NIC

— Nova Investment Club —

Newsletter

March 2026

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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, Nils Becherer explores the impact of the US Tariffs in Question After Supreme Court Ruling and what that means for the economy and markets.

Our Investment Banking Division will guide you through February's overall M&A activity. Read about Texas Instruments acquiring Silicon Labs and Blackstone leading capital raise for Neysa. Additionally, get a detailed overview of what happened to Veritv Holdings and read expert insights about BP's Strategic and Financial Reorganisation.

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 December was positive, with a cumulative return of 1.63%.

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 KKR & Singtel acquiring STT Global Data Centres and TPG acquiring Majority Stake in Sabre Industries.

Macro Overview

Monthly

March 9th, 2026

Deeper Dive

US Tariffs in Question After Supreme Court Ruling

— p.2

Market Moves

% change

	Last Close	-1W	-3M	YTD
S&P 500	6,879	-0.44%	0.43%	0.49%
DJIA	48,978	-1.31%	2.64%	1.90%
Nasdaq	22,668	-0.95%	-2.99%	-2.47%
MSCI World	4,758	0.89%	9.17%	7.65%
MSCI EM	4,971	1.94%	12.45%	10.44%
Russell 2000	2,632	-1.18%	5.28%	6.06%
Euro Stoxx 50	6,138	0.12%	8.30%	5.99%
FTSE 100	10,911	2.09%	12.24%	9.86%
Nikkei 225	58,850	3.56%	17.11%	16.91%
Hang Seng	26,631	0.82%	2.98%	3.90%
Dollar Index	97.61	-0.19%	-1.86%	-0.73%
EUR/USD	1.181	0.24%	1.85%	0.56%
GBP/EUR	1.1413	-0.24%	0.02%	-0.51%
GBP/USD	1.3482	0.01%	1.87%	0.05%
USD/JPY	156.050	0.64%	-0.08%	-0.42%
USD/CHF	0.77	-0.81%	-4.32%	-2.94%
Brent Crude	72.480	1.00%	14.68%	19.11%
Gold	5,247.9	3.73%	24.41%	20.89%

Generic Bond Yields

change in bps

	Last Close	-1W	-3M	YTD
US 10Y Yield	3.938%	-14.5	-7.6	-23.0
GER 10Y Yield	2.643%	-9.4	-4.6	-21.2
JPY 10Y Yield	2.120%	-0.1	30.8	5.4
UK 10Y Yield	4.233%	-12.0	-20.7	-24.6
PT 10Y Yield	3.001%	-8.0	-0.4	-14.9

**Source: Bloomberg, as of 2026-02-27*

In Focus

February

Escalation of the Iran Conflict. On February 28, the conflict involving Iran escalated as the United States and Israel launched major airstrikes under the operation “Epic Fury”, reportedly killing Iran’s Supreme Leader Ali Khamenei and several senior officials. Iran subsequently convened the Assembly of Experts to determine the next Supreme Leader, with Mojtaba Khamenei seen as the leading candidate. Oil and gas prices rose on fears of supply disruptions given Iran’s strategic position near the Strait of Hormuz and the risk of further retaliatory attacks by Iran across the Middle East.

NVIDIA Earnings Disappoint Despite Strong Results. NVIDIA reported quarterly earnings on February 25 that exceeded expectations on both revenue and profit while also issuing first quarter guidance above consensus estimates. Data center revenue, the company’s key growth driver, increased 75% YoY. Despite the strong results, the stock declined nearly 10% in the following two trading days, suggesting market expectations had already been extremely high. Investors also raised concerns about whether hyperscale technology companies can sustain their current pace of spending on AI and data center infrastructure.

Mixed Signals from the US Labor Market. The US labor market remains one of the most closely watched indicators for policymakers, and January data presented a mixed picture. Unemployment came in stronger than expected, declining to 4.3%, 0.2 percentage points below forecasts. Non-farm payrolls also surprised to the upside, rising by 130K compared with 48K in December. At the same time, other indicators pointed to some cooling, with job openings declining from 6.9 m to 6.5 m despite expectations for an increase to around 7.2 m. This divergence complicates the policy outlook as the underlying trend in the labor market has become less clear.

Supreme Court Blocks Trump Tariffs. On February 20, the US Supreme Court ruled against Donald Trump’s implementation of the “reciprocal tariffs” first introduced on Liberation Day in 2025 under a declared national emergency. Trump criticized the decision and announced plans to instead introduce a general tariff on all imports unless a bilateral trade agreement is in place. The timeline for implementing the new tariffs remains unclear. At the same time, more than 900 businesses have filed lawsuits against the administration seeking repayment of tariffs already paid, further increasing political and economic uncertainty in the United States.

Netflix Backs Out of Warner Bros Deal. Netflix withdrew from its previously board-approved deal to acquire HBO and other assets from Warner Bros Discovery. Instead, Paramount agreed to acquire the entire company for USD 31 per share, with the Ellison family expanding its influence across another major media platform. Markets reacted positively to Netflix’s decision to step away from the transaction, with the company’s shares rising more than 15% following the announcement.

Signs of Slowing US Growth. On February 20, GDP data for the fourth quarter of 2025 showed US economic growth slowing sharply to 1.4%, down from 4.4% in the previous quarter and well below expectations of 3.5%. The data raised concerns that economic momentum may be weakening despite continued optimism around artificial intelligence and productivity gains. So far, the expected boost in productivity from AI adoption has not yet been clearly reflected in broader economic growth figures.

Brian Riebandt
Financial Markets Division

Deeper Dive

US Tariffs in Question After Supreme Court Ruling

Nils Becherer
Investment Banking Division

"If it shakes the whole equilibrium which people in trade have got used to...it is going to bring about disruptions. You want to know the rules of the road before you get in the car. It's the same with trade. It's the same with investment."

– Christine Lagarde, President, European Central Bank

A major turning point in US trade policy was reached on the 20th of February 2026 after the Supreme Court ruled against President Donald Trump's sweeping global tariffs, declaring that the administration had exceeded its authority by invoking emergency economic powers to impose broad import duties. In a 6–3 decision, the Court invalidated tariffs implemented under the International Emergency Economic Powers Act (IEEPA), which had introduced a baseline tariff of roughly 10% on imports and additional duties on key trading partners including China, Mexico, and Canada.

The ruling represents one of the most significant legal setbacks for the administration's economic agenda since Trump returned to office and introduces new uncertainty for global trade relations and financial markets. The tariffs had been a central pillar of the administration's effort to reshape global trade and reduce US trade deficits. Since their introduction, the measures generated significant government revenue while increasing costs for importers and multinational companies operating in the United States. Bloomberg estimates suggest that tariffs imposed under the contested authority generated over USD 170.0 bn in revenue, raising complex legal and fiscal questions about potential refunds to businesses.

The Supreme Court did not determine whether companies will be reimbursed for tariffs already paid, leaving the issue to lower courts. However, the possibility of large-scale repayments has already triggered a surge in litigation from businesses seeking reimbursement. If refunds are ultimately required, the loss of tariff revenues could further widen the US fiscal deficit at a time when government debt levels are already drawing increased scrutiny from bond investors.

Financial markets reacted quickly to the decision. Equity markets initially welcomed the ruling as investors interpreted the removal of tariffs as supportive for global trade and corporate earnings. At the same time, US Treasury yields moved higher, with the benchmark 10-year yield rising to around 4.10%, reflecting expectations that the government could face reduced tariff revenues and higher borrowing needs. Currency markets also reflected shifting investor sentiment. The Bloomberg Dollar Spot Index fell by as much as 0.20% following the ruling before stabilising. In major currency pairs, USD/JPY rose 0.30% to 155.42, while EUR/USD declined 0.10% to 1.1761, highlighting the immediate volatility in foreign exchange markets after the decision.

Despite the legal setback, the ruling does not necessarily mark the end of the administration's tariff strategy. While the Court rejected the use of emergency powers to impose tariffs, the White House retains alternative legal mechanisms to introduce trade restrictions, including national security tariffs under Section 232 or trade investigations under Sections 301 and 201 of US trade law. These options, however, require longer investigations and offer less flexibility than the sweeping measures attempted under IEEPA.

In the broader context, the ruling may signal a shift in the balance of power over US trade policy. By limiting the executive branch's use of emergency authority, the Supreme Court has reaffirmed the constitutional role of Congress in determining tariff policy. While the administration may still pursue alternative trade measures, the February decision suggests that future tariffs will face tighter legal constraints. For investors, the episode highlights how legal and political developments increasingly shape global trade dynamics, fiscal expectations, and financial market volatility in an era of heightened geopolitical uncertainty.

Nils Becherer
Investment Banking Division

Macro Overview

Economic Calendar

Economic and Political Events

Slovenian Parliamentary Election

Slovenia will hold parliamentary elections on the **22nd** of March. The vote is part of a broader wave of European electoral activity in 2026, testing whether centrist coalitions can withstand the growing momentum of far-right populist parties across the continent.

Danish General Election

Denmark is scheduled to hold a general election on the **24th** of March. The vote comes against a charged backdrop, with US threats over Greenland reshaping domestic defence debates. The outcome may influence Denmark's position on European security commitments and its relationship with Washington.

WTO Ministerial Meeting

Preparations for the upcoming WTO ministerial meeting, expected in March, are gathering pace. With Trump's tariff policies creating fresh trade tensions, many countries outside the US and China are rallying around the WTO framework to shore up the open trading and investment system they rely on.

Central Bank Decisions

Fed Interest Rate Decision

The FOMC will meet on the **17th** and **18th** of March. After pausing in January at 3.50%-3.75%, a hold is widely expected again. The Fed signalled it will remain data-dependent, with markets not pricing in a cut until June, when a new Fed Chair may also take the helm following Powell's term expiry in May.

Bank of England Rate Decision

The MPC will announce its decision on the **19th** of March. Bank Rate currently stands at 3.75%, after the MPC voted 5-4 to hold in February. With CPI falling to 3% in January and unemployment rising, economists expect a cut later in 2026, though markets assign only around a 28% probability for a March move.

ECB Governing Council Meeting

The ECB's Governing Council will meet on the **19th** of March. At its February meeting, the ECB kept all three key rates unchanged. With eurozone inflation at 1.9% and core at 2.4% in February, the Council appears comfortable near target. Analysts at ING see no further rate moves as the base case for the near term.

Inflation and Deflation

US Consumer Price Index

The Bureau of Labor Statistics will release February CPI data on the **11th** of March. In January, headline CPI stood at 2.4% year-on-year, with shelter the largest contributor. Markets will watch closely whether tariff effects begin feeding through into prices over the coming months.

UK Consumer Price Index

The ONS will publish UK inflation data for February on the **19th** of March. CPI fell to 3% in January 2026, down from 3.4% in December. The Bank of England expects inflation to reach its 2% target around mid-2026, paving the way for further gradual rate cuts later in the year.

Japan's Inflation

Japan's CPI data for February is scheduled for release on the **20th** of March. Headline CPI has been hovering around 3% through 2025. The BOJ expects continued inflation supported by a wage-price cycle, with ING projecting the policy rate to reach 1.0% by end-2026 as further hikes materialise.

Labour Market

US Non-Farm Payrolls

The Bureau of Labor Statistics will publish its Non-Farm Payrolls report for February on the **6th** of March. January showed an increase of 130,000 new jobs. Consensus now points to a more moderate figure of around 70,000 to 80,000 for February, as the labour market gradually cools under ongoing Fed policy restraint.

UK Labour Market Update

The ONS will release its next UK labour market statistics on the **19th** of March. Unemployment stood at 5.2% in October to December 2025, its highest level since 2021, with payrolled employees continuing to fall. Goldman Sachs Research expects the rate to edge up to 5.3%, as the labour market softens further into 2026.

Euro Area Unemployment Data

Eurostat will release January unemployment figures for the euro area in early March. Inflation in the euro area rose to 1.9% in February, up from a 16-month low of 1.7% in January, driven by a pickup in services prices, remaining comfortably below the ECB's 2% target.

Davide Romeo
Financial Markets Division

Investment Banking

M&A

Overall Activity

Global

Global M&A activity in February 2026 reached a total deal value of USD 751.7 bn, with aggregate deal value rising by 175.25% YoY while the number of deals fell by 16.56% YoY. Compared to January 2026, total deal value increased by 237.95% MoM while the number of transactions declined by 11.02% MoM. This material increase in deal value is mainly driven by the xAI acquisition by Space X which was valued at USD 250.0 bn, representing ~33% of total deal value in the same period. The deal represents one of the most ambitious tie-ups in the technology sector yet, combining a space-and-defense contractor with a fast-growing AI developer whose costs are largely driven by chips, data centers, and energy. As value and volume continue to decouple, February's figures serve as a potent reminder that in the current high-interest-rate environment, the M&A market is being driven less by broad-based activity and more by a select few generational megadeals with the power to reshape entire industries.

Selected Regions

North America

M&A activity in North America reached a value of USD 571.8 bn, with deal value up by 271.80% YoY while deal count is down 5.08% YoY. On a MoM basis, the region face a material increase in deal value of 301.11%, while deal count fell 11.26%, with monthly value driven by bigger transactions in the region such as Space X's acquisition of xAI. Large transactions are mainly noted in Technology, with a few deals in Healthcare and Financial Services.

EMEA

M&A activity in EMEA totalled USD 121.3 bn, with volumes increasing by 74.59% YoY and number of deals falling by 26.56% YoY. Additionally, total value rose by 250.08% MoM while the number of transactions declined by 9.15% MoM. The material increase in deal value in the region is mainly driven by Engie's acquisition of UK Power Network, valued at USD 22.4 bn. Notable transactions are seen in Financial Services, Industrials, and Utilities

Asia

M&A activity in APAC showed a 5.22% YoY increase in total deal value reaching USD 47.1 bn while number of transactions declined by 21.21% YoY. On a MoM basis, total deal value also rose 19.76% MoM while deal count decreased by 12.90% MoM. While the region experienced lower number of transactions, the announced acquisition of STT by Singapore Telecommunications, valued at USD 2.6 bn, drove the increase in total deal value.

M&A

Deals of the Month

Announced Date	Target	Buyer	Target Region	Target Business	Value[1] (USD m)	Premium (%)
02 Feb 26	xAi	Space Exploration Technologies	US	Technology	250,000.0	-
18 Feb 26	OpenAI	SoftBank Group, Amazon, NVIDIA	US	Technology	100,000.0	
13 Feb 26	Anthropic	NVIDIA, Temasek, Founders Fund Management	US	Technology	30,000.0	
02 Feb 26	Coterra Energy	Devon Energy	US	Energy	23,961.2	-0.64
25 Feb 26	UK Power Networks Holdings	Engie	UK	Utilities	22,448.6	
05 Feb 26	Lula	Netherlands Development Finance	US	Technology	20,988.9	
12 Feb 26	Schroders	TIAA Board of Overseers	UK	Financials	12,894.2	29.09
03 Feb 26	Webster Financial	Banco Santander	US	Financials	11,966.5	14.59
09 Feb 26	InPost	FedEx, Advent, PPF Group	PL	Industrials	11,738.9	16.20
17 Feb 26	Masimo	Danaher	US	Health Care	9,668.5	30.37

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

Pape Abdou Diagne
Investment Banking Division

M&A: Top Deals

Texas Instruments to Acquire Silicon Labs

On 4th of February 2026, Texas Instruments (Nasdaq: TXN) agreed to acquire Silicon Labs (Nasdaq: SLAB) for USD 231.00 per share in an all-cash transaction, implying a total enterprise value of USD 7.5 bn and a premium of about 69% to Silicon Labs' last unaffected closing price. The acquisition is expected to close in H1 2027, subject to regulatory and shareholder approvals.

Buyer vs Seller

Prior to the transaction, the companies overlapped in parts of the broader chip market. Texas Instruments, located in Dallas, is a leading global analog and embedded chip manufacturer serving industrial, automotive, and communications markets, while Austin-based Silicon Labs is a connectivity-focused designer of low-power, secure wireless chips for smart home, industrial IoT, and smart city applications. Texas Instruments is advised by Goldman Sachs, while Silicon Labs has engaged Qatalyst Partners.

Industry Overview

The global chip market is projected to grow from about USD 627.0 bn in 2024 to over USD 1.0 tn by 2030 (8.60% CAGR), as AI increasingly expands into physical infrastructure, including data centres and edge devices deployed in factories and vehicles. Demand from energy grids and connected devices is making low-power connectivity and embedded processing more critical, supporting specialised chips and capacity-led consolidation across the industry.

Peers	Currency	Market Cap (CUR m)
Qorvo Inc	USD	7,366.39
Semtech Corp	USD	8,305.47
Skyworks Solutions Inc	USD	8,463.03
Rambus Inc	USD	9,921.06
Diodes Inc	USD	3,034.79

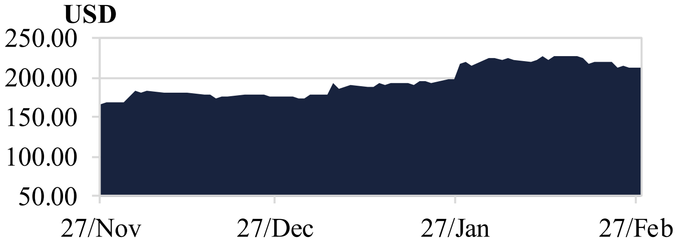
Deal Rationale

The deal is expected to be accretive to Texas Instruments' earnings per share in the first full year post-close. Strategically, the buyer adds Silicon Labs' embedded wireless connectivity layer and mixed-signal expertise to its analog and embedded platform. Management describes the portfolios as complementary and highlights in-house manufacturing and route-to-market scale as levers to improve supply, cost, and customer reach. The transaction is expected to deliver USD 450.0 m of annual manufacturing and operational synergies within three years, positioning the combined group as a leader in embedded wireless connectivity.

Market Reaction

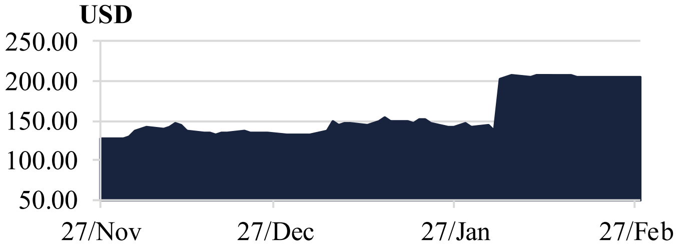
Texas Instruments

Investors reacted cautiously to the acquisition as Texas Instruments' shares closed down 1.50% at USD 222.92, reflecting concerns over regulatory clearance and valuation.



Silicon Labs

Following the announcement, Silicon Labs' shares surged about 49% on the day, reflecting the significant acquisition premium, and closed at USD 203.41, marking a 4-year high.



Future Challenges

The deal timeline is expected to depend on the regulatory review process, with China clearance seen as the key hurdle given both companies' exposure to the region. Valuation has also drawn scrutiny, with the transaction characterised as expensive and only marginally accretive, leaving the question of value creation post-close.

Julia Karaś
Investment Banking Division

M&A: Top Deals

Blackstone to Lead Capital Raise for Neysa

On 16th of February 2026, a consortium of investors led by Blackstone reached an agreement to invest in Neysa Networks Private Limited (Neysa) at an enterprise value of approximately USD 1.4 bn. The consortium agreed to invest up to USD 600.0 m in multiple tranches, implying the acquisition of a 42.86% stake in Neysa. The transaction closed on 24th of February 2026.

Buyer vs Seller

Neysa is an India-based company founded in 2023 that provides purpose-built, cost-effective GPU-based AI infrastructure for a wide range of industries, enabling clients to train, fine-tune, and deploy AI workloads. Blackstone, a global private equity sponsor, considers India and AI infrastructure investments key strategic priorities and continues to expand its presence in the market. The investor group was advised by KPMG, while Neysa was advised by DC Advisory India.

Industry Overview

The global AI infrastructure market is projected to grow from USD 158.3 bn in 2025 to USD 418.8 bn by 2030, representing a 21.48% CAGR. Growth is driven by rapid AI adoption and scaling across industries. In the US alone, AI-related capital expenditures account for around 5.0% of GDP, fuelling strong demand for AI infrastructure. Reflecting strong growth, financial sponsors have been active in the sector, including KKR's investment in Compass Datacentres.

Peers	Currency	Market Cap (USD m)
Cambricon Technologies Corp. Ltd.	CNY	71,416.85
CoreWeave, Inc.	USD	39,703.61
E2E Networks Ltd.	INR	503.06
Equinix, Inc.	USD	92,669.40
VCI Global Limited	USD	4.29

Deal Rationale

The investment in Neysa marks another step in Blackstone's AI investment strategy, following its investments in QTS Realty Trust, AirTrunk, CoreWeave, and Firmus Technologies. The investor consortium aims to position Neysa for its next phase of growth while supporting India's AI transformation and the development of sovereign AI infrastructure across emerging markets. The funding will support the scale-up and deployment of more than 20,000 GPUs in India, enabling Neysa to continue its growth trajectory, expand its platform capabilities, and further strengthen India's position as a globally relevant AI compute destination.

Transaction Participants

Consortium led by Blackstone

The consortium is led by Blackstone, with participation from Teachers' Venture Growth, TVS Capital Funds, 360 ONE Asset, and Nexus Venture Partners. With approximately USD 77.0 bn in infrastructure assets under management and extensive experience in scaling digital infrastructure businesses, Blackstone is expected to play a key role in expanding Neysa's AI infrastructure in India. The co-investors bring deep expertise in the Indian market, maintaining local offices and a strong track record of investments in the country. Their local presence and market knowledge will help ensure that Neysa's offerings remain aligned with the demands of the Indian market and support its continued expansion.

Neysa

Neysa is one of the fastest-growing AI infrastructure companies in India, founded by Sharad Sanghi and Anindya Das. Since its founding, the company has focused on building scalable infrastructure to support the growing demand for artificial intelligence workloads across industries. Following a USD 20.0 m seed financing and a USD 30.0 m Series A round in 2024, the current Series B financing marks the next stage in the company's development. The transaction includes an equity commitment of up to USD 600.0 m and is expected to support the raising of an additional USD 600.0 m in debt financing, subject to documentation. The proceeds will support the company's continued expansion.

Future Challenges

Although Sharad Sanghi, chief executive officer of Neysa, has already stated that the company aims to go public in the coming years, it remains uncertain whether Neysa can sustain the growth pace currently expected by the market. Demand for data centre capacity currently exceeds supply, but this imbalance may narrow over time as additional companies enter the sector.

Felix Horeis
Investment Banking Division

What Happened To

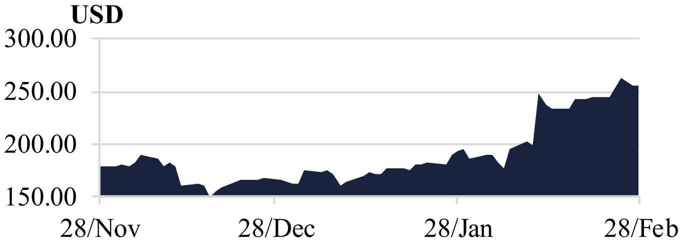
Vertiv Holdings

Vertiv supplies critical power and thermal management systems to data centres, communication networks, and industrial facilities worldwide. As AI clusters drive sharply higher power density per rack, customers require advanced cooling and more resilient power delivery. Vertiv meets this demand through its global footprint, supported by 34,000 employees across over 130 countries.

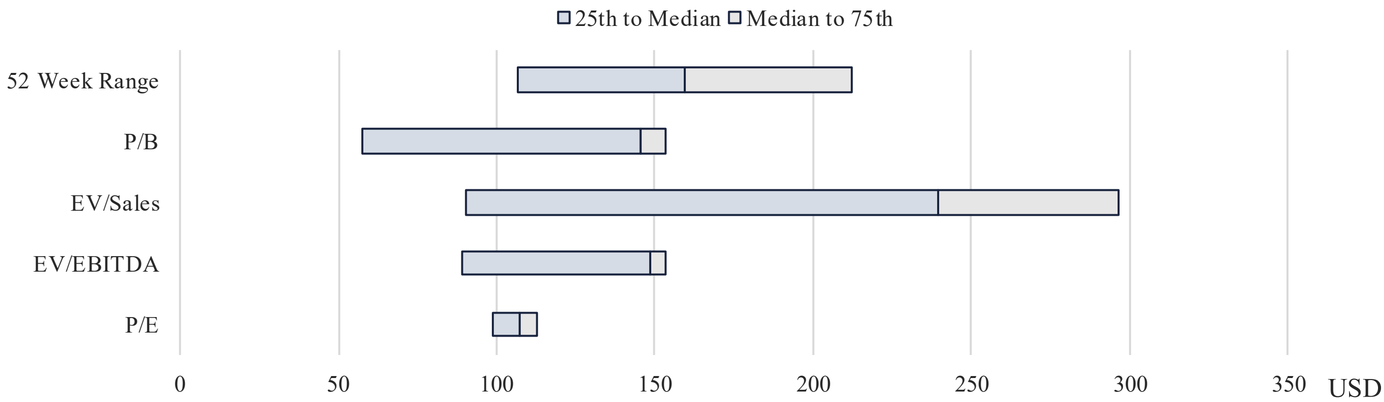
Corporate News

Vertiv's AI proposition rests on power continuity, thermal control, and data centre redesign for far denser racks. In 2024 the company expanded liquid cooling capacity by 45-fold and introduced systems such as CoolPhase Flex and CoolChip CDU for hyperscale, colocation, and enterprise deployments. Net sales increased to USD 10.2 bn in 2025 from roughly USD 6.9 bn in 2023. Adjusted operating margin expanded to around 23.19% while order backlog approached USD 15.0 bn in the same year, up from about 17.69% and USD 5.53 bn in 2023, respectively. Further, around 80% of sales originate from the data centre market, while communication networks and industrial applications account for 10% each, showing that current growth is driven by AI infrastructure investment. In line, data centre electricity demand could exceed 1,000 TWh by 2026, reinforcing demand for power and cooling infrastructure suited to high density computing environments.

Price (28 Feb 26, USD)	**247.69**
Target Price (USD)	280.00
3M Performance	37.81%
Market Cap (USD m)	94,766.77
Enterprise Value (USD m)	96,166.37
**Target Price is for 12 months*	



Valuation Analysis



In 2025, Vertiv's shares surged from about USD 118.13 in January to about USD 162.01 in December. The rally extended further, with the stock reaching a record closing high of USD 262.19 on 25th of February 2026, after Vertiv reported Q4 2025 organic orders growth of 252%, a book to bill ratio of about 2.9 times, backlog growth of 109% YoY and 2026 guidance materially exceeded market expectations. Further, the outlook remains favourable, supported by continued investment in AI infrastructure.

As reflected in its sharp re rating, investors increasingly view Vertiv less as a conventional industrial supplier and more as a critical enabler of AI infrastructure as well as data centre modernisation. To sustain this valuation premium, Vertiv must continue converting exceptional order momentum into profitable revenue growth and preserve margin discipline. Moreover, it must demonstrate that demand remains durable beyond the current cycle of hyperscale capital expenditure.

Peers	Currency	Market Cap (Cur m)
Amazon.com Inc	USD	2,309,296.18
Samsung Electronics Co Ltd	KRW	1,099,868,725.91
Apple Inc	USD	3,757,858.00
Arista Networks Inc	USD	174,432.59
Oracle Corp	USD	445,737.39

Niklas Kaminski
Investment Banking Division

NIC's View On

ASML and the Semiconductor Capital Expenditure Supercycle

Johannes Schmidt
Investment Banking Division

"The Dutch company ASML builds 100 percent of the world's extreme ultraviolet lithography machines, without which cutting-edge chips are simply impossible to make. OPEC's 40 percent share of world oil production looks unimpressive by comparison."
– Chris Miller, Political Economist and Author of „Chip War"

The AI-driven semiconductor capital expenditure Supercycle has officially materialised, exposing the fragility of global tech supply chains.

Over the past few weeks, stock markets have been actively digesting the cash flow and profitability impacts of this Silicon Valley computing arms race. Driven by the need to support complex AI workloads, this capital expenditure boom marks the most aggressive infrastructure build-out in silicon history. Goldman Sachs estimates total investments in AI Infrastructure will hit USD 394.0 bn in 2025, up from USD 237.0 bn in 2024, and projects an even larger surge to USD 527.0 bn in 2026.

This sheer volume of expected demand for computing power has ignited a serious arms race upstream. Most recently, memory manufacturing giants like SK Hynix, Samsung, SanDisk, and Micron Technology have seen their stock prices spike. This follows months of high volatility among AI chip designers like Nvidia and AMD, as markets constantly revise growth assumptions and attempt to anticipate the investment volumes by the worlds largest compute buyers.

Even further up the supply chain sits ASML, the true, irreplaceable bottleneck of AI hardware. As the sole manufacturer of the equipment required to fabricate the most sophisticated processing chips, the company sits at the pinnacle of the AI compute supply chain.

This was made obvious recently, as chipmakers transition from legacy nodes to sub-2nm architectures, they have no other choice than to adopt ASML's next-generation "High-NA" Extreme Ultraviolet (EUV) systems. Priced at more than USD 400.0 m per unit, these machines allow foundries to print finer circuits in fewer steps, drastically improving yields for chip manufacturers.

This technological monopoly cements ASML's absolute pricing power, which is reflected in its financials: For FY2025, the company posted a robust 29.40% net income margin and most recently reported net bookings of EUR 13.2 bn, heavily weighted toward EUV systems. Backed by a staggering EUR 38.8 bn order backlog, the Dutch equipment giant is perfectly positioned to capture the upside of global fab expansions.

Unsurprisingly, investor optimism has surged. ASML shares rallied to all-time highs following the announcement. Management signalled strong conviction by reporting EUR 11.0 bn in 2025 free cash flow and launching a new EUR 12.0 bn share buyback program. Amid this financial euphoria, analysts aggressively raised their price targets. As a result, the company was trading at a premium P/E multiple of 48.97 as of 27th of February 2025, signalling deep equity investor optimism.

Much like the telecom buildout of the late 1990s, markets are bracing for an extended period of hyper-investment. J.P. Morgan and McKinsey project AI-related capital expenditures to surpass USD 5.0 tn by 2030, the foundation for a significant increase in computing power and consequently highly capable artificial intelligence is being laid.

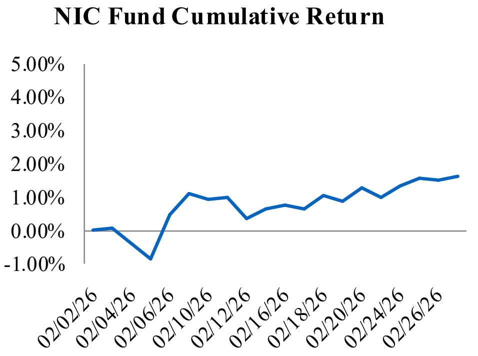
Date	Recent News
28 Jan 26	Chip-Machine Giant ASML Logs Record Orders as AI Spending Booms ***Source:*** *wsj.com*
16 Jan 26	ASML hits record high on AI boost — and analysts see plenty of room to run ***Source:*** *cnbc.com*
29 Dec 25	ASML Holds Premium Valuation as Semiconductor Capex Momentum Carries Into 2026 ***Source:*** *investing.com*

Johannes Schmidt
Investment Banking Division

NIC Fund

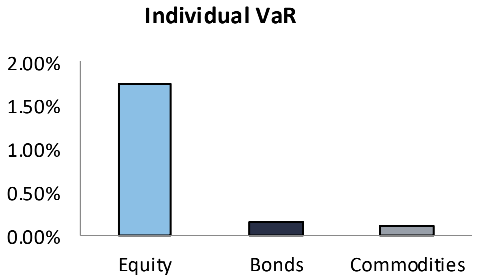
NIC Fund

Portfolio Overview



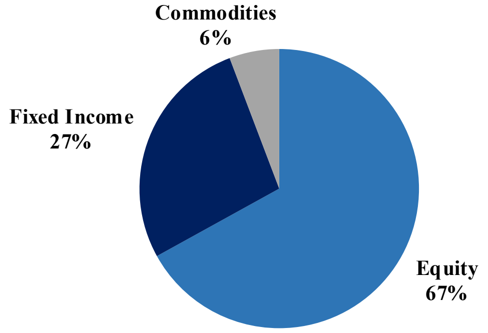
Portfolio Statistics	
Cumulative Return	1.63%
Annualized Return	19.58%
Daily St. Dev	0.57%
Period St. Dev	2.17%
Annualized St. Dev	7.53%
Info Sharpe	2.60
Skew (Daily)	0.84
Kurtosis (Daily)	1.01

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 Markets Bond Index ETF	10%



Portfolio Snapshot

The NIC Fund continued to hold positions in three primary asset classes: Equities, Fixed Income, and Commodities. The portfolio was distributed as follows: 50% in Equities, 44% in Fixed Income, and 6% in Commodities. Regarding the Equity portion, over half was diversified across 35 specific securities. The remaining equity funds were placed in Exchange Traded Funds (ETFs) that track major market indices, including the S&P 500, MSCI World, and the FTSE 100. In the Fixed Income sector, the majority of the capital was placed in US Treasury bonds. Finally, within the Commodities allocation, gold represented more than half of the investment, while the rest was held in the Invesco DB Commodity Index Tracking Fund.



Return Metrics

The overall performance of the portfolio was positive in February, with a cumulative return of 1.63%. Bonds had a meager contribution to this month's returns in comparison to equities and commodities. The equity portfolio consisted of not only the MSCI World index fund and other ETFs but individual stocks such as Adobe Inc. (ADBE), Advanced Micro Devices (AMD), Novartis AG-Reg (NVS), Northrop Grumman Corporation (NOC) and BNP Paribas (BNP.PA). The top-performing stocks were Tapestry Inc. (TPR) and Deere & Co. (DE) with returns of 22.50% and 19.26%, respectively, while Mercadolibre Inc. (MELI) had the poorest performance, with a return of -18.17%. The best-performing ETFs were the Goldman Sachs Physical ETF and the iShares MSCI Emerging Market ETF, with returns of 8.48% and 5.89%, respectively.

Risk Metrics

In terms of risk, our portfolio registered a relatively high daily VaR of 1.99%. This metric remained below the maximum established threshold of 2.5%.

Equities were the asset class with the highest individual VaR, which was around 1.74%. On the other hand, Bonds and Commodities clearly lower VaRs of 0.15% and 0.10% respectively.

Guilherme Natário Rio-Tinto
Financial Markets Division

NIC Fund

Assets in Brief

Asset Class	Symbol	Comments
US Equity	**NFLX**	Netflix rose 16.29% in February, surging as much as 13.77% after Co-CEO Ted Sarandos confirmed the company withdrew from Warner Bros. Discovery talks when Paramount Skydance raised its bid to USD 111 bn, easing investor concerns over potential debt burdens and complex integration risks.
US Equity	**IBM**	IBM fell 23.68% in February after Anthropic unveiled Claude Code, an AI tool capable of modernizing legacy COBOL systems embedded across global infrastructure. By automating code analysis and migration, the announcement sparked concerns that AI-driven efficiencies could disrupt traditional service models and pressure parts of IBM's long-established business.
US Equity	**DE**	Deere & Co. rose 18.31% in February and 35.24% YTD after first-quarter 2026 results beat expectations, with EPS of USD 2.42 on USD 9.61 bn in revenue. Equipment Operations net sales climbed double digits, prompting higher full-year net income guidance. RBC Capital also raised its price target, citing improving agricultural demand and solid execution.
US Equity	**NOC**	Northrop Grumman stock gained 5.75% in February and is up more than 50% over the past year, supported by steady earnings beats, margin expansion, and strong program momentum. The rally has been driven by a record backlog exceeding USD 95 bn and progress in the Northrop Grumman B-21 Raider, including key flight milestones and new production contracts.
US Equity	**WDAY**	Workday declined 22.85% in February and is down 34.40% YTD after a soft sales forecast heightened concerns about its competitiveness in the AI era. Investors fear that rapid advances in artificial intelligence and potential AI-driven hiring slowdowns could pressure demand for traditional HR and payroll software solutions.
US Equity	**AMD**	AMD fell 18.7% in February and is down 10.41% YTD, dropping 17% after its first-quarter outlook disappointed some analysts despite strong Q4 revenue of USD 10.27 bn. Expectations for stronger AI-driven guidance weighed on sentiment, even as demand for data-center chips remained solid. The pullback follows a 70%+ rally in 2025, fueled by booming AI demand and partnerships with OpenAI and Oracle.
US Equity	**AMZN**	Amazon stock dipped 13.57% in February as tech stocks broadly declined on fears of AI disruption and investors reacted to the company's plan to spend USD 200 bn in capital expenditures this year. The pullback followed an otherwise solid Q4 report, with revenue rising 14% to USD 213.4 bn and strong growth in Amazon Web Services, though the heavy AI-related spending outlook weighed on sentiment.
US Equity	**OWL**	Blue Owl Capital stock dropped 21.39% in February and is down 31.81% YTD after halting redemptions in one credit fund and selling USD 1.4 bn in assets to raise liquidity. Rising redemption pressures, credit quality concerns, and broader weakness in private credit and software-linked exposures intensified the selloff, weighing on investor sentiment.
US Equity	**FLUT**	Flutter Entertainment shares dropped 12% after 2026 earnings guidance fell well short of market expectations, contributing to a share price loss of over 60% in the last six months. While 2025 EBITDA of USD 2.85 bn was broadly in line, revenue of USD 16.4 bn missed targets. A weak 2026 EBITDA outlook of USD 2.97 bn versus the USD 3.5 bn anticipated and concerns over softening U.S. customer engagement intensified the selloff.
South Korean Equity	**000660**	SK Hynix stock surged 27.83% in February and has gained more than 380% over the past year, supported by its leadership in high bandwidth memory used in AI processors. The company reported a record operating profit of Won 47.2 tn in 2025, surpassing Samsung Electronics for the first time, driven by strong demand for HBM chips powering AI servers produced by companies such as Nvidia.

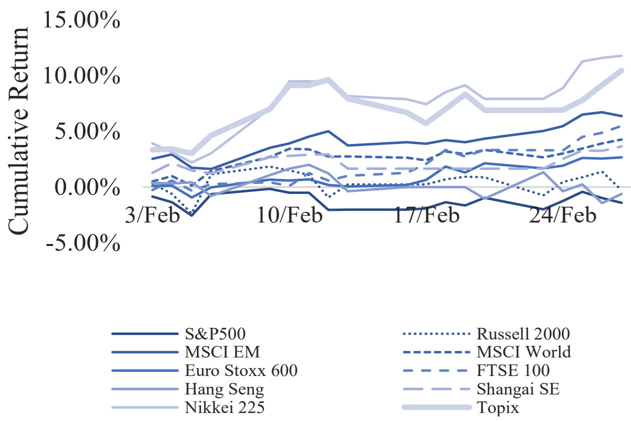
Felix Neumann
Financial Markets Division

NIC Fund

Equities

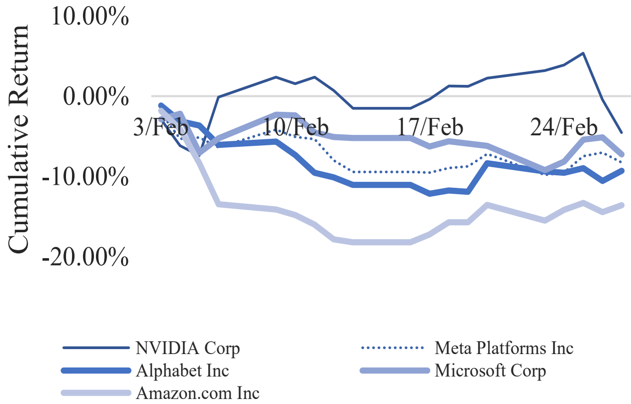
World Equities

February 2026 delivered a more mixed performance across global equity markets, with leadership shifting toward international equities while US markets lagged. The S&P 500 declined 0.97% during the month and the Russell 2000 slipped 0.30%, reflecting increased volatility and investor reassessment of technology valuations. In contrast, global equities continued to advance, with the MSCI World rising 4.26%. Emerging markets again led global returns, with the MSCI EM gaining 6.37%, driven largely by improving momentum in Asian equities. Asian markets delivered some of the strongest gains globally. Japan stood out as the top-performing developed market, with the Nikkei 225 surging 11.77% and Topix advancing 10.45%. Mainland Chinese equities also moved higher, with the Shanghai SE rising 3.66%, while Hong Kong's Hang Seng declined slightly by 0.62%. European equities also posted solid gains. The Euro Stoxx 600 advanced 2.68%, while the FTSE 100 climbed 5.50%. Overall, February highlighted a notable divergence between relatively weaker US equity performance and strong international markets.



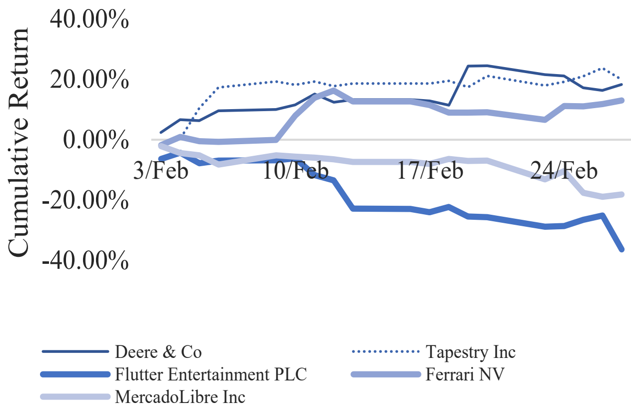
In Depth: AI Anxiety and Sector Rotation

February highlighted a clear divergence within US equities as growing skepticism toward the AI trade triggered a rotation away from technology and into more traditional sectors. Several large AI-linked stocks declined over the month, including Nvidia (-4.54%), Meta (-8.24%), Alphabet (-10.56%), Microsoft (-7.24%), Palantir (-8.00%), Amazon (-13.57%) and Salesforce (-7.60%). The pullback reflected concerns that valuations across the AI ecosystem had become stretched following the strong rally in 2023-2024, particularly as recent earnings surprises proved less dramatic than investors had grown accustomed to. At the same time, capital flowed into sectors that had lagged during the technology-driven bull market since late 2022. Consumer staples, energy and industrial stocks delivered strong gains in February, with Procter & Gamble (+9.15%), Exxon Mobil (+7.33%), Chevron (+7.31%), General Electric (+10.87%) and Caterpillar (+7.51%) all outperforming the broader market. Market participants increasingly described the move as a "rotational trade," as investors reassessed the long-term economic impact of artificial intelligence and sought exposure to companies with more stable earnings profiles.



Our Performance

In February, equities contributed positively to overall portfolio performance. Tapestry Inc was among the main contributors during the month, gaining 19.90% with a portfolio weight of 1.01%. Deere & Co also supported performance, rising 18.31%, while Ferrari NV advanced 12.96%. On the downside, Flutter Entertainment detracted from returns with a decline of 25.18%, and MercadoLibre Inc fell 18.15%, partially offsetting gains from other holdings.



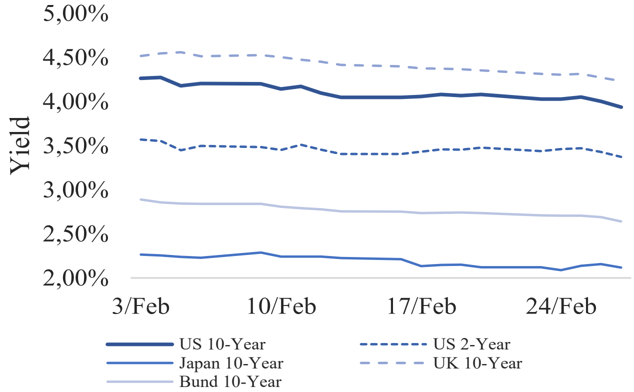
Vivien Scaife Gibson
Financial Markets Division

NIC Fund

Fixed Income

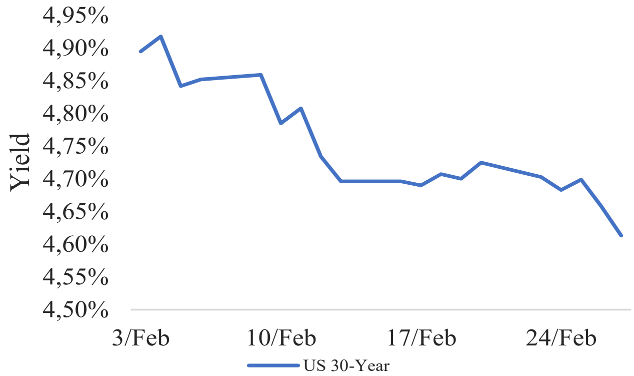
World Yields in February

February proved to be a constructive month for government bond markets, with yields declining meaningfully across the major economies as investors repriced growth expectations downward. In the US, the 10-Year Treasury fell from 4.27% at the start of the month to 3.95% by the 27th of February, its lowest level in four months, while the 2-Year note ended at 3.38%, its lowest since August 2022. The rally was driven by a combination of softening economic data and renewed concern over valuations in private credit and AI-related equities, which fuelled a rotation into the perceived safety of government bonds. The Fed held the federal funds rate steady in the 3.50%-3.75% range, with the Committee continuing to acknowledge that inflation remains somewhat elevated. German Bund yields similarly drifted lower through most of the month, touching a four-month low of around 2.64% in the final week of February, as the ECB maintained its hold at 2.00% and Eurozone growth data offered little reason for alarm. UK gilts followed the same broad trend, with the 10-Year Gilt easing from elevated levels as markets continued to digest a more cautious Bank of England tone. Unlike every other major central bank, the BoJ closed February with rate hike expectations still on the table, though strong domestic institutional demand continued to cap any meaningful rise in long-end yields, with the 10-year JGB closing the month at around 2.13%, somewhat insulated from the hawkish signals.



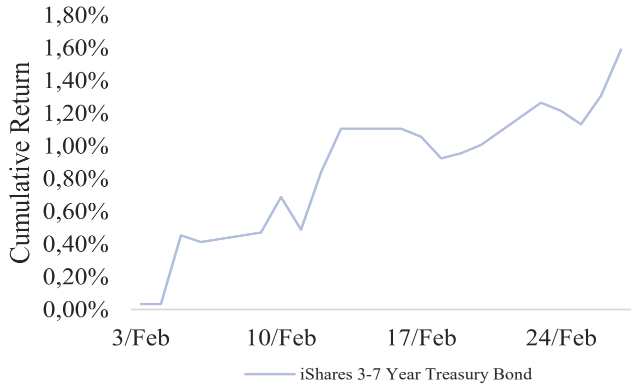
In Depth: Bonds Reaction to the Middle-East Shock

The opening days of March brought a sudden and violent repricing across global bond markets, as the US-Israeli strikes on Iran over the weekend of February 28th offset the constructive backdrop that had defined the previous month. As oil prices surged, bonds sold off sharply, with the US 10-Year climbing above 4.10% and the 30-Year reaching 4.75%, as President Trump signalled the campaign could last considerably longer than projected. European bonds were not spared, with the German Bund climbing back to 2.79% as the closure of the Strait of Hormuz and the suspension of Qatari LNG exports gave rise to inflation fears and trimmed ECB cut expectations. What makes this episode significant is precisely what did not happen: bonds failed to act as the classic geopolitical safe-haven. In an environment where the primary shock is inflationary rather than deflationary, the traditional negative correlation between bonds and risk assets breaks down, leaving portfolios with far fewer places to hide.



Our Performance

Notice that IEI ETF, tracking 3-7 US Treasury Bonds, our benchmark fund for fixed income, performed quite well during February, earning a cumulative return of 1.60%.



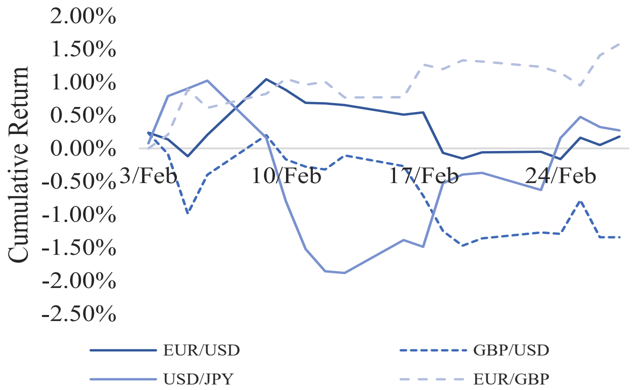
Diego Gozzi
Financial Markets Division

NIC Fund

Currencies

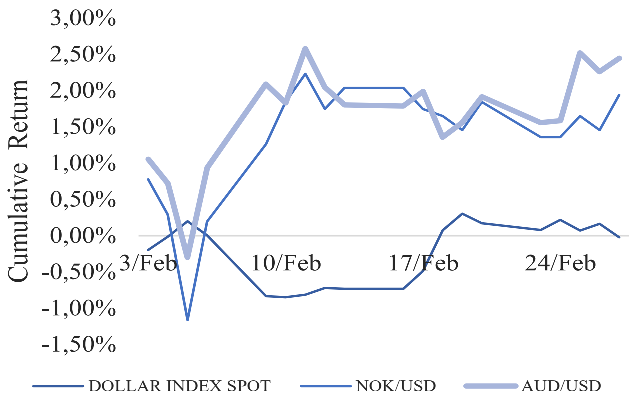
World Currencies

Major currency moves in February were shaped by shifting rate-cut expectations and significant intra-month volatility. EUR/USD had a turbulent month, rallying sharply from around 1.17 to a peak near 1.20 in mid-February as softer US data reinforced expectations of Fed easing, before reversing aggressively into month-end to close around 1.18, nearly back where it started. EUR/GBP moved higher over the month, rising from around 0.86 to 0.87, as the euro outperformed the British Pound despite the BoE's relatively hawkish stance, with the Pound losing some of its earlier momentum as the month progressed. GBP/USD similarly gave back gains toward month-end, though it remained supported in the mid-1.30s as sticky services inflation kept BoE cut expectations in check. USD/JPY was equally volatile, dropping sharply from around 155 to a low near 152 in mid-February as risk-off sentiment briefly boosted the Yen, before recovering strongly into month-end to close around 157. The Yen ended the month as an underperformer, weighed down by the still-significant interest rate differential and only modest BoJ tightening progress.



In Depth

The recent US-Israel strike on Iranian targets has already left a clear mark on FX markets, though not through the classic safe-haven playbook. Notably, the simultaneous selloff in US Treasuries, signals that this is not a conventional risk-off episode: investors are pricing an inflationary shock, not a deflationary one. The dollar's strength in the early days of March is better understood as a reflection of US energy independence rather than a flight to quality, with the US being simply less damaged than most of its peers. Should the conflict escalate or disrupt key energy supply routes, a sustained rise in oil would likely weigh most heavily on large energy importers in Europe and Asia, pressuring their currencies via wider trade deficits and higher headline inflation, while strengthening select commodity exporters such as NOK and AUD. Higher energy costs would also complicate the path for rate cuts by the Fed, ECB and BoE, increasing the risk that currently priced easing is delayed or scaled back; in that scenario, the US dollar could extend its gains, volatility would rise, and high-beta and lower-quality EM currencies would be most vulnerable. Taken together, the risks for the next month suggest a volatile, headline-driven FX market where the US dollar's performance will be determined less by safe-haven flows and more by the relative depth of the energy shock across economies.



Our Performance

We currently hold no currency related assets in our portfolio.

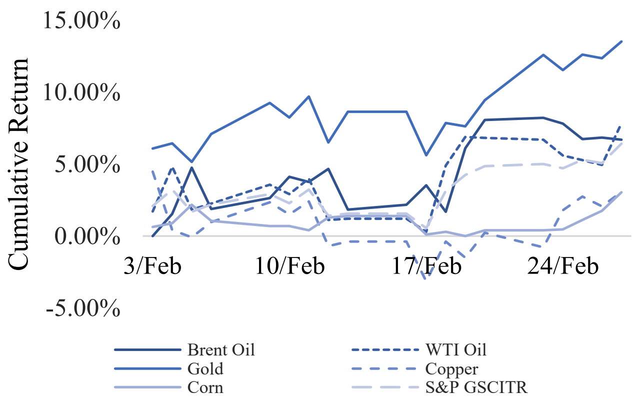
Diego Gozzi
Financial Markets Division

NIC Fund

Commodities

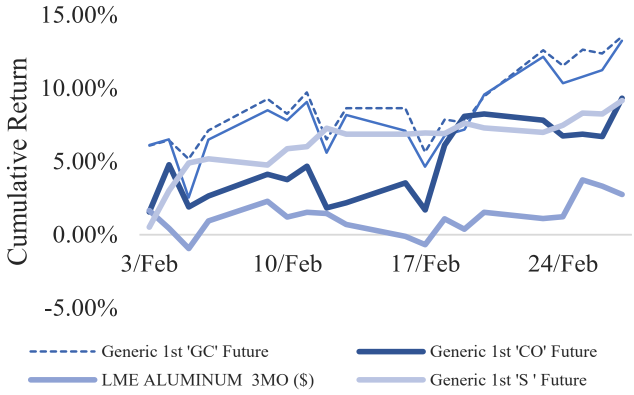
February Round-Up

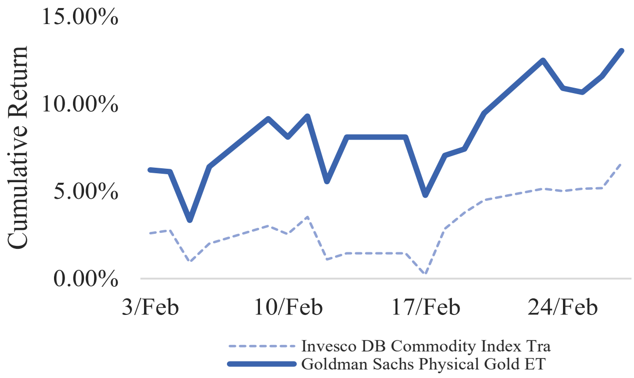
Commodities continued their upward momentum in February, though the pace of gains moderated compared with the strong start to the year. The S&P GSCI Total Return index rose 6.43% during the month, supported by broad strength across energy, precious metals and several industrial commodities. Energy markets again led performance, with Brent oil rising 9.32% and WTI crude gaining 7.85%, as ongoing geopolitical tensions and continued supply discipline from OPEC+ supported prices. Market participants remained focused on potential disruptions to global supply routes and the outlook for production policy, both of which contributed to sustained upward pressure on oil prices. Precious metals also recorded strong gains, with gold climbing 13.53%, as investors continued to seek safe-haven assets amid persistent macroeconomic uncertainty. Industrial metals participated more moderately in the rally, with copper advancing 3.07%. Agricultural commodities also moved higher during the month, with corn rising 3.05%. Overall, February's commodity performance highlighted continued support from geopolitical risks, macroeconomic uncertainty and resilient global demand.



In Depth: Oil Stays Geopolitics-led

Commodity markets moved higher in February, supported by geopolitical risks and macro uncertainty, with gains across energy, precious metals and agricultural products. Oil was the key driver of sentiment, while gold, aluminium and soybeans also advanced during the month. Brent crude rose 9.32%, gold gained 13.53%, aluminium increased 2.75%, and soybeans climbed 9.15%, reflecting stronger demand for both safe-haven assets and commodities sensitive to supply disruptions. Oil markets remained particularly sensitive to geopolitical developments. Prices repeatedly reacted to tensions between the United States and Iran, with traders pricing in the risk of supply disruptions in the Middle East. Reuters reported that crude prices rose as investors assessed the possibility of conflict affecting regional production and shipping routes, which could disrupt global supply flows. Looking ahead to March, the outlook for commodities will largely depend on macroeconomic developments and geopolitical risks. For energy markets, escalation in Middle East tensions could continue to support oil prices, particularly given that key shipping routes such as the Strait of Hormuz handle a significant share of global energy trade. At the same time, upcoming economic data especially U.S. inflation and growth indicators will influence expectations for interest rates and the U.S. dollar.





Our Performance

In February, commodities made a positive contribution to overall portfolio performance. During the month, the Goldman Sachs Physical Gold ETF delivered a return of 13.04%, while the Invesco DB Commodity Index Tracking Fund posted a cumulative gain of 6.63%.

Vivien Scaife Gibson
Financial Markets Division

Private Equity

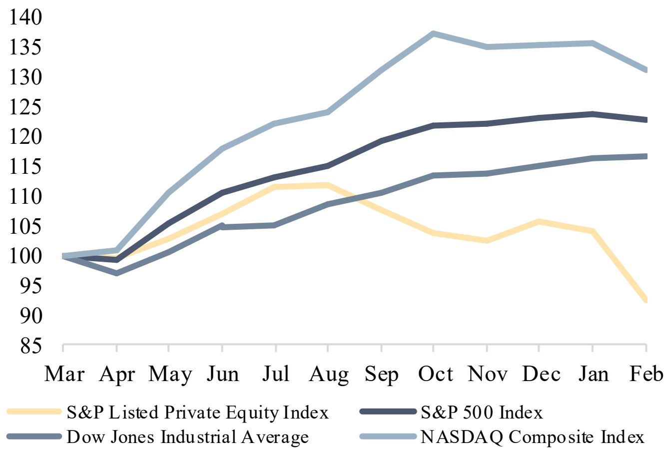
Transactions & Investments

Overall Activity

Global

At a Glance

Global private equity activity strengthened in February, with total deal volume reaching USD 269.4 bn and investments concentrated in the Technology sector. The S&P Listed Private Equity Index, however, continued to underperform public equity markets, declining 12.52% year-to-date. The index trailed the S&P 500 Index by 12.27 pp, the Dow Jones Industrial Average by 13.78 pp and the NASDAQ Composite Index by 9.31 pp. Higher interest rates lifted funding costs, compressed valuation multiples and pressured fee-driven, rate-sensitive private equity models. Macroeconomic uncertainty keeps investors cautious, so rising deal activity has not yet led to a broad revaluation of these stocks.



Selected Regions

North America

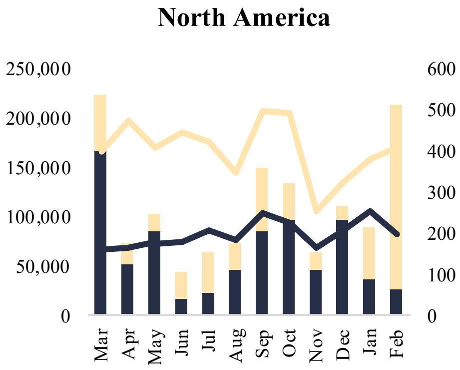
In North America, M&A deal volume reached USD 25.7 bn in February, representing 36.00% of global activity, while the number of M&A deals declined. Technology, Health Care and Consumer were the main sectors with M&A deals. Investment deal volume increased significantly to USD 187.7 bn across 405 transactions, with the technology sector accounting for 95.07% of deal volume, confirming that the region continues to offer attractive opportunities for investors.

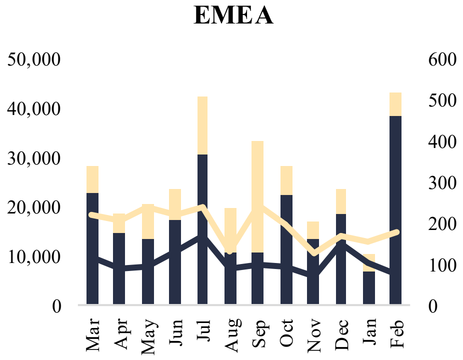
EMEA

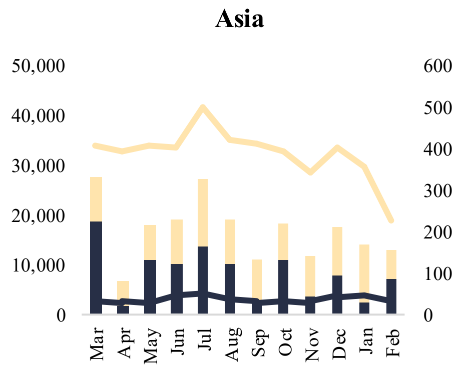
In EMEA, M&A deal volume increased to USD 38.5 bn in February, accounting for 53.88% of the global M&A volume, while the number of M&A deals decreased slightly versus the prior month. Activity was led by the Industrials and Technology sectors. Investment deal volume reached USD 4.4 bn across 178 deals, signalling moderate growth. However overall, activity in the EMEA region was still predominantly driven by M&A transactions rather than investments.

Asia

In Asia, M&A deal volume stood at USD 7.2 bn in February, equal to 10.01% of global activity, with deal numbers easing from the stronger levels seen in mid 2025. The Technology sector remained the main contributor to regional M&A volume, accounting for 76.44%. Investment deal volume totalled USD 5.5 bn across 227 transactions, marking a monthly decrease of 53.37% compared to January. The Technology sector accounted for 67.89% of investment deal volume.







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

Note: Summary of completed transactions.

Filip Michal Plociennik
Private Equity Division

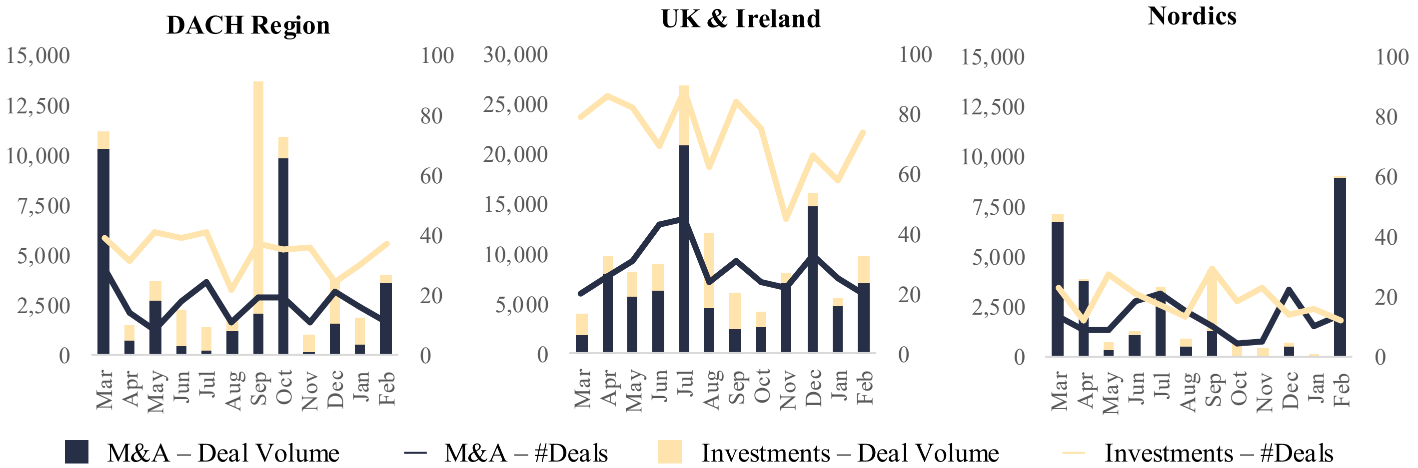
Transactions & Investments

Europe Focus

Overall European Activity

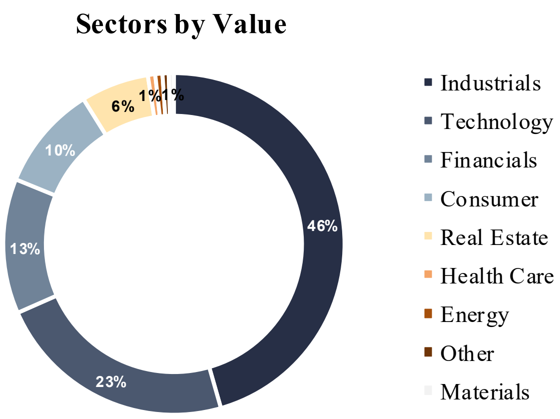
The European private equity market recorded 247 deals in February, with a total deal value of USD 42.8 bn, reflecting a steady level of activity. While overall deal count remained stable compared to January, total deal value increased significantly, driven by several larger transactions. Within this total value, 73 M&A deals accounted for USD 38.5 bn of value, representing the clear driver of growth during this month. In comparison, 174 investment deals generated USD 4.3 bn, indicating that while smaller transactions remained active in deal count, value creation was primarily concentrated in strategic acquisitions and buyouts. Industrials emerged as the most valuable sector, outperforming all other sectors and taking up nearly half of the total deal value in February. This was largely driven by InPost's acquisition by a consortium led by FedEx and Advent International for USD 11.7 bn. The size of this single transaction significantly elevated the sector's total deal value for the month. From a global perspective, Europe accounted for 15.90% of total global deal volume in February. This compares favourably to the year-to-date average of 12.52%, suggesting that Europe captured a relatively stronger share of worldwide deal activity during the month. The increase could potentially show a modest rebound in regional momentum following a softer start to the year in January. Investment decisions remained influenced by macroeconomic uncertainty and geopolitical headwinds, hereby promoting larger and resilient transactions.

Selected European Regions



Europe by Sectors

Industrials was the most active sector in the European private equity market in February, accounting for 45.56% of total deal value, with aggregate deal value reaching USD 19.5 bn. This made Industrials the dominant sector by a significant margin. The strong performance was largely driven by a handful of sizeable strategic and sponsor-backed transactions, most notably the USD 11.7 bn acquisition of InPost by a consortium led by FedEx and Advent International. The scale of this transaction significantly lifted the Industrials sector's deal value. The Technology sector ranked as the second-largest sector, contributing 22.84% of total deal value in February. While not matching Industrials in total value, Technology maintained strong momentum in transaction volume, reflecting sustained private equity interest in software, digital services, and tech-enabled business models.



Note: Summary of completed transactions.

Lena Claeys
Private Equity Division

Transactions & Investments : Top Deals

Deals & Transactions

EQT Blackstone
Acquiring
urbaser
USD 6.6 bn

EQT and Blackstone Infrastructure are acquiring a majority stake in Urbaser, a Spain-based environmental services company specialising in waste management and recycling solutions. The deal reflects private equity interest in environmental and sustainability-focused infrastructure.

CVC
Acquiring
dsm-firmenich
USD 2.0 bn

CVC Capital Partners is acquiring a majority stake in DSM-Firmenich's animal nutrition business, a global provider of feed additives and nutritional solutions for livestock producers. The transaction allows CVC to expand within the resilient agriculture and food production sector.

CPP Investments EQUINIX
Acquiring
atnorth
USD 4.0 bn

CPPIB and Equinix are acquiring a majority stake in Nordic data centre operator atNorth. The company operates sustainable data centres powered largely by renewable energy. This shows the expansion of digital infrastructure and growing demand for cloud computing capacity.

MUBADALA
Acquiring
Clear Channel Outdoor
USD 7.5 bn

Mubadala Investment Company is acquiring a majority stake in Clear Channel Outdoor, a global operator of outdoor advertising infrastructure. Mubadala aims to support the company's digital expansion and long-term growth strategy.

NatWest
Acquiring
evelyn PARTNERS
USD 3.7 bn

NatWest Group is acquiring a majority stake in Evelyn Partners, a wealth management and financial advisory firm providing investment management, financial planning, and advisory services. The acquisition strengthens NatWest's wealth management platform and client offering.

KKR Singtel
Acquiring
STTelemedia Global Data Centres
USD 2.6 bn

KKR and Singtel are acquiring the majority stake in ST Telemedia Global Data Centres, a global data centre infrastructure operator providing hyperscale data centre capacity. The investment supports continued expansion of global digital infrastructure.

Hanna Luu
Private Equity Division

Transactions & Investments: Deep Dive

KKR & Singtel to Acquire STT Global Data Centres

On 3rd of February 2026, KKR and Singtel announced the signing of definitive agreements to acquire the remaining 82.00% stake in STT GDC from its founding shareholder ST Telemedia, with ownership split 75.00% and 25.00% between KKR and Singtel, respectively. The deal implies an enterprise value of USD 10.9 bn and is expected to close in early second-half of 2026.

Buyer vs Target

KKR is a global investment firm with a strong track record in digital infrastructure, including a prior investment in Singtel's Nxera data centre business. Singtel is Singapore's leading communications technology group and a majority Temasek-owned entity. STT GDC is a leading colocation data centre operator founded in 2014. Citi and Bank of America acted as the financial advisors to KKR and Singtel, while J.P. Morgan served as the sole financial advisor to ST Telemedia.

Industry Overview

The global data centre sector is undergoing a structural re-rating driven by the rapid proliferation of artificial intelligence workloads, cloud migration, and hyperscale capacity expansion. AI infrastructure demands substantially higher power density and compute per rack compared to traditional colocation, creating a premium on operators with the scale, land, and grid access to serve next-generation facilities. Institutional capital has responded as deal volumes in digital infrastructure reached record highs, with transactions such as AIP's, Blackrock's and MGX's acquisition of Aligned Data Centers highlighting valuations well above traditional infrastructure multiples. The Asia Pacific market is particularly attractive given its underserved data centre density relative to digital consumption growth, regulatory frameworks encouraging foreign investment in infrastructure, and demand from regional hyperscalers expanding outside the US and China. However, the sector faces constraints around power availability, rising construction costs, and increasingly complex environmental and planning regulations.

Date	Buyer	Target	Currency	Total Value (USD bn)
29/12/2025	SoftBank Group	DigitalBridge	USD	4.0
22/12/2025	Alphabet	Intersect Power	USD	4.8
03/11/2025	Eaton	Boyd Thermal	USD	9.5
15/10/2025	AIP / BlackRock / MGX	Aligned Data Centers	USD	40.0

Deal Rationale

The strategic rationale for KKR's acquisition of STT GDC is rooted in gaining long-term, scaled exposure to one of the most strategically positioned data centre platforms in Asia Pacific at a moment of structural demand inflection driven by AI and cloud infrastructure. The transaction allows KKR to deploy capital into a platform across 12 high-growth markets, providing geographic resilience and multiple monetisation vectors. For Singtel, the 25.00% co-investment provides a capital-efficient path to retaining strategic exposure to data centre infrastructure. The USD 5.2 bn cash consideration is structured in two equal tranches, the first payable at closing and the second approximately one year later, providing the consortium with meaningful cash flow flexibility. The implied enterprise value of USD 10.9 bn implies a significant premium to book, reflecting the development pipeline and scarcity value of the platform. The core tension in this deal is the mismatch between current cash generation and the growth premium embedded in the enterprise value. With approximately 0.8 GW operational against 2.3 GW of design capacity, a significant proportion of the asset base remains pre-revenue.

Future Challenges

STT GDC's primary near-term risks centre on the capital intensity of its development pipeline and its current position. Power access and grid constraints across key markets could delay monetisation of uncommitted capacity. The high leverage embedded in the deal amplifies sensitivity to interest rate movements and any revenue shortfalls during the ramp phase. Regulatory scrutiny of large cross-border infrastructure acquisitions in the Asia Pacific region may also introduce closing risk or impose structural conditions. At a strategic level, KKR must navigate governance alignment with Singtel as a 25.00% strategic partner while maintaining operational agility to respond to a fast-moving competitive landscape.

Lara Ziegler
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Transactions & Investments: Deep Dive

TPG to Acquire Majority Stake in Sabre Industries

On 6th of February 2026, TPG agreed to acquire a majority stake in Sabre Industries from Blackstone Energy Transition Partners, valuing the company at approximately USD 3.5 bn. The transaction gives TPG controlling ownership while management remains involved. The deal is expected to close by the second quarter of 2026, subject to customary approvals and closing conditions.

Buyer vs Target

TPG is a global alternative asset manager investing across private equity, growth, and infrastructure and conducts the investment through TPG Rise Climate, the firm's dedicated climate investing platform. Sabre Industries is a leading provider of highly-engineered critical infrastructure for power utilities, data center, and telecom, and was previously owned by Blackstone Energy Transition Partners. Harris Williams, Jefferies, and Wells Fargo acted as financial advisors.

Industry Overview

The power transmission and infrastructure market is experiencing rising demand as electricity networks expand to support AI data centres, renewable energy integration, and electrification trends. Hyperscale data centres require significant increases in electricity supply, putting pressure on grid infrastructure and transmission capacity. As a result, demand for transmission structures and grid equipment, such as those produced by Sabre Industries, is increasing. For investors, the sector offers attractive opportunities due to structurally rising electricity demand driven by digitalization and AI computing, as well as large investments in grid modernization supported by governments. However, the industry also faces challenges including permitting delays, regulatory constraints, supply chain pressures, and rising raw material costs. The sector is moderately concentrated, with specialized manufacturers supplying utilities and telecom operators, while infrastructure investors increasingly allocate capital to grid-related assets.

Date	Buyer	Target	Currency	Total Value (USD bn)
29/12/2025	SoftBank Group	DigitalBridge	USD	4.0
22/12/2025	Alphabet	Intersect Power	USD	4.8
03/11/2025	Eaton	Boyd Thermal	USD	9.5
15/10/2025	AIP / BlackRock / MGX	Aligned Data Centers	USD	40.0

Deal Rationale

The acquisition provides TPG with exposure to power infrastructure assets benefiting from structural growth in electricity demand driven by AI workloads, data centre expansion, and broader electrification trends across global digital and industrial economies. As hyperscale data centres scale globally, electricity consumption is expected to increase significantly, requiring substantial investment in transmission infrastructure, grid modernization, and power distribution equipment. Sabre Industries produces transmission structures, utility poles, and telecom towers that support the expansion, resilience, and reinforcement of electricity networks. From a private equity perspective, the transaction reflects a typical infrastructure buyout thesis, acquiring a platform supplying mission-critical equipment to utilities and telecom operators. Sabre's position within the electricity transmission ecosystem provides long-term demand visibility linked to grid expansion, electrification trends, and renewable energy integration. The investment also fits TPG's strategy of deploying capital into infrastructure-linked industrial platforms with durable demand drivers, scalable operating models, and exposure to long-term infrastructure capital expenditure cycles.

Future Challenges

Despite strong structural demand drivers, the investment faces several risks. Sabre operates within infrastructure manufacturing and remains exposed to utility capital expenditure cycles, meaning project delays or slower spending could affect order volumes. In addition, volatility in commodity inputs such as steel may pressure margins and introduce variability in cash flows. Infrastructure buyouts typically rely on stable cash generation to support leveraged return profiles, but fluctuations in project timing, permitting delays, and regulatory constraints may create earnings volatility. As a result, the investment combines defensive infrastructure demand with cyclical exposure to industrial production and utility investment cycles.

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Thank you!

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

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