-performing stocks were Delta Airlines Inc. and BNP Paribas with returns of 11.71% and 10.47%, respectively, while 3i Group PLC had the worst performance, with a return of -26.79%. The remaining part of the Equity portfolio is invested in funds such as the MSCI World Index Fund, as well as other ETFs. The best performing ETFs were the Goldman Sachs Physical Gold ETF and the ISHARES S&P 500 Value ETF with returns of 5.41% and 1.74%, respectively.

Individual VaR



Risk Metrics

In terms of risk, the portfolio registered a relatively high daily VaR of 1.12%. Though, this metric remained significantly below the maximum established threshold of 2.5%. Equities were the asset class with the highest individual VaR, which was around 0.87%, while the VaR of Bonds in the portfolio was approximately 0.25%.

Brian Riebandt
Financial Markets Division

NIC Fund

Assets in Brief

Asset Class	Symbol	Comments
US Equity	**NVDA**	Nvidia share price fell 16.9% in November, reversing part of its strong year-to-date rally. Following the release of its financial results on the 19th of November, after the US market close, management laid out a long-term outlook for AI infrastructure. Nvidia is calling for annual global AI-infrastructure investments of USD 3 to 4 tn by 2030. Sentiment was further shaped by reports that OpenAI has signed contracts worth USD 1.4 tn for potential AI-infrastructure development over the coming years.
US Equity	**AMD**	Advanced Micro Devices' shares fell 19.36% in November, giving back part of its earlier gains despite another strong fundamental quarter. The 4th of November release of its Q3 results showed record revenue of USD 9.2 bn, a 52% gross margin, and USD 1.3 bn in operating income. The quarter significantly outperformed analyst expectations, with particularly strong year-over-year growth in data center and gaming.
US Equity	**NFLX**	Netflix shares declined 2.26% in November, with attention focused on the company's upcoming 10-for-1 stock split. Shareholders of record as of 10th of November received nine additional shares for each share held after the close of trading on 14th of November, with trading on a split-adjusted basis beginning on the 17th of November.
US Equity	**AMZN**	Amazon shares fell 8.91% in November. During the month, Rothschild & Co Redburn downgraded the stock to Neutral from Buy, pointing to concerns about the future growth outlook for Amazon Web Services (AWS) as well as the profitability of its artificial-intelligence investments.
US Equity	**NKE**	Nikes' shares rose about 3.06% in November. On the 20th of November, Nikes' Board of Directors announced a 3% increase in its quarterly cash dividend to USD 0.41 per share, payable on 2nd of January 2026 to shareholders of record on 1st of December. The dividend hike signals managements' confidence, though it does little to shift the near-term focus toward Nikes' ongoing product portfolio revitalisation.
US Equity	**LMT**	Lockheed Martins' share price declined 6.57% in November. The company also announced an increase to its quarterly dividend, now set at USD 3.45 per share, payable on Tuesday, 30th of December to shareholders of record on 1st of December.
US Equity	**UNH**	UnitedHealth Groups' share price declined 1.22% in November. Market sentiment weakened further after comments from President Trump, who advocated for Americans to negotiate healthcare services directly, bypassing insurance intermediaries, an idea that strikes at the heart of UnitedHealth's' business model.
EU Equity	**MC**	LVMHs' stock experienced an increase of 2.94% in November. The company completed its share buyback programme, initiated in February, and removed EUR 1.0 bn worth of its own shares from the market. In total, roughly 1.9 m shares were repurchased and are now set to be cancelled.
EU Equity	**BNP**	BNP Paribas' shares rose 10.44% in November, supported by a series of developments that improved the markets' outlook on the bank. Recent updates pointed to strategic expansion in European lending and favourable regulatory momentum. Analysts also highlighted BNP Paribas' continued push in sustainable finance, adding further support to the months' strong performance.
EU Equity	**RACE**	Ferraris' shares finished November roughly unchanged, starting and ending the month at nearly the same level. The companys' 1-year total shareholder return of -15.1% underscores how recent softness in the share price reflects a broader, ongoing pullback. Momentum has continued to fade from earlier highs, with the stock drifting amid more cautious sentiment and evolving sector dynamics.

Vivien Scaife Gibson
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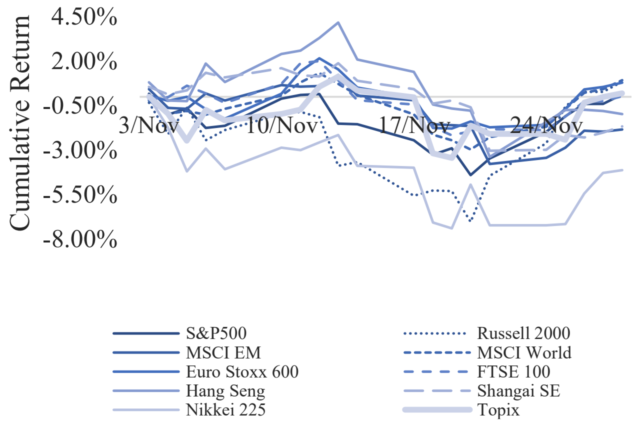
NIC Fund

Equities

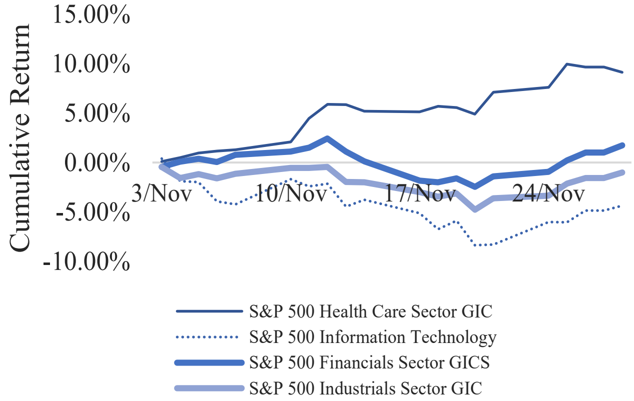
World Equities

Global equities delivered a mixed performance in November 2025. The MSCI World Index rose 0.93%, supported by resilient European markets, where the Euro Stoxx 600 gained 0.79% and the FTSE 100 was basically unchanged. In the U.S., large caps lagged: the S&P 500 slipped 0.40% as renewed debates around interest-rate policy and a modest pullback in mega-cap tech triggered some profit-taking, while smaller, more domestically focused companies held up better, with the Russell 2000 gaining 0.85%. Emerging markets underperformed, with the MSCI EM down 1.84%, weighed by weakness in China: Hang Seng fell 0.97% and Shanghai SE lost 1.67% amid ongoing concerns about growth momentum and the property sector. Japanese equities were particularly volatile; the broad Topix managed a small 0.19% rise, but the more export-heavy Nikkei 225 dropped 4.12% as yen swings and a softer global demand pressured major exporters.



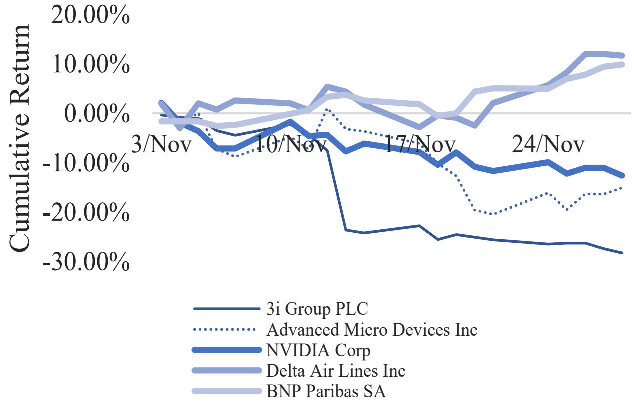
In Depth: Rotating Out of Mega-Tech

Over the last few weeks, equity-market dynamics suggested a clear rotation away from the high-flying, high-volatility tech and TMT-heavy segment towards more broadly diversified, “all-weather” sectors such as financials, industrials and healthcare. After years during which large-cap tech firms dominated returns in indexes like the S&P 500, many investors now appear to prefer a more balanced exposure, not necessarily abandoning tech, but shifting towards a more balanced slice of the market. The sharp pullback in the “Magnificent 7” and a ~4.5% drop in the tech sector since the start of November contrasts with a strong bid for defensives: the S&P 500 Health Care Index was up about 9% in November and roughly 14% year to date, making it the best-performing sector in the S&P 500. In practical terms, that means a move from a market-cap-weighted paradigm (where a handful of mega-caps dictate most of the returns) toward a more equal-weighted exposure, effectively redistributing capital across the wider universe of quality companies. The underlying drivers seem to be a combination of stretched valuations in tech, rising macro uncertainty, and a search for stable earnings and lower volatility; in other words, investors are still long equities but have dialed down the speed and the risk, favouring resilience and diversification over aggressive growth.



Our Performance

In December, equities’ contribution to the overall portfolio performance was negative, with -2.63% cumulative return, mainly due to the pullback in the tech sector. The worst performers among our portfolio were 3I Group Plc (-26.79% MoM), Advanced Micro Devices (-15.07% MoM) and NVIDIA Corp (-12.59% MoM). The three stocks accounted for 0.73%, 1.70% and 1.36% of our portfolio, respectively. The three best performers were Delta Airlines Inc. (+11.71% MoM), BNP Paribas (+10.47% MoM) and Intuitive Surgical Inc. (+7.34% MoM), accounting together for around 2.60% of our portfolio.



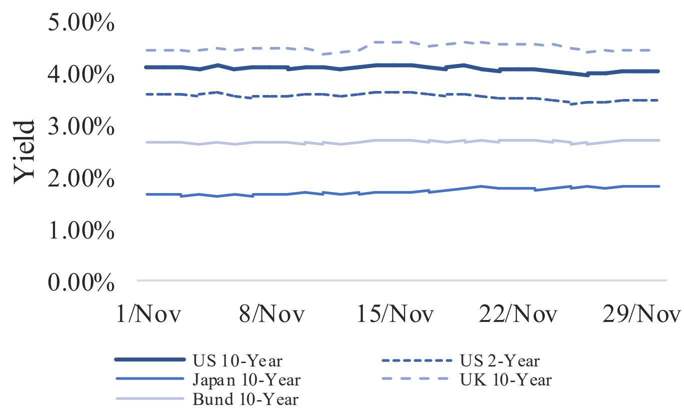
Diego Gozzi
Financial Markets Division

NIC Fund

Fixed Income

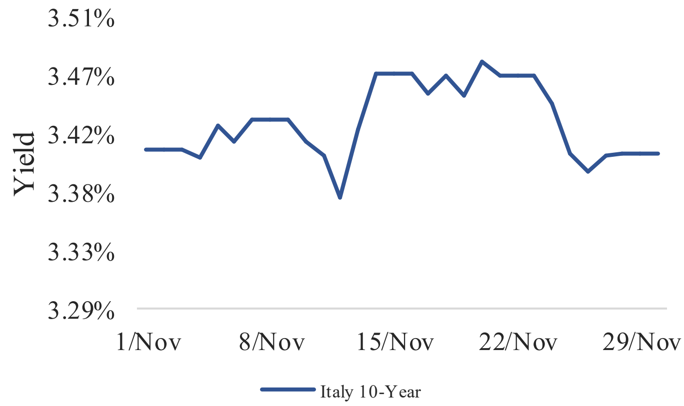
World Yields

November saw a broadly upward shift in global government bond yields as investors reassessed central bank paths, fiscal conditions, and supply dynamics. In the United States, the 10-year Treasury yield ended the month at 4.02%, while a mid-November Reuters poll projected a gradual rise toward 4.10% over the next six months. Two-year yields traded in the 3.5% to 3.6% range as expectations for near-term Federal Reserve easing fluctuated. In the United Kingdom, the 10-year gilt yield edged up to about 4.45%, driven mainly by fiscal uncertainty ahead of the Autumn Budget. In Japan, the 10-year JGB yield rose sharply, reaching an intramonth high of 1.84%, its highest level in seventeen years, before ending November near 1.81% as markets priced in the possibility of further Bank of Japan tightening and growing fiscal pressures. Across the euro area, yields also moved higher, with the German 10-year Bund closing the month at 2.69% amid weaker manufacturing data. Overall, November marked a modest global repricing in fixed income as policy direction, fiscal risks, and macroeconomic signals tempered expectations for sustained yield declines.



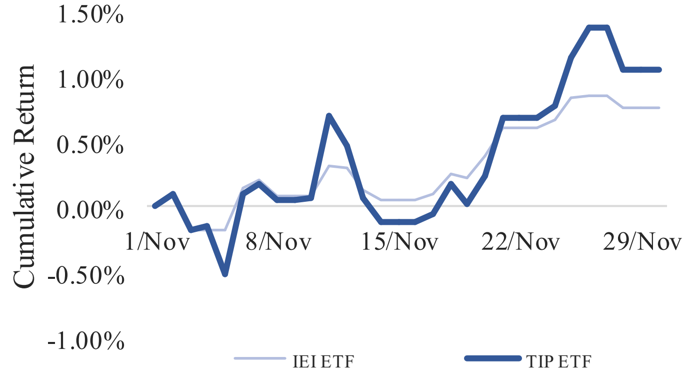
In Depth: European Markets

November showed continued stability in Italy’s sovereign funding costs despite the release of the draft budget for 2026, which outlines a slower than expected path for deficit reduction and a gradual increase in the debt ratio over the medium term. The 10-Year BTP yield traded within a narrow 3.36% to 3.48% range and ended the month near 3.40%, broadly unchanged from early November and well below levels seen during earlier episodes of market stress. Investor demand remained firm, as seen in the late month auction where the new 10-year BTP maturing in 2036 cleared at 3.44%, the lowest in about a year. This result underscored trust in Meloni’s government and suggested that investors view Italy’s fiscal trajectory as manageable within the current European policy framework. The BTP to Bund spread also held near multi-year lows, indicating continued confidence despite more expansionary deficit plans. Overall, November’s price action suggests that markets remain more focused on the broader euro area rate environment and expectations for eventual ECB easing than on near-term fiscal developments.



Our Performance

In November, the IEI ETF, which tracks 3–7 Year US Treasury Bonds and represents over 13% of our portfolio, delivered a 0.73% return, supported by marginally lower intermediate Treasury yields and coupon income. Our second-largest bond holding, the iShares TIPS Bond ETF (11% of the portfolio), returned 0.22% over the month, reflecting stable real yields and modest inflation compensation.



Guilherme Natário Rio Tinto
Financial Markets Division

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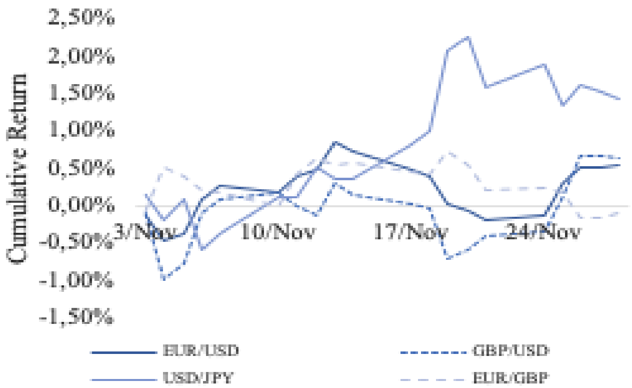
Currencies

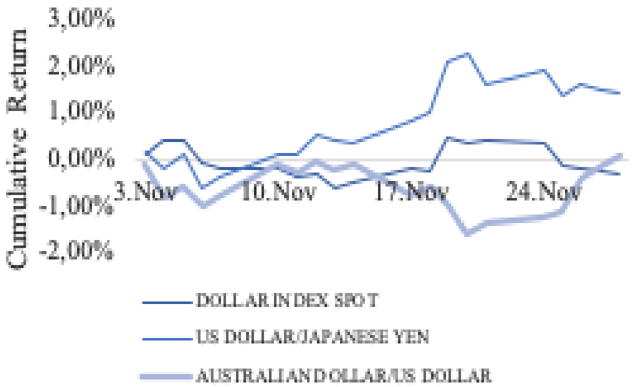
World Currencies

In November, the USD regained momentum, supported by firm economic data and persistent inflation that reinforced expectations of a "higher-for-longer" Federal Reserve stance. Fed Chair Jerome Powells' remark that another rate cut "is not a foregone conclusion" pushed US yields higher, helping the USD strengthen across major currency pairs. Global FX markets continued to adjust to widening policy divergences. The euro consolidated after earlier gains as investors balanced differing rate outlooks between the Federal Reserve and the European Central Bank. Sterling remained under pressure amid ongoing signs of stagnation in the UK economy, while the Japanese yen weakened further as Japan' new leadership signalled reluctance to normalise interest rates. The USD advanced again against the yen, with USD/JPY reaching a 10-month high on the 19th of November, prompting Japanese officials to renew warnings about potential intervention. The euro, meanwhile, experienced a mixed month. EUR/USD stabilised at times as shifting US rate expectations briefly weighed on the USD, offering the euro some support. The GBP remained under pressure through much of November. British Pound came under stress as weak UK economic data and renewed expectations of a rate cut by the Bank of England weighed on investor confidence.



In Depth

In November, the USD Index saw an upward push after months of pressure. The index rebounded above 100 peaking around 100.376 on the 20th of November underscoring renewed demand for the USD amid uncertainty over the timing of further monetary easing by the Federal Reserve. After touching new cycle highs during the extended US government shutdown earlier in the quarter, the USD later softened as the government reopened and expectations built for a more dovish Federal Reserve stance. Rate-cut probabilities swung sharply throughout the month, reflecting mixed economic data and shifting market sentiment. Underlying liquidity conditions added to the turbulence. USD funding remained tight, with Fed reserve balances near multi-year lows, amplifying short-term moves. This rebound reflected more than just technical factors. Global risk sentiment, plus speculation that the Fed might not cut again soon, helped shore up the USD. Against the Bank of Japan managed JPY, the USD initially gained ground as divergent US-Japan monetary expectations weighed on the yen. Observers expected USD/JPY to trade in a firm range between JPY 151.00 and JPY 157.00 for November. The European Central Bank helped the Euro hold up well against the USD though EUR/USD saw volatility as markets reacted to shifting expectations for US monetary policy.



Our Performance

We currently hold no currency related assets in our portfolio.

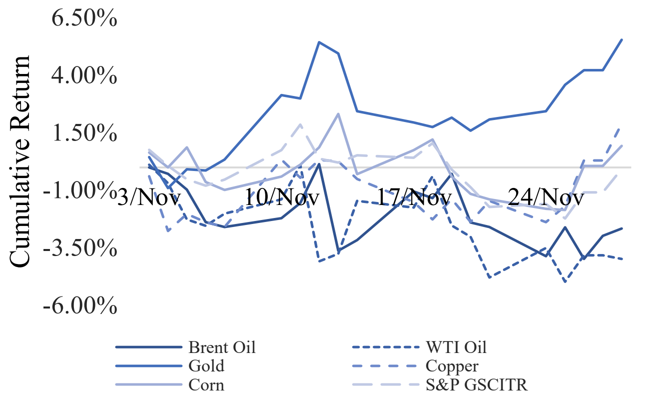
Vivien Scaife Gibson
Financial Markets Division

NIC Fund

Commodities

November Round-Up

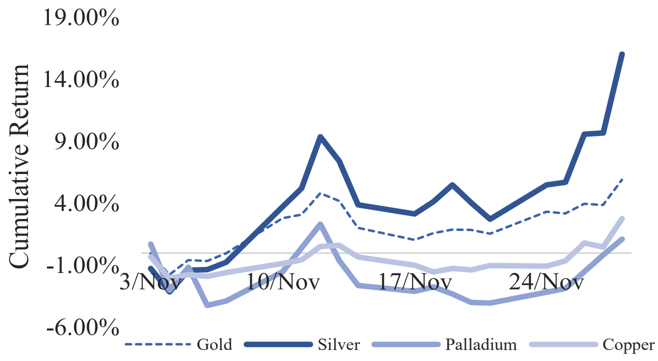
Commodities were broadly flat in November 2025, with the S&P GSCI Total Return index remaining stable (+0.07% MoM). The headline move, however, masked some meaningful divergences. Energy weakened as both Brent and WTI crude gave back recent gains, falling 2.87% and 3.98% respectively amid worries about softening demand and uncertainty around future OPEC+ supply cuts. In contrast, precious metals performed well: gold surged 5.55% as investors sought a hedge against geopolitical risks and potential policy missteps. Industrial metals were firmer too, with copper up 1.90% on signs of stabilising manufacturing activity. In the agricultural space, corn prices rose 0.93%, as steady demand met a harvest that was good but not large enough to create big oversupply.



Looking Ahead to 2026: Precious and Base Metals Outlook

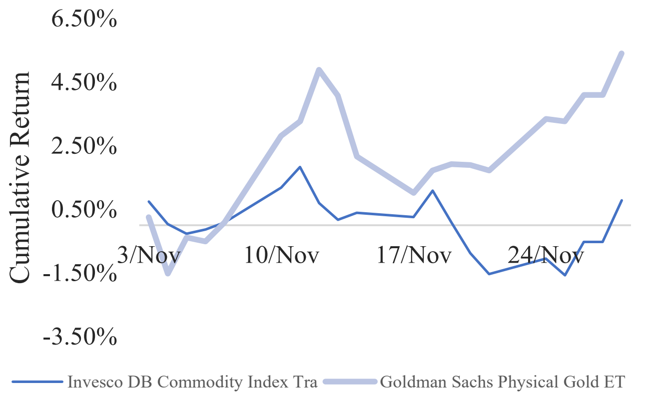
Commodities are expected to enter 2026 with a clear focus on precious metals, led by gold. The metal continues to attract strong demand, with global Q3 gold consumption reaching about 1,300 tonnes, one of the highest quarterly totals on record. Investment demand was particularly strong, representing a roughly 50% increase versus Q3 2024, and allocations to gold in multi-asset portfolios remain relatively low, leaving room for further inflows if macro uncertainty persists. Silver, platinum and palladium are also expected to benefit, although all three remain subject to ongoing tariff and critical-minerals uncertainty in the US. Despite softer industrial demand, silver is still expected to follow gold higher, with 2026 forecasts around USD 58 per ounce. Platinum is supported by a tightening market and is projected to average roughly USD 1,670 per ounce while palladium should stabilise if trade conditions improve.

In base metals the confidence remains in copper, where supply disruptions and uneven inventory distribution with a concentration in the US are expected to push prices towards USD 12,500 in the first half of 2026. Aluminium is expected to follow this trend, while zinc continues to face oversupply, with 2026 price expectations in the USD 2,600-USD 2,700 range.



Our Performance

During November, the Goldman Sachs Physical Gold returned 5.61% while our commodities benchmark fund, the Invesco DB Commodity Index, experienced an increase of 0.79%, leading to an overall return of 6.40%.



Diego Gozzi
Financial Markets Division

Private Equity

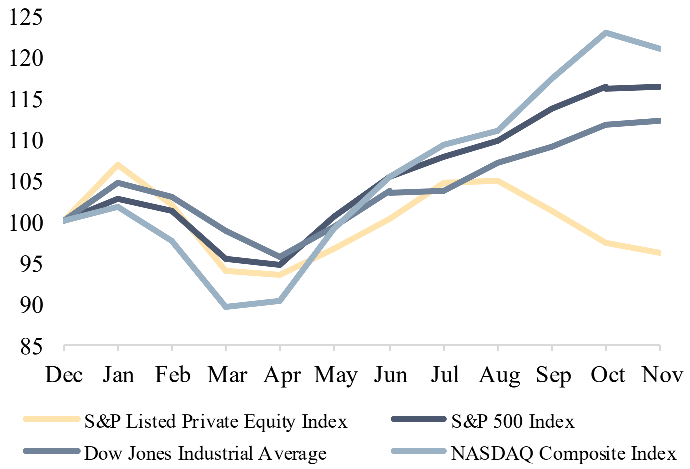
Transactions & Investments

Overall Activity

Global

At a Glance

Global private equity deal activity in November totalled USD 105.8 bn, representing a 42.21% decline from October. Activity remained concentrated in the Technology sector, supported by continued demand for digital infrastructure and software assets. Dealmaking continues to be driven by a small number of large-scale transactions, while broader market activity remains subdued amid persistent macroeconomic uncertainties. The S&P Listed Private Equity Index declined by 1.23% in November, underperforming public benchmarks. Year-to-date, the index has fallen by 3.78%, lagging the S&P 500 Index by 20.23 pp, the Dow Jones Industrial Average by 15.94 pp, and the NASDAQ Composite Index by 24.78 pp.



Selected Regions

North America

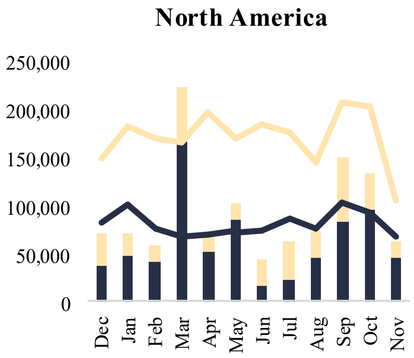
North America continues to dominate the global private equity landscape, accounting for 68.27% of total M&A deal volume YTD. In November, M&A deal volume decreased to USD 46.0 bn, representing a 52.02% decline from October. Private equity investments in the region amounted to USD 16.8 bn, marking a 54.98% month-on-month decline. The Technology sector remained the primary driver of investment activity, accounting for 56.63% of investment deal volume.

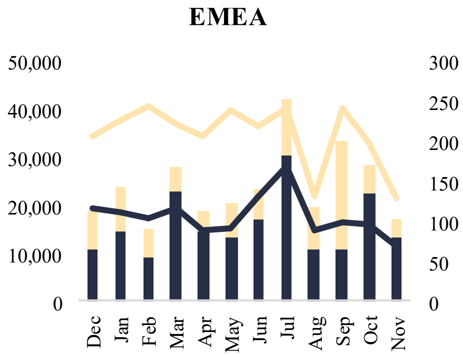
EMEA

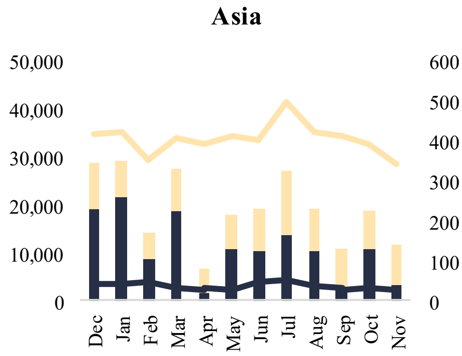
M&A deal volume in EMEA declined to USD 13.3 bn in November, representing a 40.93% decrease from October. This decrease was mainly driven by the Industrials and Financials sectors, which accounted for 45.35% and 35.05% of deal volume, respectively. Private equity investments in EMEA totalled USD 3.7 bn, marking a 34.22% month-on-month decline. The Technology sector emerged as the main contributor to investment activity, accounting for 49.37% of deal volume.

Asia

Private Equity related M&A deal volume in Asia decreased to USD 3.4 bn in November, representing a 68.84% decline from October. M&A activity was mainly driven by the Real Estate and Industrials sectors, which accounted for 39.63% and 34.13% of deal volume, respectively. Private equity investments in the region amounted to USD 8.2 bn, marking a 9.07% month-on-month increase. The Industrials sector was the main contributor to investment activity, representing 56.69% of deal volume.







M&A – Deal Volume M&A – #Deals Investments – Deal Volume Investments – #Deals

Note: Summary of completed transactions.

Luca Hallet
Private Equity Division

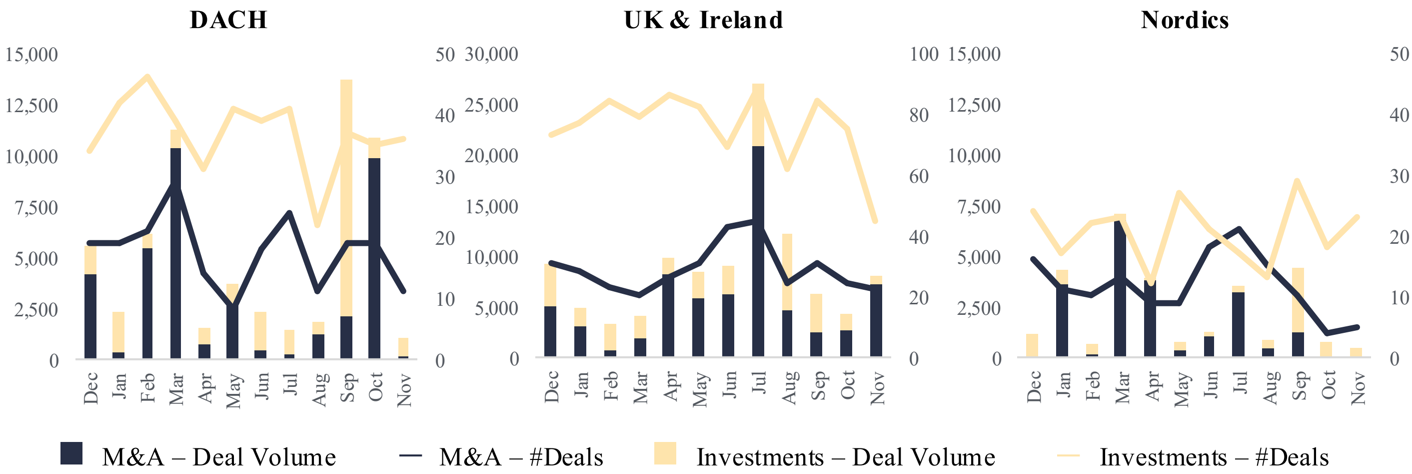
Transactions & Investments

Europe Focus

Overall European Activity

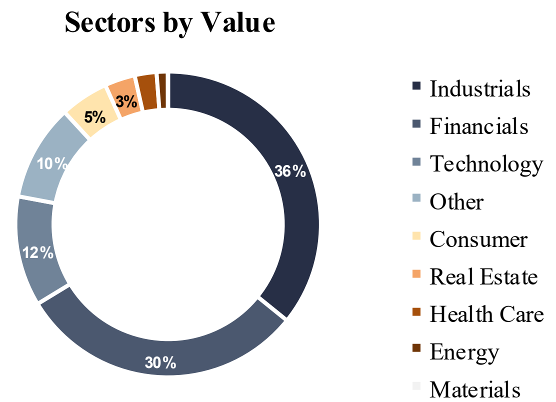
In November, the European private equity market recorded a total of 189 transactions, significantly falling below the YTD monthly average of 304 deals. The total deal volume in Europe reached USD 17.0 bn, thus also well below the YTD monthly average of USD 24.1 bn. Globally, there were 1,250 deals with a combined value of USD 105.8 bn in November. YTD, Europe accounted for 17.89% of global private equity deal volume; however, in November, the region accounted only for 16.05% of the global volume, signaling a slight underperformance relative to the prevailing trend. This deviation suggests that Europe continues to face challenges, influenced by persistent macroeconomic uncertainty, geopolitical headwinds, and regional uncertainties. Despite these obstacles, activity remained resilient in certain regions. Private equity deals in the UK and Ireland dominated the European private equity landscape in November, generating USD 8.0 bn in deal volume. Total deal volume in the DACH region and the Nordics amounted to USD 1.0 bn and USD 0.4 bn, respectively.
Although private equity activity in Europe is subdued, sentiment regarding the months ahead is becoming more optimistic. Financing conditions are improving, the large-cap segment is recovering, and investor interest is shifting toward growth areas such as infrastructure, energy, and defense, supported by government programs and technological innovation. At the same time, demand for high-quality assets remains strong, and these continue to command elevated valuations despite a subdued market.

Selected European Regions



Europe by Sectors

The Industrials sector was the strongest contributor in November, recording USD 6.1 bn of deal volume and accounting for 35.82% of all European private equity activity. Momentum in this sector was fuelled by a rise in chemical-related transactions, underpinned by resilient demand for specialty materials, reshoring initiatives, and growing investor appetite for businesses with defensible cash flows and strategic relevance to supply-chain security. The Financials sector ranked second with USD 5.2 bn, accounting for 30.49% of deal volume in Europe. Deal flow was supported by the need of individuals to diversify and manage their savings and the digital transformation of financial services. The Technology sector followed with USD 2.0 bn, accounting for 11.65% of deal volume. Activity remained anchored by strong interest in software, digital infrastructure, and AI-enabling platforms.



Note: Summary of completed transactions.

Hanna Luu
Private Equity Division

Transactions & Investments

Top Deals

CD&R
Acquiring
Sealed Air
USD 10.2 bn

CD&R is acquiring Sealed Air, a global leader in protective packaging and automation. The deal strengthens CD&R's industrials footprint and accelerates margin expansion, portfolio optimization, and cash generation across North American and global operations.

APOLLO
Financing
Ørsted's
Hornsea 3 project
USD 6.0 bn

Apollo is providing a major capital commitment to Ørsted's Hornsea 3 offshore wind project. The transaction enlarges Apollo's energy-transition franchise and accelerates clean-power deployment and grid-connected infrastructure build-out across the U.K. and Europe.

paloalto NETWORKS
Acquiring
chronosphere
USD 3.4 bn

Palo Alto Networks is acquiring Chronosphere, a cloud-native observability platform for modern applications. The deal broadens PANW's security and operations stack and accelerates integrated monitoring, detection, and response go-to-market.

Johnson & Johnson
Acquiring
HALDA THERAPEUTICS
USD 3.1 bn

Johnson & Johnson is acquiring Halda Therapeutics, a developer of targeted oncology therapies. The transaction augments J&J's late-stage pipeline and accelerates clinical development and commercialization through global R&D infrastructure, partnerships, and scale in specialty care.

博裕资本 BOYU CAPITAL
Investing in
USD 4.0 bn

Boyu Capital is investing in Starbucks China to support growth initiatives in the market. The deal deepens Boyu's consumer exposure and accelerates store expansion, supply-chain upgrades, and digital engagement to increase loyalty and frequency across key Chinese cities.

PERMIRA
Acquiring
JTC
USD 3.4 bn

Permira Holdings LLP is acquiring JTC PLC. The transaction expands Permira's financial-services platform and accelerates buy-and-build, technology investment, and cross-selling across corporate, funds, and private-client services.

Amelie Conzelmann
Private Equity Division

Transactions & Investments: Deep Dive

Arcline Investment Management to Acquire Novaria Group from KKR

Arcline Investment Management agreed to acquire Novaria Group from KKR in a secondary buyout valued at an enterprise value of USD 2.2 bn. The all-cash transaction was announced on the 10th of November 2025 and remains subject to regulatory approvals with no exact closing date specified.

Buyer vs Target

Arcline Investment Management, a growth-oriented PE firm with over USD 20 bn AUM, has acquired Novaria Group from KKR. Novaria, which KKR has owned since 2020 and expanded through 13 add-on acquisitions, manufactures precision fasteners, seals, and engine components for original equipment manufacturers including Boeing and Airbus. Morgan Stanley acted as the financial advisor to KKR and Novaria, while Guggenheim Securities served as the financial advisor to Arcline.

Industry Overview

The global aerospace parts manufacturing market reached around USD 1.0 tn in 2025 and is projected to grow to USD 1.5 tn by 2033, reflecting a CAGR of 4.9%. Growth is driven by expanding original equipment manufacturer backlogs, rising air travel demand, increased defence spending amid geopolitical tensions, and supply chain localisation efforts. Investors continue to target fragmented subsystem and component manufacturers through buy-and-build strategies. Key risks include supply chain fragility linked to titanium and aluminium shortages, higher material costs following the Ukraine war and China's export controls, stricter US regulatory requirements that extend compliance timelines, US-China tariffs that raise rare-earth costs, and original equipment manufacturer production delays due to skilled labour shortages. The market remains highly fragmented across niche fastener and seal manufacturers, though private equity consolidation continues to accelerate, with aerospace and defence dealmaking reaching USD 17.7 bn year-to-date in 2025.

Date	Buyer	Target	Currency	Total Value (USD bn)
02/10/2025	SMBC Aviation Capital, Apollo, Brookfield	Air Lease	USD	28.2
21/07/2025	Safran	Collins Aerospace's flight control	USD	1.8
22/04/2025	Thoma Bravo	Boeing Digital Aviation	USD	10.6
27/01/2025	Apollo Funds	Barnes Group	USD	3.6

Deal Rationale

Arcline's acquisition of Novaria accelerates the company's growth trajectory through continued buy-and-build M&A and targeted industrial technology upgrades, with a key focus on expanding EBITDA margins within the aftermarket segment. The transaction aligns with Arcline's strategy of building aerospace and defence compounders through platform acquisitions and tuck-ins, demonstrated by its USD 1.8 bn Kaman buyout in 2024 and the Signia Aerospace roll-up, creating scaled tier-two suppliers with stable original equipment manufacturer revenue from Boeing and Airbus. Synergies span cost savings from consolidating procurement across Novaria's 13 legacy add-ons, revenue growth through cross-selling fasteners and seals into Arcline's portfolio, and geographic reach into Europe via Novaria's existing facilities. These benefits, combined with operational modernisation and deeper customer penetration, position the business for meaningful growth. The acquisition reinforces Arcline's position as a leading consolidator of high-spec aerospace components, underpinned by robust original equipment manufacturer backlogs and a record number in private equity aerospace and defence deals in 2025.

Future Challenges

The transaction remains subject to customary regulatory approvals and closing conditions, with timing uncertain and potential delays of three to six months given heightened CFIUS scrutiny of defence suppliers. Integration risks centre on talent retention, as the aerospace sector faces shortages of skilled welders and engineers essential to specialty manufacturing. Supply chain resilience also remains a challenge due to persistent raw material constraints, geopolitical tensions affecting critical metals, and increasingly complex US regulatory requirements. Moreover, scaling capacity to meet extended original equipment manufacturer backlogs introduces operational risks, particularly around quality control and on-time delivery.

Filip Michal Plociennik
Private Equity Division

Transactions & Investments: Deep Dive

Apollo Sports Capital to Acquire Atlético de Madrid

Apollo Sports Capital, the sports investment arm of Apollo Global Management, is set to acquire a majority stake in Atlético de Madrid, the third-largest Spanish football club. The transaction carries an enterprise value of approximately EUR 2.5 bn. Closing is expected in the first quarter of 2026, subject to customary regulatory approvals and closing conditions.

Buyer vs Target

Apollo Sports Capital, launched in September 2025, is the dedicated sports investment platform of Apollo Global Management, a leading global alternative investment manager with approximately USD 908 bn in assets under management. Atlético de Madrid, founded in 1903, is one of Spain's most successful football clubs, ranked 11th in the UEFA men's club rankings. A&O Shearman acted as legal counsel to Apollo Sports Capital and ECIJA acted as legal counsel to the CEO and President of Atlético de Madrid.

Industry Overview

The European football market was valued at EUR 38.0 bn in the 2023/24 season and is projected to reach EUR 43.1 bn in the 2025/26 season. The drivers behind this positive outlook include the commercial expansion of the women's football market, the expansion of international competitions with the introduction of the FIFA Club World Cup, and the diversification of revenue streams beyond the traditional broadcast rights distribution. The most important challenges the industry currently faces are the rising operating costs due to the increase in player workload with extra international competitions, volatility in revenue streams, and heightened regulatory risk. UEFA reported 23 European top-division club takeovers in 2024, which is a considerable decline from 44 deals in 2023, signalling a cooling M&A environment. At the start of the 2025/26 season, more than 36% of European football clubs in the "Big Five" leagues (United Kingdom, France, Spain, Italy and Germany) have financial backing from private equity, venture capital or private debt firms.

Date	Buyer	Target	Currency	Total Value (m)
08/10/25	Velocity Sports Partners	RCD Espanyol	EUR	130.0
24/07/25	Woody Johnson	Crystal Palace	EUR	220.0
14/05/25	Lenore Sports Partners	Sport Lisboa e Benfica	EUR	19.0
19/12/24	Roundhouse Capital Holdings Limited	Everton FC	EUR	480.0

Deal Rationale

Apollo's investment in Atlético de Madrid provides growth capital to support both financial flexibility and strategic expansion. A key use of proceeds is the development of the new Ciudad del Deporte high-performance complex, which strengthens the club's long-term sporting infrastructure and talent pipeline. This project modernises training facilities, centralizes player development, and supports athlete performance analytics, reshaping the club for sustained competitiveness. Synergies are expected in commercial expansion, digital fan engagement, international branding, and optimization of matchday and merchandising revenue. The deal supports Atlético's ability to remain consistently competitive in UEFA competitions, driving higher distribution income and sponsorship appeal. For Apollo, this deal represents a showcase transaction for the newly launched Apollo Sports Capital. Overall, the transaction provides Atlético de Madrid with structural and financial resources to sustain competitive performance and increase international commercial reach, while it strengthens Apollo's claim to become a leading investment player within the sports ecosystem.

Future Challenges

The successful completion of the transaction is subject to regulatory and governance approvals within LaLiga and UEFA. Integration challenges include aligning Atlético's sporting priorities with Apollo's commercial objectives, particularly regarding spend efficiency and return expectations. Execution risks arise around the delivery of the Ciudad del Deporte project, including construction timelines and budget control. Market risks remain high, as football revenues are volatile and strongly tied to competitive results, broadcasting distributions, and sponsorship cycles. Finally, tightening regulatory scrutiny around third-party ownership and minority investor influence could introduce additional compliance demands and constrain strategic flexibility.

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Thank you!

Visit **www.novainvestmentclub.com** for more updates.

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