NIC

— Nova Investment Club —

Newsletter

March 2023

NIC
—Nova Investment Club—

Table of Contents

Foreword

This Month:

In our Macro Overview section, analysts from both divisions will cover broad macro themes while reviewing major economic news from the past month. In our Deeper Dive section, Marie Klingsporn elaborates on the healthcare industry post-Covid-19. Moreover, in our Regional View, Lars Dahle discusses the current state of home sales in the United States.

Our Investment Banking Division will guide you through February's overall M&A activity. Read about Clayton, Dubilier & Rice acquiring Focus Financial Partners, the take-private of Rothschild & Co, and CVS Health taking over Oak Street Health. Additionally, get a detailed overview on what happened to Google LLC and Adani Group, and read our opinion on the current troubled financial state of Bed, Bath & Beyond.

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 four major asset classes through analysis of the past month's major market moves. The overall performance of the NIC Fund in October was negative, with a cumulative return of -2.15%. A loss that can be mainly attributed to Equities and Commodities.

On the Hot Topic of this month, Charlotte Mayr discusses the newly tested 4-weekday model, its impact, and how some firms consider this model to be a long-term solution.

The following content is original and created by the Nova Investment Club, which is run by students from Nova SBE's Master's in Finance. The reports may contain inaccurate or outdated information and should not be used as an exclusive mean for investment decisions.

NIC
—Nova Investment Club —

Macro Overview

Monthly
March 8th, 2023

Deeper Dive
Navigating The New Normal: The Future of Healthcare Post-Covid
— p.2

Regional View
Home Sales Are Bottoming Out in the US
— p.3

Market Moves

% change

	Last Close	-1W	-3M	YTD
S&P 500	3,982	-0.38%	-2.40%	3.72%
DJIA	32,889	-0.73%	-4.92%	-0.78%
Nasdaq	11,467	-0.22%	-0.01%	9.56%
MSCI World	3,239	-0.88%	2.68%	5.15%
MSCI EM	3,795	-2.59%	1.39%	1.84%
Russell 2000	1,896	0.43%	0.51%	7.67%
Euro Stoxx 50	4,245	-0.12%	7.08%	11.91%
FTSE 100	7,903	-0.94%	4.35%	6.05%
Nikkei 225	27,446	-0.10%	-1.87%	5.18%
Hang Seng	19,786	-3.62%	6.39%	0.02%
Dollar Index	104.68	0.49%	-1.20%	1.12%
EUR/USD	1.061	-0.36%	1.96%	-0.89%
GBP/EUR	1.1386	0.11%	-1.73%	0.81%
GBP/USD	1.208	-0.26%	0.18%	-0.02%
USD/JPY	136.680	1.24%	-1.01%	4.24%
USD/CHF	0.94	1.14%	-0.77%	1.50%
Brent Crude	83.030	-0.02%	-2.81%	-3.35%
Gold	1,817.8	-0.83%	4.11%	-0.46%

Generic Bond Yields

change in bps

	Last Close	-1W	-3M	YTD
US 10Y Yield	3.940%	-1.3	33.4	6.5
GER 10Y Yield	2.646%	11.7	71.6	7.5
JPY 10Y Yield	0.505%	-0.1	25.2	8.3
UK 10Y Yield	3.838%	22.4	67.7	16.6
PT 10Y Yield	3.527%	10.5	65.0	-5.9

**Source: Bloomberg, as of 2023-02-28*

In Focus
February

UK and EU reach agreement on post-brexit trade rules in Northern Ireland. After negotiations, the UK and EU have reached a deal that allows the UK government to determine VAT rates applicable in Northern Ireland. This is a departure from the current system, where the rates are determined by the EU.

Tensions between US and China continue to build up. The US has established a congressional panel aimed at addressing Beijing's threats. The panel intends to investigate the involvement of private equity, venture capital, and Wall Street corporations in China and plans to meet with CEOs and industry representatives to better understand how companies invest and operate in China.

Mexico's democracy is under threat. Mexico's President has announced plans to cut the budget and weaken the supervisory powers of the independent National Electoral Institute, which is responsible for the country's elections. This move will not help the President directly, but it will allow him to hand-pick his successor, which will in turn be able to help the party officials to fix elections in their favor. This situation has led to several civilian protests in the country.

Twitter continues to lay off employees. Elon Musk has decided to fire more of Twitter's employees, including some of its highest profile leaders. The employees were fired via email on a Saturday and immediately lost access to the company's systems. This brings the total number of employees fired to an estimated 200, following the firing of 3,700 employees in November 2022.

ECB raises interest rates. The ECB has raised interest rates by 50 bps, bringing the deposit rate to 2.50% and the refinancing rate to 3%. It also announced another rate hike of 50 bps in March 2023, opening the door to either a pause or a slower rate hike pace beyond March.

Fixed income market loses momentum. The fixed income market was having a record breaking start of the year due to hopes that the major central banks would end their aggressive campaign of monetary policy tightening. However, the fixed income market is now fizzling out due to the rising inflation forcing investors to change their views on the future path of interest rate hikes.

Chinese factories power ahead. After lifting restrictions late last year, China's economy has been recovering. In February, China's manufacturing sector grew at its fastest pace in more than a decade.

German inflation rises to 9.30%. Contrary to predictions of a decline, German inflation has rebounded, indicating that price pressures in Europe may be more persistent than anticipated. Other European countries, such as France and Spain, also saw unexpected increases in inflation.

UK reduces subsidies to households. Despite the UK energy regulator decreasing the energy price cap by GBP 1,000, consumers will end up paying higher bills from April onwards due to the decrease in household subsidies.

Earthquake in Turkey has huge impacts on the country's economy. The World Bank estimates that the earthquake in Turkey caused USD 34 bn of damages, with rebuilding and repairing the damage expected to cost Turkey around USD 68 bn.

Francisca Bombas
Financial Markets Division

Deeper Dive

Navigating The New Normal: The Future of Healthcare Post-Covid

Marie Klingsporn
Investment Banking Division

"Covid-19 will have a long-lasting impact on healthcare, transforming how we provide and receive care. At Quest, we believe the pandemic has accelerated the shift toward a more consumer-centric, digitally enabled healthcare ecosystem, where data and analytics will play an increasingly important role in enabling better health outcomes."

– Steven Rusckowski, CEO, Quest Diagnostics

Unsurprisingly, the Covid-19 pandemic has had a dramatic impact on the healthcare industry, driving significant changes in the way healthcare is delivered, managed, and financed. Hospitals and medical staff have been at the forefront of the fight against the pandemic, facing unprecedented challenges as they worked to provide care to those affected by the virus. The surge in demand for medical services and equipment has put a tremendous strain on healthcare systems around the world, leading to a shift in focus towards healthcare infrastructure.

Meanwhile, the pandemic has also accelerated the adoption of telemedicine and digital health, with patients increasingly turning to virtual consultations and remote monitoring to avoid exposure to the virus. This has further highlighted the growing importance of health data analytics, as healthcare providers seek to use data to improve patient outcomes and drive efficiency in the sector. Overall, the pandemic has magnified the existing trends in the healthcare industry, and emphasized the need for innovation, collaboration, and resilience in the sector to address the unprecedented challenges posed by the pandemic.

Before the pandemic, M&A activity in the healthcare industry was already high, with deal sizes varying widely. In 2019, the total value of healthcare M&A deals worldwide reached USD 532.0 bn, up from USD 446.3 bn in 2018. While M&A activity in the sector slowed down during the pandemic, it has rebounded since. Many companies are seeking to capitalize on emerging trends in the healthcare space as well as adapt to changing market conditions. According to data from Mergermarket, the first half of 2021 saw 313 healthcare M&A deals worth a total of USD 132.1 bn, compared to 271 deals worth USD 110.9 bn in the same period in 2020. The pandemic has accelerated the adoption of telehealth and digital health solutions, and companies that are well-positioned in these areas are likely to be particularly attractive targets for investments and acquisitions. Additionally, the growing importance of health data analytics and the increasing regulatory scrutiny of the sector are also expected to drive deal activity. Further, there was a significant impact on the valuation of healthcare companies, with changing market dynamics and the shift towards value-based care driving both challenges and opportunities for the sector. According to a report from EY, the average valuation for healthcare companies declined in 2020 compared to the previous year. The report found that the median valuation multiple for healthcare companies was 9.8x in 2020, down from 11.2x in 2019. However, the report also notes that the decline in valuations was less severe than in other industries, such as consumer products and retail.

In conclusion, the Covid-19 pandemic has had a profound impact on the healthcare industry. It has also presented challenges and opportunities for healthcare companies in terms of their financial performance, deal outlook, and valuation. As the healthcare industry continues to evolve, companies will need to adapt to changing patient needs and preferences, including the growing demand for personalized and patient-centered care. This will require increased innovation and investment in new technologies, such as artificial intelligence and machine learning. As such, healthcare companies looking to engage in M&A activity should consider strategically investing in these areas to enhance their competitiveness and long-term growth prospects. To succeed in the future, healthcare companies must continue to adapt to changing market dynamics and deliver value-based care that meets the needs of patients and customers. This will require a focus on innovation, efficiency, and collaboration across the healthcare ecosystem. While the challenges ahead are significant, the potential rewards for those who can navigate this rapidly changing landscape are equally great.

Marie Klingsporn
Investment Banking Division

Regional View

Home Sales Are Bottoming Out in the US

Lars Dahle
Financial Markets Division

"Home sales are bottoming out. Prices vary depending on a market's affordability, with lower-priced regions witnessing modest growth and more expensive regions experiencing declines."

– Lawrence Yun, Chief Economist, National Association of Realtors

According to data released in February, the existing home sales numbers for January 2023 experienced a 0.70% decline to a seasonally adjusted annual rate of 4.0 m, marking the twelfth consecutive month of decreases. This figure is lower than the predicted 4.1 m and represents the lowest reading since October 2010, with current sales activity even lower than in the lockdown month of April 2020. Although house prices are still increasing in many regions, they have fallen in cities that experienced the largest increases in 2021. Nevertheless, home prices remain unaffordable for many people, and rising interest rates only compound the issue.

The factors for the slowdown in home sales, not only in the US but also globally, are comparable. When interest rates were historically low, home prices became unaffordable due to the cheap availability of funding, leading to upward pressure on prices. As interest rates began to rise, the cost of borrowing increased, resulting in a significant drop in new mortgage volume. However, the consequences of this trend may differ depending on the type of mortgage. In the US, 30-year fixed-rate mortgages are prevalent, while in many other countries, fixed-rate mortgages are limited to five years. As a result, individuals who secured these mortgages four to five years ago may now face substantially higher payments when their fixed-rate term ends, leading to more homeowners having to refinance at higher rates or sell their homes.

However, the much-awaited turnaround in the housing market could be delayed due to a recent resurgence in mortgage rates. The Federal Reserve's aggressive monetary policy stance has negatively impacted the housing market, with residential investment contracting for seven consecutive quarters, the longest stretch since 2009. Although there are signs that the worst may be over, the housing market may take some time to recover fully. Additionally, mortgage rates have begun to rise again due to robust consumer spending, strong labour market data, and monthly inflation readings, leading to the possibility of the FED raising interest rates during the summer. According to data from Freddie Mac, the 30-year fixed mortgage rate increased to an average of 6.50% in the third week of February from 6.32% in the second week. This was the third consecutive weekly increase, pushing the rate to a 3-month high.

While the US housing market is showing some signs of improvement, the situation is not as positive in other parts of the world. In Canada, home sales in January declined by 37% compared to the previous year, and with bond yields on the rise again, this number could decrease even further. Furthermore, home prices have fallen and are predicted to drop further. Despite reduced prices and sales activity, Canada has imposed a 2-year prohibition on foreign buyers purchasing homes to make housing more affordable. In the UK, house prices have fallen by the greatest margin since 2009, as indicated by The Royal Institution of Chartered Surveyors (RICS) house price balance. Mortgage approvals have also dropped to the lowest level since May 2020, mainly due to increasing mortgage rates, making home loans affordable for a smaller pool of people as the criteria to qualify for a mortgage become stricter.

Despite the apparent improvement in the US home market's outlook as seen by an increase in contracts for previously owned homes, the resurgence in mortgage rates may delay the much-awaited turnaround, as the trend of increasing interest rates is making homes unaffordable for many people. The outlook for the housing market remains uncertain even though it appears that home sales activity may be bottoming out in the first quarter of this year, with gradual improvements expected to follow. Still, the housing market may take some time to recover fully.

Lars Dahle
Financial Markets Division

Macro Overview

Economic Calendar

Economic and Political Events

Chinese National People`s Congress

On the **5th** of March, the National People`s Congress took place in Beijing. The Chinese government discussed topics such as Xi Jinping's third legislation period, policy goals, and China's economic growth rate.

G20 Foreign Ministers Meeting

On the **1st** and **2nd** of March, the G20 Foreign Ministers Meeting took place in New Delhi, where American, Chinese, and Russian ministers met.
Unfortunately, no progress regarding the war in Ukraine was made.

UN Water Conference

From the **22nd** to the **24th** of March, the UN Water Conference will take place in New York, in which the Water Action Agenda will be adopted regarding future water-related goals. Within the conference, the UN will discuss ESG targets regarding water issues.

Central Bank Decisions

Federal Open Market Committee

The Federal Open Market Committee will take place from the **21st** to **22nd** of March. In the meeting, the FED will give an outlook on the economy and will announce the magnitude of rate hikes which may be above expectations after very strong economic data in February.

Monetary Policy Committee of the BoE

The Bank of England will meet on the **23rd** of March for their Monetary Policy Council, in which the Bank will talk about its monetary strategy to reduce inflation rate. Additionally, strategies to avoid a hard recession could be discussed.

Governing Council of the ECB

On the **16th** of March, the Governing Council of the ECB will hold a meeting in which the central bank will announce their decisions regarding monetary policy. After a month without a decline inflation, another announcement of interest rate hikes is likely.

Inflation and Deflation

US Inflation rate

February inflation data for the US will be published on the **14th** of March. In January, the annual inflation rate came down to 6.40%, mainly due to lower headline inflation. Especially an observation of core inflation will enlighten how sticky inflation is.

US Producer Prices

The US Producer Prices, which are an indicator of future inflation, will be released on the **15th** of March. After an unexpected 0.70% MoM increase in US producer prices in January, further price increases could indicate continuing rate hikes to slow down the economy.

German Inflation Rate

The inflation rate in Germany remained high in February, at 8.70%, compared to 8.50% in January. The upcoming release of the CPI on March **30th** is significant as another month without a decrease could suggest that current monetary policies are not effectively addressing inflationary pressures.

Labour Market

US New Jobs

On the **10th** of March, the monthly change in jobs in the US will be released. In January, hiring surged with 517,000 new jobs. This high growth was unexpected after months of healthy decline and could force the FED to keep on increasing rates.

US Personal Income

The Bureau of Economic Analysis is set to release the monthly update on US personal income on March **31st**. In January, there was a 0.60% increase in US income, falling short of the expected 1.0% increase, which indicates desired economic slowdown.

German Unemployment rate

On the **31st** of March**,** the German unemployment rate will be released. In February, the rate stayed stable at 5.5% as expected. If the rate were to decline, the ECB faces additional pressure to further increase interest rates to curtail economic overheating.

David Biewald
Financial Markets Division

NIC
—Nova Investment Club —

Investment Banking

M&A
Overall Activity

Global

Continuing last month's negative outlook, global M&A activity continued to be below par in February with a 52% decline in deal value compared to last year. February continues the negative trends exhibited last month both in deal value and deal count, as global dealmaking takes a hit as a result of harsh economic conditions, political complications and uncertain macroeconomic decision-making. Overall deal size grew healthier this month, with nine deals valued at more than USD 3.0 bn compared to last month's five deals above that threshold. In last year's homologous period there were twenty-three deals above said threshold, highlighting that deals are not only less numerous than last year, but also of smaller scope. Deal count fell from of 3,719 to 2,456 deals when compared to February 2022, a 34% drop. The two largest transactions of the month were Newmont Goldcorp acquiring Newcrest Mining in a USD 18.1 bn deal, based on an exchange ratio of 0.380 Newmont shares per Newcrest share and Newcrest's pre-one day prior share price, as well as Public Storage taking over Life Storage for USD 14.2 bn.

Selected Regions

North America
North America leads dealmaking in both deal count (39% of total) and disclosed deal value (52% of total), although the largest deal did not occur in the region. Deal value fell by 56% compared to last year's homologous period. Although it did miss out on the top spot, North America secured the second, third and fourth largest deals of the month, helping it lock out over half of this month's disclosed deal value.

EMEA
Just like last month, EMEA had the lowest deal value (21% of total) of the regions. A 64% drop in deal value when compared to February 2022 was felt across the industry – EMEA is clearly considered risky by most investors due to to the uncertainty lived in the region. EMEA's largest deal is expected to be Euronext's takeover of Allfunds Group, but there are rumours that the deal may have lapsed in the last few days.

Asia
Asia represents 27% of total deal value and 25% of total deal count for this month. The region has fared relatively well by comparison, with only a 15% drop in total deal value when compared to last year's homologous period, a good indicator of the region's resilient dealmaking. If one considers Australasia, the region also took home the largest deal of the month, the USD 18.1 bn acquisition of Newcrest Mining.

M&A
Deals of the Month

Announced Date	Target	Buyer	Target Region	Target Business	Value (USD m)	Premium (%)
05/02/2023	Newcrest Mining Limited	Newmont Goldcorp Corporation	AU	Mining	18,143.0	21.91%
05/02/2023	Life Storage, Inc.	Public Storage Inc.	US	Construction & Real Estate	14,229.0	16.94%
06/02/2023	Oak Street Health, Inc.	CVS Health Corporation	US	Medical	10,552.0	46.51%
02/02/2023	Focus Financial Partners, Inc.	Clayton, Dubilier & Rice, LLC & Stone Point Capital LLC	US	Financial Services	7,149.0	14.55%
22/02/2023	Allfunds Group plc	Euronext NV	UK	Technology (Software)	5,898.0	20.09%
22/02/2023	John Wood Group Plc	Apollo Global Management, LLC	UK	Engineering (Energy)	4,017.0	52.32%
09/02/2022	NuVasive, Inc.	Globus Medical Inc.	US	Medical	3,780.0	26.08%
02/02/2023	FirstEnergy Transmission, LLC	Brookfield Super-Core infrastructure Partners L.P.	US	Energy (Infrastructure)	3,500.0	-
16/02/2023	TravelCenters of America LLC	BP Plc & BP Products North America Inc.	US	Consumer (Retail & Leisure)	3,074.0	73.95%
28/02/2023	Ranger Oil Corp	Baytex Energy Corp.	US	Oil & Gas	2,536.0	9.96%

Guilherme Capinha Lopes
Investment Banking Division

M&A: Top Deals

Clayton, Dubilier & Rice to Acquire Focus Financial Partners

On the 2nd of February 2023, Focus Financial Partners agreed to be acquired by Clayton, Dubilier & Rice for an all-cash consideration of USD 4.6 bn, based on an offer of USD 53 per share and a 36% premium on Focus' 60-day volume-weighted average price. Current Focus' shareholder Stone Point Capital will retain a portion of its investment.

Buyer vs Seller

Clayton, Dubilier & Rice LLC (CD&R) is a private equity investment firm with a focus on the Industrial, Healthcare, Consumer and Technological industries. Started in 1978, CD&R has managed over USD 35.0 bn invested in over 100 companies. Focus Financial Partners is a partnership of 90 independent wealth management firms in the registered investment advisor ("RIA") industry. Focus Financial Partners' firms keep their independence while benefiting from shared synergies and best practices.

Industry Overview

In 2021, the US investment adviser industry experienced a 17% growth with nearly 15,000 investment advisers overseeing USD 128.4 tn in assets for 64.7 m clients (+6.40% YoY). 88% of the professionals were employed by firms with fewer than 50 workers, hence, exhibiting granularity in the industry. The number of advisers, clients, AUM, and total people employed by the industry all reached an all-time high in 2021 due to increasing demand for financial advisory services.

Peers	Currency	Market Cap (CUR m)
AssetMark Financial Holdings I	USD	2 293,71
Columbia Financial Inc	USD	2 248,59
Virtus Investment Partners Inc	USD	1 454,37
Robinhood Markets Inc	USD	8 386,72
LPL Financial Holdings Inc	USD	19 874,35

Deal Rationale

CD&R is investing in a highly fragmented industry with significant market size and solid growth prospects. Indeed, as CD&R partner David Winokur stated, the take-private strategy will grant flexibility in fostering the collaboration between Focus Financial Partners, potentially leading to further operational synergies. Given the granular nature of the industry, the acquisition may also be the starting point for a global buy-and-build strategy to gain traction in the sector. On the other hand, Focus capitalizes the opportunity and grants a significant cash return and premium to its shareholders.

Market Reaction

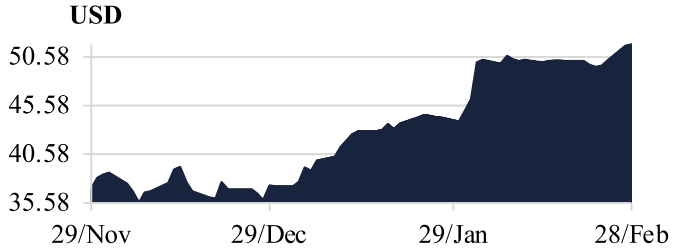
Clayton, Dubilier & Rice

Focus' buyout represents a strategically relevant deal with potential prospects to become a successful operation for at least three different reasons: CD&R's commitment, CD&R's financial services focus, and, finally, stakeholders' reaction.

Firstly, the all-cash investment, the sizable 36% premium paid, and the take-private strategy show strong long-term commitment on CD&R's side. Secondly, CD&R is closing a USD 15 bn fund which will fuel the firm's newly created financial services practice. Finally, Stone Point's and Focus' management's friendly reaction to the takeover is evidence that there is trust in CD&R's plan.

Focus Financial Partners

Financial markets deem CD&R's offer congruent and have confidence in the firm plan. Since announcement, Focus' stock price rallied to USD 51.83, recording a 25.38% increase.



Future Challenges

Investment advisory industry fragmentation is a double-edged sword, as it might be difficult gaining relevant market share to unlock value from gaining recognition and competitive advantage over a not-so-differentiated competitors' landscape. Additionally, Focus' partnership-based business model may pose threats in integrating subsequently acquired firms.

Filippo Marchesin
Investment Banking Division

M&A: Top Deals

Rothschild & Co SCA Take-Private

On the 6th of February 2023, the Rothschild family announced that it is planning to take its investment bank, Rothschild & Co, private in a move that values one of the most renowned names in global finance at EUR 3.7 bn. Concordia, the financial dynasty's holding company, announced that it will offer EUR 48.0 per share for approximately 61% of stock of the Paris-listed company.

Buyer vs Seller

Rothschild & Co Concordia is a French simplified joint-stock company (*société par actions simplifiée*) and the largest shareholder of Rothschild & Co., composed of members of the Rothschild Family. Rothschild & Co is a global financial advisory and wealth management firm with a long history dating back to the 18th century. The company's business model is based on providing tailored advice and services to clients in the areas of corporate finance, private wealth management, and asset management.

Industry Overview

The global M&A market faced significant challenges in 2022, as M&A volumes and values declined 17% and 37%, respectively, from the record high of 65,000 deals in 2021, despite being above 2020 and healthy pre-pandemic levels. The market continues to face headwinds from rising inflation, monetary policy, rising energy costs, and disrupted supply chains. In contrast, the need for digitization, the shift to net zero energy, and rising dry powder will create opportunities for M&A transactions.

Peers	Currency	Market Cap (CUR m)
eQ Oyj	EUR	871.26
EFG International AG	CHF	2,694.38
VP Bank AG	CHF	661.48
Avanza Bank Holding AB	SEK	42,866.63
Nordnet AB publ	SEK	45,612.50

Deal Rationale

Concordia currently holds 38.90% of the share capital and 47.50% of the voting rights of Rothschild & Co. The family stated that none of the businesses of the group need access to capital from the public equity markets. Furthermore, each of the three divisions is better assessed on the basis of their long-term performance rather than short-term earnings, making private ownership of the group more appropriate than a public listing. By taking the leading financial services company private, Rothschild & Co Concordia will be able to focus on expanding the verticals of its global advisory business and build its legacy in the U.S. and other geographic regions.

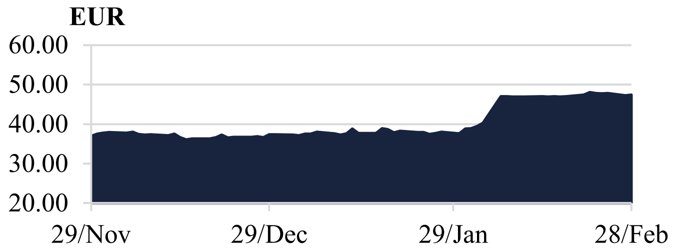
Market Reaction

Rothschild & Co Concordia SAS

The family holding intends to propose a payment of an ordinary dividend of EUR 1.4 per share to shareholders at its annual general meeting, scheduled for the 25th of May 2023. Additionally, subject to the favorable opinion of Rothschild & Co's supervisory board, an exceptional distribution of EUR 8.0 per share would be paid only if Concordia decides to proceed with the tender offer released on the 6th of February 2023. The offer price of EUR 48.0 per share, including dividends, would reflect a premium of 19% over the closing share price on the 3rd of February 2023 and a premium of 27%, 34%, and 36% respectively on the volume-weighted 60-, 120-, and 180-day average share prices.

Rothschild & Co SCA

Rothschild shares jumped about 17% to EUR 46.9 in Paris on the 6th of February, following the announcement of an intention to file a tender offer.



Future Challenges

It will be interesting to see whether the Rothschild Family will file a tender offer and take its investment bank private. Should this deal be finalized, it would diverge from the current trend in the investment banking advisory industry, wherein firms like Houlihan Lokey (2015), PJT Partners (2015), and Perella Weinberg Partners (2021) have gone and still are public-listed entities.

Yutong Wang
Investment Banking Division

M&A: Top Deals

CVS Health to Acquire Oak Street Health

CVS Health and Oak Street Health announced on the 8th of February 2023 that they have entered into a definitive agreement under which CVS Health will acquire Oak Street Health in an all-cash transaction at USD 39 per share, valuing the company at an enterprise value of approximately USD 10.6 bn.

Buyer vs Seller

CVS Health is America's leading healthcare solutions company and provides advanced pharmacy services, health plans and wellness. Oak Street Health is a leading multi-payor, value-based primary care company helping elderlies to stay healthy. With an innovative care model and technology platform designed to deliver consistently superior patient experiences, Oak Street Health has proven the scalability of its business model.

Industry Overview

Managed-care has underperformed the market and currently trades at a 23% discount to the S&P 500. The primary contributing factors were, firstly, the final rule on Medicare Advantage Risk Adjustment Data Validation. Secondly, a federal agency proposed cuts to the rates of national health insurance program Medicare Advantage in 2024. Finally, the announcement of President Biden's candidacy for the 2024 US elections also contributed to this development.
.

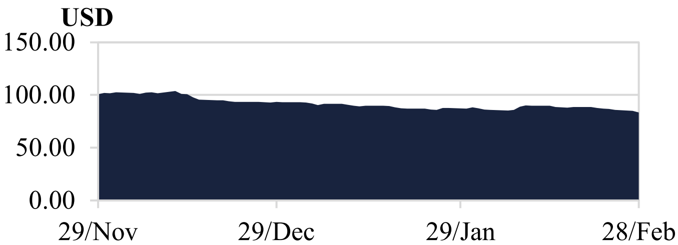
Peers	Currency	Market Cap (CUR m)
Amedisys Inc	USD	2,918.81
Addus HomeCare Corp	USD	1,707.93
ModivCare Inc	USD	1,377.85
DocGo Inc	USD	956.52
American Well Corp	USD	767.55

Deal Rationale

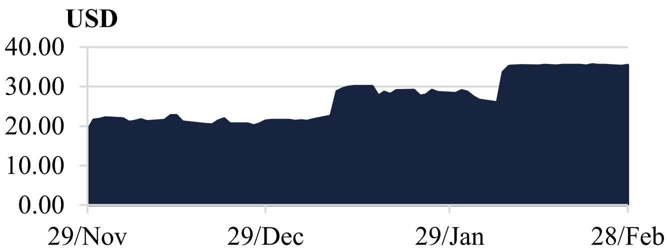
Combining Oak Street Health’s platform with CVS Health’s unmatched reach will most likely create the premier value-based primary care solution. This will enhance CVS Health’s offerings, which is core to the strategy of redefining how people access and experience more affordable, convenient, and connected care. For Oak Street Health the acquisition offers access to greater resources and capabilities to expand the reach of their platform, provides more opportunities for the staff, and, most importantly, aids to make a meaningful difference in the lives of the patients.

Market Reaction

CVS Health
CVS Health hit a 52-week low at USD 84.57 on the 28th of February, representing a 0.31% decrease from previous day’s closing price. The 12-months target price is USD 112.95.



Oak Street Health
OSH was downgraded by JP Morgan to Neutral or Overweight given the pending acquisition. The price target increased to USD 39, in-line with the acquisition price.



Future Challenges

Given the downward pressure on Medicare Advantage rates, this deal could end up being both a highly value-generating deal or one of the most challenging transaction for a publicly listed company. Scaling value-based care models is a significant challenge, especially when bridging the gap between the complexity of the business case and the human capital requirements.

Karolin Kolarik
Investment Banking Division

What Happened To

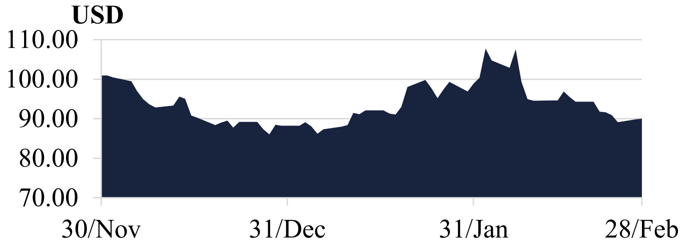
Google LLC

Google LLC is an American global technology company offering a wide range of products and platforms, including search engines, maps, ads, Gmail, and Google Play, among others. The company was founded in 1998 by Larry Page and Sergey Brin and is often referred to as the most powerful company in the world, due to its market dominance and cutting-edge technology.

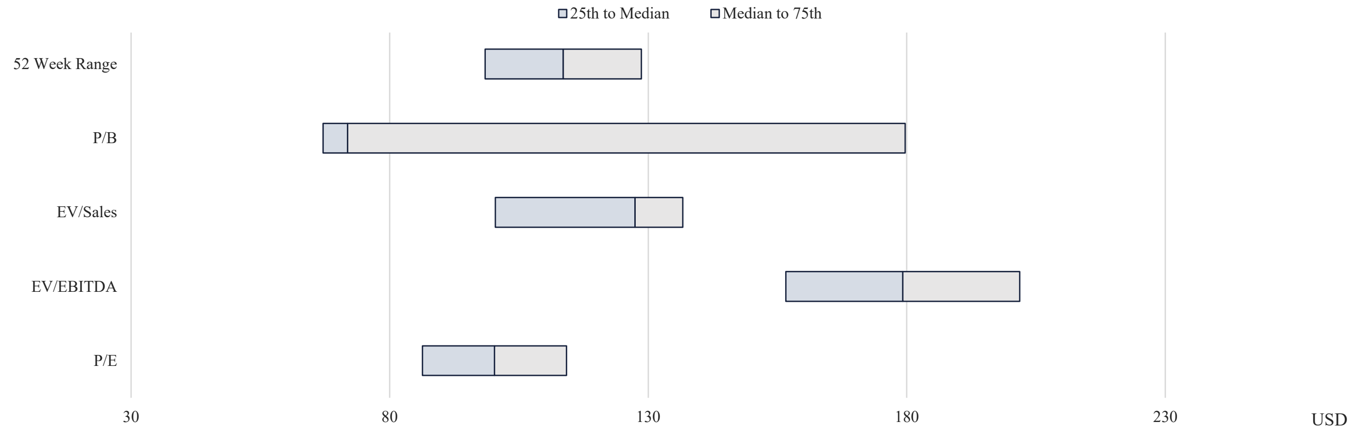
Corporate News

Taking the global AI race into a new phase, Google announced on the 6th of February 2023 the launch of Bard, an AI-based chatbot technology that will compete directly with the increasingly popular Microsoft-backed ChatGPT. Bard is based on Google's language learning model LaMDA, which is said to provide human-like answers and perceive emotions. Bard was expected to be rolled-out before the end of February, but the launch misfired badly when one of its responses contained a factual error about the James Webb Space Telescope. While Microsoft is leveraging on ChatGPT to enhance its Bing and Edge search engines with a concrete timeline, Google's recent event in Paris and Bard-stumble left more questions than answers. Not to underestimate, Meta CEO Mark Zuckerberg declared his aim for the company to "become a leader in generative AI" during the last quarterly earnings call, ensuring that the race for AI just began.

Price (28 Feb 23, USD)	**90.36**
Target Price (USD)	125.00
3M Performance	2.41%
Market Cap (USD m)	1,158,201.95
Enterprise Value (USD m)	1,074,416.95
**Target Price is for 12 months*	



Valuation Analysis



After a strong start of the year, Google's Bard failed to enthuse investors leading to the stock to tumble by about 8% after the incorrect answer regarding the James Webb Space Telescope, wiping off nearly USD 100 bn in market cap shortly after. This emphasizes how dearly errors are paid for in the global race for generative AI, and further reflects investors' fears that Microsoft and its ChatGPT-powered version of Bing can pose an actual threat for Google's core business.

Despite the alarms and the recent sell-offs, Google's cutting-edge technological infrastructure, ability to adapt swiftly to new technologies, and dominance in the data and search engine market – with approximately 97% of market share – makes it rather unlikely that Microsoft's integrated Bing can turn out to be a serious threat to Google's search business. Nevertheless, it will be interesting to see how things play out in this newly emerged race for generative AI chatbots.

Peers	**Currency**	**Market Cap** (Cur m)
Uber Technologies Inc	USD	66,306.84
DoorDash Inc	USD	21,140.72
Roku Inc	USD	8,916.56
Meta Platforms Inc	USD	449,615.55
Booking Holdings Inc	USD	96,090.70

Ignacio Klimowitz
Investment Banking Division

What Happened To

Adani Group

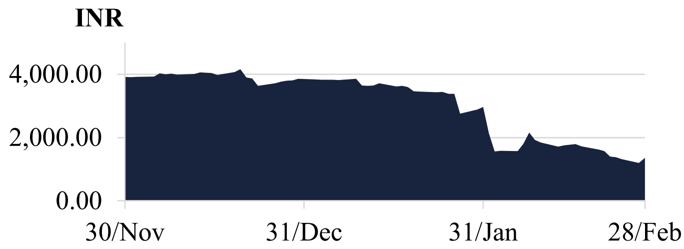
Adani Group is a conglomerate of seven publicly traded companies headquartered in India. It specializes in a variety of sectors such as energy, infrastructure, logistics, agribusiness, and defense. Founded in 1988 as a commodity trading business, the group has grown rapidly over the years and has become one of the largest and most diversified business in India.

Corporate News

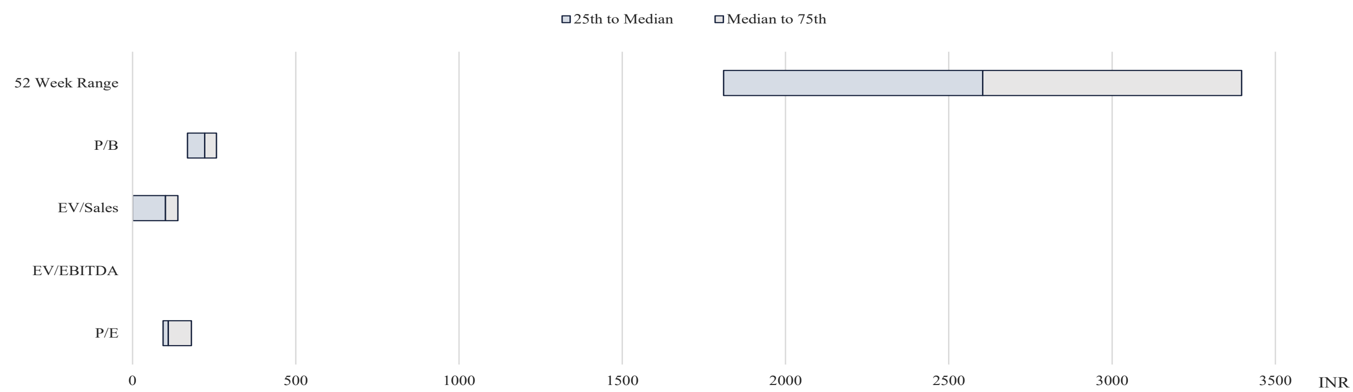
Led by its flagship company Adani Enterprises in 1994, its other organizations Adani Ports and SEZ, Adani Green Energy, Adani Total Gas, Adani Wilmar, Adani Transmission, and Adani Power went public between 2007 and 2018. At the end of January, the Indian conglomerate had a combined valuation of nearly USD 220.0 bn, making founder Gautam Adani the third-richest person in the world. Recently, however, the tide has turned for Adani Group, as on the 25th of January 2023, US short-seller Hindenburg Research published a 106-page report, accusing the Indian conglomerate of accounting fraud and "brazen" stock price manipulation. Since then, the group's combined market capitalization has plummeted by over USD 100.0 bn. Adani Enterprises' share price has crashed by almost 60%. Meanwhile, market regulator Sebi started investigating the accusations by requesting credit rating firms and banks involved with group companies to share their information.

Price (28 Feb 23, INR)	**1607.25**
Target Price (INR)	3512.00
3M Performance	-58.98%
Market Cap (INR m)	1,832,266.80
Enterprise Value (INR m)	2,249,304.30

**Target Price is for 12 months*



Valuation Analysis



The conglomerate tried to calm investor concerns by conducting several investor meetings in Singapore and Hong Kong as well as proving its financial stability through loan repayments. Considering yesterday's (01/03/2023) first upswing of all group companies' shares since the research report, these signals seem to be paying off. In fact, Adani Enterprises was able to make up for around 10% of recent losses, as 3.2% of its shares were exchanged within two block trades.

Still, the short-seller's attack strongly weakened the already highly indebted Indian empire, whose financial liabilities have grown faster than its revenues and profitability. With only half of its market capitalization left, the group will have to severely curtail its operations, as it cannot simply compensate for the loss of funding by taking on more debt. This opens up valuable opportunities for smaller competitors of the empire to strengthen their position in the market.

Peers	Currency	Market Cap (Cur m)
Guangzhou Development Group In	CNY	20,945.37
CMOC Group Ltd	HKD	141,074.50
Wuchan Zhongda Group Co Ltd	CNY	25,870.46
Aluminum Corp of China Ltd	HKD	102,348.73
Chengtun Mining Group Co Ltd	CNY	19,789.58

Charlotte Mayr
Investment Banking Division

NIC's View On

Bed, Bath & Beyond: A Case of Unavoidable Bankruptcy?

Marlin Egbuna
Investment Banking Division

" Turnaround will be tricky. The company needs to become a unique brand and create value that goes beyond those blue 20% off coupons. "

– Seth Basham, Retail Analyst, Wedbush Securities

Bed Bath & Beyond (BBBY) is an American publicly listed company that provides merchandise in the beauty, home, and wellness markets. Its product portfolio includes, among others, bed linen, general home furnishings, and home decor items. As of 2022, the firm operates 953 retail stores across the United States, Puerto Rico, and Canada. Of the 953 stores, a total of 769 stores are spread across all 50 states of the US. The brick-and-mortar stores, as well as the e-commerce platforms, operate through a variety of brands, including Bed Bath & Beyond, Buy Buy Baby, and Harmon Face Values.

Although it has been operating for almost 53 years, BBBY has been struggling to keep its business model running and to combat its declining profitability throughout the last years. As a matter of fact, a good reflection of the company's state is the development of its number of stores in the last years. In 2019, BBBY had a total of 1,533 stores, of which almost 600 closed within 3 years, a decline of more than 37%. Although most retail firms have faced increased demand on their e-commerce platforms, amplifying the closure rate of brick-and-mortar stores, BBBY's development is not only tied to this shift in the industry. In fact, the firm has already faced profitability issues before the e-commerce surge. In 2019, BBBY introduced its private label brands to tackle its already existing decline in profitability.

From 2020 onwards, the negative news saw no end. The Covid-19 pandemic, which led to the closure of 200 stores, left a heavy mark on the business. Additionally, in 2021, the private label brand MyPillow discontinued operations due to poor sales. In early 2022, the pressure on the company continued to mount as activist investment firm RC Ventures, spearheaded by Ryan Cohen, acquired a significant 9.80% stake in the firm. Cohen proposed a spin-off of BBBY's brand Buy Buy Baby, not ruling out an entire sale of the company. The proceeds of the suggested spin-off should be used to service outstanding debt. In a statement to investors, the firm simply stated to review and engage constructively around the concerns issued by RC Ventures. Throughout the following months, BBBY's stock had become a pump and dump scheme, which led to several class-action lawsuits against some executives. To improve the situation, the firm issued a Schedule 13G filing to decrease the firm's leverage through an issuance of convertible bonds. Furthermore, a turnaround plan was presented that included more store closures and other cost-cutting measures. In early 2023, the company announced that it will face problems in continuing its operations. The firm is currently undergoing an out-of-court restructuring process and issued USD 225 m in equity to avoid filing for Chapter 11.

Despite the situation, it appears still probable that BBBY will resort to an in-court restructuring process. At the heart of the issue lies the company's business model. Even during the pandemic, BBBY's transition to online shopping significantly trailed behind that of its rivals and has yet to catch up. This obstacle is unlikely to be remedied during the ongoing restructuring process. Furthermore, the equity offering could be interpreted as a calculated measure to safeguard liquidity prior to pursuing Chapter 11.

Date	Recent News
21 Feb 23	Bed Bath & Beyond Inc. announces payment date for interest previously due February ***Source:*** *bedbathandbeyond.com*
07 Feb 23	Announcement of USD 225 m equity offering to avoid bankruptcy ***Source:*** *reuters.com*
31 Aug 22	Bed Bath & Beyond Inc. announces strategic changes to strengthen its financial positioning ***Source:*** *bedbathandbeyond.com*

Marlin Egbuna
Investment Banking Division

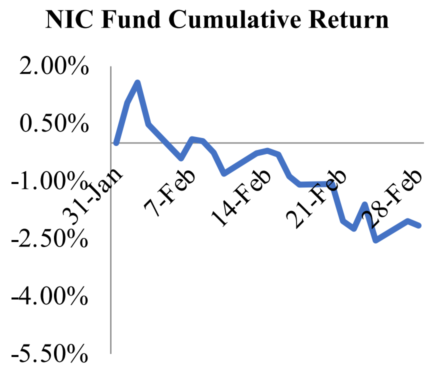
NIC

—Nova Investment Club —

NIC Fund

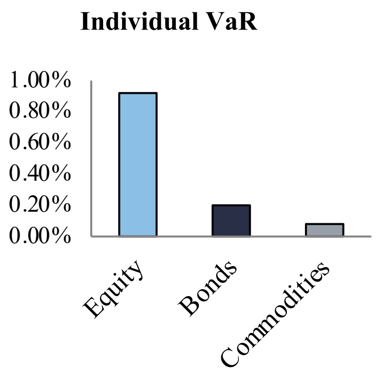
NIC Fund

Portfolio Overview



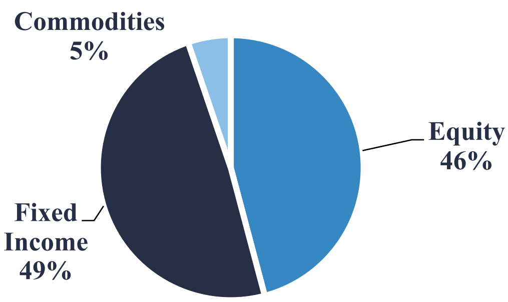
Portfolio Statistics	
Cumulative Return	-2.15%
Annualized Return	-25.79%
Daily St. Dev	0.55%
Period St. Dev	2.54%
Annualized St. Dev	8.79%
Info Sharpe	-2.93
Skew (Daily)	-0.07
Kurtosis (Daily)	-1.22

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



Portfolio Snapshot

Over the past month, the NIC Fund maintained its investment portfolio across equities, fixed income, and commodities. Equities accounted for nearly 46% of the total portfolio, fixed income for 48%, and commodities for only about 5%. Relative to our benchmark, we maintain an overweight position in equities of 16%, and thus, an underweight on both Fixed Income and Commodities of 11% and 5% respectively. Among equities, 75% were allocated to different funds, while the rest were invested in specific stocks across various industries.
March will be packed with key market events, including a meeting of the Federal Reserve and release of macroeconomic indicators for major. economies



Return Metrics

The total portfolio performance in February 2023 has been negative with a cumulative return of -2.15%. Commodities and equities were the worst performers. Bonds did achieve a positive return slightly below 1%. On the equity side, the portfolio was not only invested in the S&P 500 index fund and other ETFs, but also in MercadoLibre S.A. (MELI US), Nvidia Corp. (NVDA US), Goldman Sachs Group, Inc. (GS US), Amazon.com, Inc. (AMZN FP), and 23 other individual stocks. The best performers were Nvidia Corp. and SONAE, with a performance of 18.83% and 8.2%, respectively. EOG Resources, on the other hand, was the worst performer, with a return of -14.54%. The best performing ETF, which was the iShares 1-3 Treasury BO ETF, still showed a slightly negative performance of -0.81%.

Risk Metrics

In terms of risk, our portfolio registered a VaR of 1.2%, taking into consideration the benefits of diversification. Equities were the asset class with the highest individual VaR, which was around 0.92%. On the other hand, bonds and commodities registered significantly lower VaRs of 0.2% and 0.08%, respectively. With regard to the standard deviation, due to unfavorable market conditions, our portfolio saw a fairly high value of 0.55% daily last month, which translates to a monthly value of 2.54%.

Jakub Nasiłowski
Financial Markets Division

NIC Fund

Assets in Brief

Asset Class	Symbol	Comments
Commodity	**AAAU EETF**	Our portfolio includes a commodity investment in the Goldman Sachs Physical Gold ETF, a trust that primarily holds London Bars and Physical Gold of other specifications without numismatic value. Our long position in this index resulted in a negative monthly return of -4.66%.
US Equity	**RACE**	Our investment in N.V. Ferrari proved to be highly successful over the last month, with the stock experiencing an impressive appreciation of nearly 4.7%. This was mainly due to the news that Ferrari, has signed a multi-year partnership agreement with Virtual Gaming Worlds (VGW), which is a global technology Company specializing in the creation of cutting-edge online social games.
US Equity	**NVDA**	Among our most successful investments last month was the long position in NVIDIA. Despite facing significant losses last year amidst concerns about the global economy, this year has seen the stock make a remarkable recovery, skyrocketing with gains of over 60% so far in 2023.
US Equity	**AMD**	Despite unfavorable market conditions, one of our equity investments, Advanced Micro Devices, managed to achieve a positive return. This success can be attributed to the company's strong fourth-quarter results, which surpassed expectations due to robust data center and embedded revenue.
FR Equity	**BNP.PA**	After BNP Paribas closed 2022 with a price decrease of 12%, so far in 2023 the stock performed very well. After gaining 20% in January, the performance remained positive in February with the bank gaining 2.7%. We remain bullish for the major French bank due to high interest rates and hawkish central banks.
US Equity	**DIS**	After a spectacular gain in January, we remained invested in Disney. However, shares of the media giant closed February with an 8.19% loss. As we look to the bigger picture, it is important to consider how high inflation could potentially impact the company and its investors. Also, while rising costs are certainly a concern, an even greater threat may come in the form of reduced customer spending.
ARG Equity	**MIELI**	The e-commerce retailer MercadoLibre continued to perform solidly in February. Reasons for this include the company's incredibly strong sales of around USD 3 bn in the last quarter of 2022 and the weakness of its Brazilian competitor, Americanas SA. This is likely to enable the Argentinean company to gain further market share. We remain invested.
US Equity	**ADBE**	Over the past month, shares of Adobe, a major software firm, have lost 12.5%. There were no major news about the company's financials, and the stock was highly correlated with the Nasdaq. We assume, that Adobe was dragged down with other tech stocks as the market grappled with high valuations, rising interest rates, and the evolving conflict in Ukraine.
US Equity	**GS**	We hold a long position in Goldman Sachs Shares. The investment bank's shares had lost 3.87% over the past month. This has lagged the Finance sector’s shortfall and the S&P 500's loss of 2.53% in that time. We remain invested in the stock as we are hoping for strength from Goldman Sachs as it approaches its next earnings release.
US Equity	**NOC**	One of our investments that outperformed the market in February was Northrop Grumman. The stock of the American multinational aerospace and defense technology company saw a price gain of nearly 4%. We keep our long position as it is benefitting from higher global defense spending.

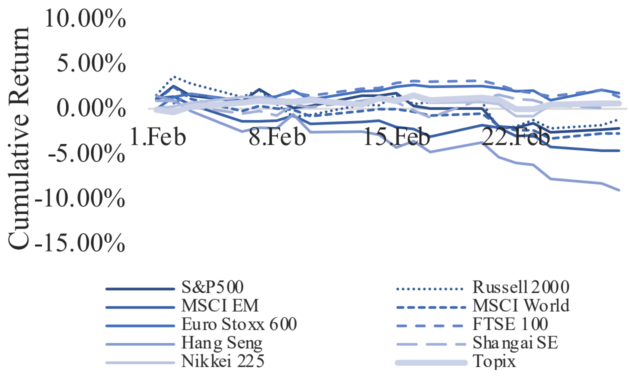
Jakub Nasiłowski
Financial Markets Division

NIC Fund

Equities

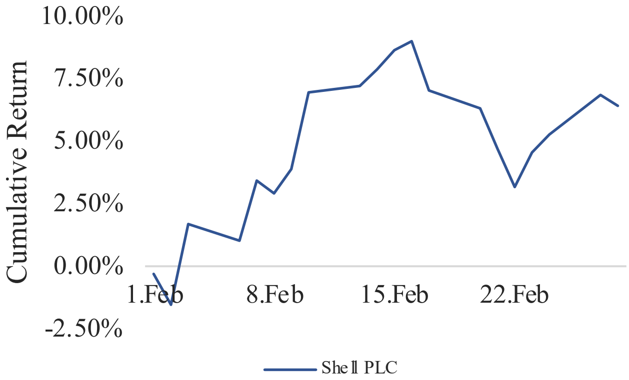
World Equities

In February, global equity markets had a mixed performance. The Euro Stoxx 600, leading the way with a gain of 1.74%, was closely followed by the FTSE 100 with a return of 1.35%. Hang Seng, on the other hand, suffered losses of 9.06%, continuing its downward trend since mid-2021, despite a minor correction in January. The 14th National People's Congress in China on March 5th could serve as a potential turnaround, as investors anticipate receiving additional political support for economic growth. Both the S&P 500 and the MSCI World closed February with losses of slightly over 2%. The market's decline can partly be attributed to the anticipation of future interest rate hikes in the US, with expectations of a peak ranging from 5.5% to 5.75%. Following a robust beginning of the year, the stock market experienced a reality check in February.



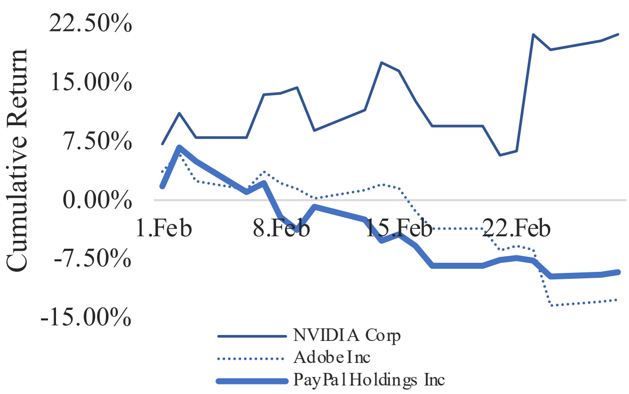
In Depth: Shell PLC

After its sharp decline during the onset of the Covid-19 pandemic, Shell has been maintaining its upward trend, achieving a gain of approximately 7.5% in February. Nevertheless, the UK's largest company, with sales of GBP 316 bn in 2022, still underperforms its US counterparts Chevron and ExxonMobil when it comes to valuation. Looking at the Anglo-Dutch energy company's market capitalization of GBP 176 bn, Shell certainly is a heavy weight. However, when comparing its valuation to its operating cash flow, it appears undervalued as it is trading at only three times operating cash flow in relation to its market capitalization. In contrast, U.S. energy companies are trading at six times operating cash flow. To counteract this, the new CEO Wael Sawan is considering a possible relocation of the headquarters from the UK to the US in order to attract more investors. Already in 2021, Wael Sawan was one of the managers who advocated the closure of the dual headquarters in the Netherlands. Another topic that is currently discussed by the management is the slowdown in the exit from oil and gas. While investors may be enthusiastic about this decision in the short term, it is uncertain whether it is a sound decision in the long term, particularly in a world where sustainability is gaining greater importance.



Our Performance

In February, equities contributed negatively to the overall performance of our portfolio, with -1.06% cumulative return. NVIDIA Corp. rebounded in the new year after a very difficult 2022, rising 20.3% in February alone. Reasons for this include strong quarterly figures, growth in business from the automotive supply industry, as well as the hype around artificial intelligence. Two other tech companies from our portfolio Adobe Inc. and PayPal Holdings Inc. unfortunately suffered from the challenging market environment and lost 12.97% and 9.47%, respectively.



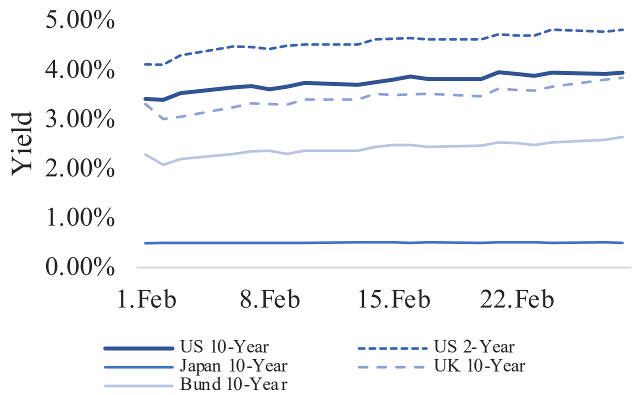
Philipp Hauswurz
Financial Markets Division

NIC Fund

Fixed Income

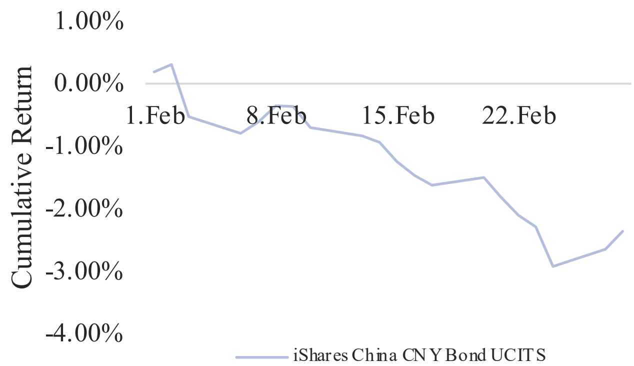
World Yields

After a strong start to the year, economic data paved the way for a general rise in yields, with investors not predicting an imminent recession but repricing the timing of interest rate cuts and the peak of interest rates. The UK 10-year gilt yields rose from 3.00% to 3.71% in the past month. This followed a 50 bps rise at the start of February, with BoE governor, Andrew Bailey, claiming inflation had turned a corner, despite headline and core inflation standing high at 10.1% and 5.8%, respectively. The ECB also raised interest rates by 50 bps to 2.5%. However, despite the hawkish tone, Germany's higher-than-anticipated CPI results of 8.7% suggest that there may not be a slowdown in interest rate hikes, as energy prices continue to be a major driver for overshooting inflation. The US, with a current headline CPI inflation of 6.4%, rose base rates by 25 bps, with Federal Reserve Chairman, Jay Powell warning that disinflation will be a gradual process requiring further potential hikes in the near future.



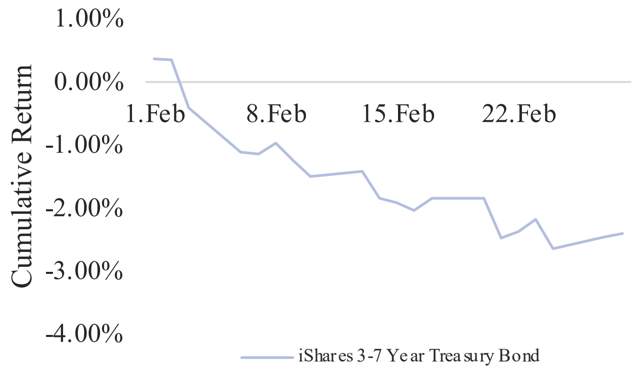
In Depth: Chinese Government Bonds

2022 proved to be a challenging year for the bond market, with an unprecedented double digits decline, further worsened by the correlation between asset classes that harmed the risk-to-reward ratio of their portfolio. Chinese government bonds denominated in local currency, the renminbi, may help contradict this underperformance, by diversifying one's portfolio and further offering a yield/volatility differential to other emerging markets. With the post-lockdown re-opening of the Chinese economy, consumption will likely pick up steam. This will further drive economic activity, and the second-largest economy in the world will continue to close the gap to the US. Despite the ongoing regulatory risks, it is worth noting that the Chinese bond market is the second-largest globally. However, it remains substantially underrepresented by institutional investors, and was only added to the FTSE Russell World government bond index in late 2021. Its low correlation with advanced economy government bonds, an average of 0.08, coupled with the possibility of capturing the appreciation of the renminbi, may justify its inclusion in a portfolio to drive alpha.



Our Performance

Our iShares 3-7 Year Treasury Bond ETF saw a monthly return of -2.39% following a 25 bps rise from the Federal Reserve, resulting in a drop in bond prices. This trend was also observed in our overall fixed income allocation, which contributed -0.85% to our portfolio returns.



Tomás Forte Vaz
Financial Markets Division

NIC Fund

Commodities

February Round-Up

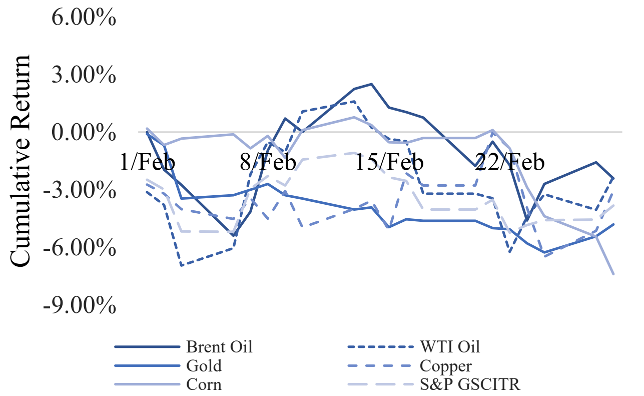
In February, the S&P GSCI Total Return Index, which tracks 24 commodities in a diversified basket, including energy, metals, and agriculture, declined -3.83% from the previous month. The 24 individual commodities that comprise the S&P GSCI ended the month with a rather flat to negative MoM performance. This reflected the macroeconomic picture, which is still quite uncertain due to factors like the impact of Covid-19, the developments in the Russia-Ukraine war, and the rise in Treasury yields. These drivers were also the main reason oil prices fell sharply toward the end of the month, pushing the monthly total return into negative territory despite upward trends throughout the month. Brent oil closed at -0.71% and WTI oil at -2.31%. While gold rose in January by 6.02%, it saw a quite substantial decline in February with a monthly return of -4.81%. This negative return is likely also driven by rising bond yields, a strengthening US dollar, and the Covid-19 vaccine rollout in February. Especially the latter led to optimism about a global economic recovery, reducing the demand for safe-haven assets like gold.

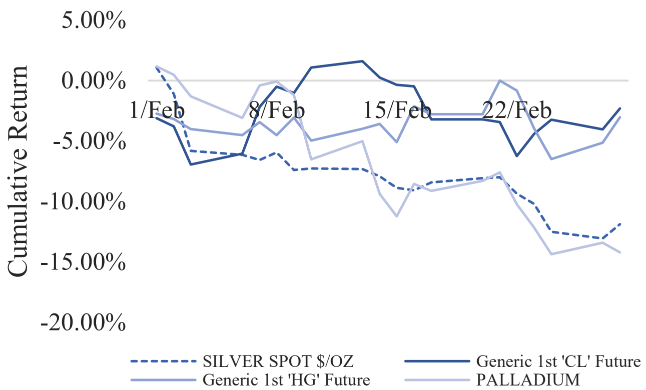
Outlook for March

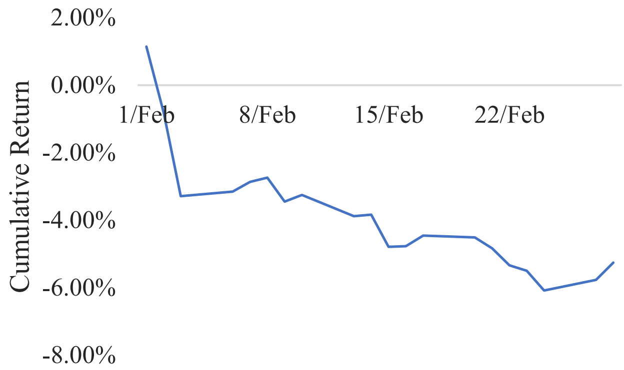
Following a promising start to 2023, underlying metals experienced a significant setback in February, erasing much of the gains achieved in January. One of the primary drivers of demand for metals in January was the reopening of China, which had eased its zero-interest rate policy. However, despite how unpredictable and inconsistent this demand has been, investors are becoming more cautious and withdrawing their money from the market. Due to the better-than-expected US data, the market expects further rate hikes by the Federal Reserve to slow the economy and return to a reasonably sustainable pace. As a result, liquidity is expected to be tight, leading to selling pressure on global equities and industrial metals. Metals will likely continue to face pressure until inflation in the US eases or demand from China increases. This correlation is particularly evident in silver, which experienced its worst month since March 2020, falling 11.88% MoM in February. It is also expected that the resurgent dollar will put more pressure on all commodities, particularly metals, which could worsen the situation for silver.

Our Performance

During February, the Goldman Sachs Physical Gold index decreased -5.28% MoM, leading to an average contribution to our total portfolio of 3.11%.







Pauline Schueller
Financial Markets Division

Extras

Hot Topic

4-Day Workweek: Hype or Working Model of The Future?

Charlotte Mayr
Investment Banking Division

"With exploding technology and increased worker productivity, its time to move toward a four-day work week with no loss of pay. Workers must benefit from technology, not just corporate CEOs."

– Bernie Sanders, US Senator of Vermont

Working four days per week instead of five while receiving the same pay. Does that not sound like music to your ears? Recently published results of the world's largest pilot program of a 4-day workweek, conducted in the UK, have raised hopes for many employees that this life-changing work model could catch on.

As a potential solution to the stress and burnout that many people experience in the traditional 5-day workweek, which also fuels the so-called "Great Resignation" phenomenon, the concept of a 4-day workweek has been gaining popularity in recent years. The outbreak and aftermath of the pandemic, which highlighted the need for more flexible work models, and the increasing attention paid to mental health issues have brought the idea to even greater prominence. Technological progress achieved within the last century further questions the need for what may be an outdated working model.

The benefits of a 4-day workweek are numerous, including improved work-life balance, reduced stress and fatigue, increased productivity and job satisfaction, fewer resignations, and even potential environmental benefits due to reduced commuting. Few companies have already implemented the policy, but the potential pitfalls associated with it, such as performance losses, staffing problems, and implementation costs, continue to generate hesitation and discussions about its feasibility and effectiveness. Moreover, people, and especially large organizations such as companies and governments, tend to follow established patterns of behaviour. The traditional 5-day, 40-hour workweek has become a standard practice since it was first adopted by Henry Ford in 1926.

Profound and reliable research through pilot programs, objectively investigating, laying-out, and quantifying data on the impact that the implementation of this revolutionary concept could have, is a necessity to eliminate uncertainty and thus hesitations about carrying it out. That is why the recently released encouraging results of the aforementioned 6-month study, organized by 4 Day Week Global in collaboration with several research institutes and universities, are a crucial starting point to make changes happen.

The results are significant: While 15% of the 3,000 workers who participated in the study said that "no amount of money" could induce them to go back to working five days a week and another nearly 30% stated they would need a pay increase of 26% to 50% to do so, they were not the only party registering positive effects. 56 of the 61 companies that took part in the study plan to keep the policy tested, or at least some elements of it. Profits remained roughly the same during program execution but increased by an average of 35% compared with similar periods in previous years.

However, while the affirmative outcomes of this pilot program undoubtedly bring us a step closer to a reduced workweek, there is still a long way to go for employees to enjoy their 3-day weekends. Further research must draw more attention from policymakers and leading global corporations. To do so, and in order to address the claim made by opponents that there cannot be a "one-size-fits-all" solution, subsequent trials should be as diverse as possible in terms of industries and firm sizes. Without wanting to shatter any dreams or hopes, we should not rejoice too soon, as the end of this successful pilot program was just one of many seasons of a show called "Updating a Deeply Anchored Working Model".

Charlotte Mayr
Investment Banking Division

Thank you!

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

Our team:

Investment Banking Division
Charlotte Mayr
Filippo Marchesin
Guilherme Lopes
Ignacio Gumpert
Karolin Kolarik
Marie Klingsporn
Marlin Egbuna
Yutong Wang

Financial Markets Division
David Biewald
Franscica Bombas
Jakub Nasilowski
Lars Dahle
Pauline Schueller
Philipp Hauswurz
Tomás Forte Vaz

Corporate Partners:

Bloomberg

KPMG

Jornal de Negócios

ATRIUM

Nordea Asset Management

ActivoBank by Millennium

Academic Partners:

Nova SBE Career Services

Nova School of Business & Economics Finance Knowledge Center

Email us at:
nic@novainvestmentclub.com

—
Design by: Carmo Cunha e Sá