

NIC

— Nova Investment Club —

Newsletter

May 2023



Table of Contents

Macro Overview

In Focus
April — p.1

Deeper Dive
Taiwan: Should We Prepare For The
Next Global Conflict? — p.2

Regional View
President Joe Biden Is Running For Re-
election — p.3

Economic Calendar — p.4
May

Investment Banking Division

M&A: Overall Activity
Global And Selected Regions: North
America, Europe, Asia — p.5

M&A: Top Deals
- Merck & Co Inc. to Acquire
Prometheus Biosciences Inc. — p.6

- Extra Space Storage Inc. to Acquire
Life Storage Inc. — p.7

- Endeavor Group Holdings to Merge
With WWE — p.8

What Happened To
- Microsoft Corporation — p.9
- First Republic Bank — p.10

NIC's View On
Apple x Goldman Sachs Savings
Account — p.11

Financial Markets Division

NIC Fund
Portfolio Overview — p.12
Assets In Brief — p.13
Equities — p.14
Fixed Income — p.15
Commodities — p.16

Extras

Hot Topic
SpaceX's "Starship" Rocket Launch — p.17

Special Deep Dive
Breaking the Glass Ceiling: Women in
Banking — p.18

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, Charlotte Mayr reviews the conflict between China and Taiwan. Moreover, in our Regional View, Pauline Schueller sheds light on President Biden's ambitions of re-running for president.

Our Investment Banking Division will guide you through April's overall M&A activity. Read about Merck Inc acquiring Prometheus Biosciences, Extra Space Storage purchasing Life Storage, and Endeavor Group Holdings merging with WWE. Additionally, get a detailed overview of what happened to Microsoft Corporation and First Republic Bank, and read our opinion on the new Apple and Goldman Sachs savings account.

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 through an analysis of the past month's major market moves. The overall performance of the NIC Fund in April was positive, with a cumulative return of 0.87%.

On the Hot Topic of this month, Pauline Schueller discusses SpaceX's launch of its Rocket, "Starship". Lastly, in our Special Deep Dive, Marie Klingsporn discusses the current state of women in the financial service and banking industry.



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.

Macro Overview

Monthly

May 8th, 2023

Deeper Dive

Taiwan: Should We Prepare For The Next Global Conflict?

— p.2

Regional View

President Joe Biden Is Running for Re-Election

— p.3

Market Moves

% change

	Last Close	-1W	-3M	YTD
S&P 500	4,169	0.87%	2.28%	8.59%
DJIA	34,098	0.86%	0.04%	2.87%
Nasdaq	12,227	1.28%	5.54%	16.82%
MSCI World	3,282	0.05%	-1.43%	6.55%
MSCI EM	3,805	-0.30%	-4.40%	2.11%
Russell 2000	1,769	-1.26%	-8.43%	0.44%
Euro Stoxx 50	4,359	-1.12%	4.70%	14.91%
FTSE 100	7,871	-0.55%	1.27%	5.62%
Nikkei 225	28,856	1.02%	5.60%	10.58%
Hang Seng	19,895	-0.90%	-8.92%	0.57%
Dollar Index	101.66	-0.16%	-0.43%	-1.80%
EUR/USD	1.102	0.30%	1.44%	2.93%
GBP/EUR	1.140	0.72%	0.53%	0.97%
GBP/USD	1.257	1.09%	2.00%	4.01%
USD/JPY	136.300	1.60%	4.77%	3.95%
USD/CHF	0.89	0.26%	-2.36%	-3.23%
Brent Crude	79.540	-2.60%	-5.86%	-7.41%
Gold	1,999.1	0.99%	3.61%	9.47%

Generic Bond Yields

change in bps

	Last Close	-1W	-3M	YTD
US 10Y Yield	3.422%	-15.0	-8.5	-45.3
GER 10Y Yield	2.313%	-16.8	2.7	-25.8
JPY 10Y Yield	0.394%	-7.9	-10.2	-2.8
UK 10Y Yield	3.719%	-3.9	38.7	4.7
PT 10Y Yield	3.133%	-17.3	-5.7	-45.3

*Source: Bloomberg, as of 2023-04-28

In Focus

April

First Republic Bank announced withdrawals of over USD 100 bn in Q1.

The San Francisco-based lender disclosed that it lost 40% of its deposits in the first quarter of 2023, approximately USD 72 bn, which already included the USD 30 bn rescue package. Its stock price fell by more than 50% intra-day in response to the news, as investor concerns regarding the future of the bank grow. Christopher Wolfe, Head of North American Banks at Fitch Ratings, stated that the options are challenging and probably costly, especially for shareholders, as the banking crisis persists.

The IMF announces a drop in its forecast for global output growth in 2023.

The IMF expects global output growth to fall from 3.4% last year to 2.8% in 2023, a 10 bps in the baseline scenario compared with January projections. This slowdown is more significant in advanced economies, with a drop from 2.7% in 2022 to 1.3% in 2023. It was also noted that the risks are heavily tilted to the downside, further amplified by the recent tensions in the financial sectors. Finally, headline inflation is expected to drop to 7% by the end of the year as lower commodity prices will help, but underlying core inflation is proving to be stickier.

The European Commission pays a further EUR 1.5 bn in assistance to Ukraine.

Under the Macro-financial Assistance (MFA)+ package for Ukraine, the commission made a third payment of EUR 1.5 bn, which could be worth up to EUR 18 bn. This forms part of the EU's goal to support Ukraine financially through stable, predictable and sizeable aid. Since the start of the war, European support totalled EUR 68 bn.

Big Tech companies post resilient Q1 earnings results.

Big Tech companies, including Apple, Amazon, Meta, and

Alphabet, recorded revenue growth rates of 3% to 9% as the sector picked up activity after an underwhelming 2022. The rise in revenues coupled with large-scale cost-cutting strategies have paved the way for improved profitability margins. Nevertheless, growth remains modest when compared to the average in 2021, which stood at 41%.

Sudan's humanitarian crisis has worsened severely.

The fight that broke out between the Rapid Support Forces (RSF) and the Sudanese Army on the 15th of April has created a state of unrest. The WHO has estimated that this battle has caused more the 459 deaths and wounded more than 4,000 people, with only 16% of health facilities currently functioning in the capital. According to the UN refugee agency, a temporary ceasefire has been announced, with a predicted 800,000 people potentially fleeing the country.

UK Competition Authorities block USD 75 bn Microsoft deal.

After much anticipation, the Competition and Markets Authority (CMA) announced its ruling that rejected the acquisition of Blizzard Activision, labelling the deal a disservice to UK citizens, who face dire economic prospects. According to an Activision representative, this is far from the final word, as the promised appeal to this ruling was followed by the 11% drop in its stock price. This intervention further reinforces the tendency to protect citizens from anti-competitive behaviour and may dissuade further M&A deals.

Brazil's President visits Portugal to encourage foreign investors.

Lula's 5-day aimed at reassuring investors of Brazil's economic stability under his administration. A further extension of their bilateral trade agreement also took place.

Tomás Forte Vaz
Financial Markets Division

Deeper Dive

Taiwan: Should We Prepare For The Next Global Conflict?



Charlotte Mayr
Investment Banking Division

“Those who play with fire will perish by it. It is hoped that the US will be clear-eyed about this.”

– Xi Jinping, General Secretary of the Chinese Communist Party

In the middle of the South China Sea, about 100 miles of treacherous waters off mainland China, a thriving self-ruled democracy of 24 million inhabitants is desperately trying to pull their needle out of a global geopolitical haystack: welcome to Taiwan.

To better understand this conflict’s roots, we need to go back to post World War II world which sees China get rocked by a civil war opposing Chiang Kai-shek’s Nationalist government to Mao Zedong’s Communist party. In 1949, the communists take control of Beijing, forcing the government in place to flee to Taiwan where it governed the island independently from China. Today, the Chinese government points out that the island is part of China under the “One China principle” backed by a UN 1971 resolution stating People’s Republic of China (PRC) are the only legitimate representatives of China and refuting the two China principle, engulfing its recognition of Taiwan as independent. Another point to bring up is the “1992 Consensus”. A tool used by Taiwan and Beijing to create a ruling framework in order to resolve conflicts. Its relative success first has seen its relevance dwindle as both sides’ views started to diverge severely and ultimately fall apart, resulting in the conflict being labeled as “irresolvable” by both sides.

Now the legitimate question can be asked about the underlying reasons behind the recent push in interest and showcased appetite for Taiwan from Beijing. In one word: computer chips. Indeed, the island is the world’s number one manufacturer of semiconductor chips which are found nowadays in most electronic products (smartphones, computers, vehicles, weapon systems, etc.) and whose demand is constantly increasing. In 2022, Taiwan generated more than 60% of semiconductors-linked revenues worldwide, led by their top company Taiwan Semiconductor Manufacturing Company (TSMC), the world’s biggest contractor and number one supplier of US tech leaders such

as Apple.

Having now a clearer understanding of the conflict’s source as well as its main driver, we can zoom out and ask ourselves what makes it a potential global conflict. Three main axes crystallize here: the future of political freedom, the global balance of power, and the world economy tipping scale. Put simply, there are a few thriving democracies in the Indo-Pacific region: South Korea, Japan, and Australia which all depend, to some extent, on US security guarantees. If China were to crush Taiwan’s autonomy, it would be a severe blow to the US regional power. This leaves a question in the air as to how other countries in the region would react. Here, it is fair to argue the majority would be more than happy to fall in line behind Beijing and shift a number of their foreign policies to accommodate their powerful neighbor. Adding up to this, China would be acquiring the most advanced semiconductor industry in the world, which would allow them to put the world economy in a chokehold.

Given these numerous factors, it is not surprising that the situation has become increasingly tense, reaching now a point where fear of an armed conflict starts to emerge. The US, which has always subscribed to the “One China principle” and has always advocated “strategic ambiguity” has been ramping up its ties with Taipei. Both, former President Donald Trump and his successor Joe Biden have been ramping up the economic ties with the island as well as political, organizing recent meetups with local politicians, on US soil and in Taiwan.

This leaves one final question, wondering how far could the escalation go. Could it spark an armed conflict, in the light of what happened in Ukraine, and if so, what would be the US response? In an interview with 60min back in September, US President Joe Biden was asked the question whether US troops would defend Taiwan from a Chinese attack to which he replied “Yes”. The clearest statement a US official has ever made on the situation.

Charlotte Mayr
Investment Banking Division

Regional View

President Joe Biden Is Running For Re-election



Pauline Schueller
Financial Markets Division

“Every generation of Americans has faced a moment when they’ve had to defend democracy. Stand up for our personal freedoms. Stand up for the right to vote and our civil rights [...] this is our moment.”

– Joe Biden,
President (46th), United States

After months of speculation, President Biden officially declared his intention to seek a second term in the 2024 election. In his announcement video, he highlighted the growing influence of "MAGA extremists," who he claims are trying to restrict women's health care, ban books, limit who people can love, and suppress voter rights. For Biden, the election is a crucial battle for the “soul of America”, and he emphasized the need for preserving freedom and expanding rights. "The question we are facing is whether we have more freedom or less freedom in the years ahead. More rights or fewer.", he stated in the 3-minute video. His campaign message underscores the importance of defending democratic values and rallying the country towards a brighter future.

Biden ended Tuesday's campaign announcement with the phrase "Let's finish the job," a line he first tested out in his State of the Union address this year. Biden is emphasizing his commitment to finishing and continuing to work towards a better future, referring to rebuilding the middle class, capping the cost of insulin, expanding Medicaid, acting on climate change, increasing taxes on billionaires, strengthening antitrust enforcement, getting more affordable housing, increasing job opportunities, pushing for police reform, and banning assault-style weapons.

Former President Trump responded to Biden's announcement that he would run for re-election with a 4.5-minute video statement. Trump criticized Biden's record and repeated baseless allegations of voter fraud in the 2020 election. “You could take the five worst presidents in American history and put them together and they would not have done the damage Joe Biden has done [...]”, Trump said, citing, among examples, inflation, recent bank collapses, and the rise of "woke" culture. He also called the US withdrawal from Afghanistan "the most embarrassing event in the history of our country."

During the early years of his presidency, President Biden faced concerns from some Democratic voters who expressed a readiness to move on from his leadership due to his age (currently 80, he would be nearly 82 on Election Day) and low approval ratings. However, a clear successor for the presidency is still to be identified. More recently, in August 2021, Biden's approval ratings dropped significantly. The decline can be attributed to a combination of factors, including the spread of the delta variant of the coronavirus, the economic impacts of the pandemic, and the controversial withdrawal of American troops from Afghanistan.

Biden has never fully recovered from these circumstances. In fact, Biden's approval rating has consistently remained underwater since the first summer of his presidency. This trend, however, is not necessarily due to policy failure, but rather to the fact that presidential approval ratings almost always decline over time. One challenge for Biden is that though his presidency has arguably been quite successful (Inflation Reduction Act, a bipartisan infrastructure bill, and the good initial handling of Russia's military invasion) - his successes have just not been enough to change public opinion.

That said, a below-average approval rating does not mean that Biden's re-election is doomed to fail. Given the polarizing nature of current politics in the US, all candidates, not just Biden, are likely to suffer from low ratings. Without economic revival, it will be difficult for any candidate to improve their poll numbers significantly.

To conclude, many variables will influence the course of this election campaign. Status quo the early head-to-head polls are imperfect and will certainly change, especially as the GOP primary field strengthens. Regardless of the polls, every presidential election nowadays is close, so Biden should be prepared for a very competitive race.

Pauline Schueller
Financial Markets Division

Macro Overview

Economic Calendar

Economic and Political Events

Coronation of King Charles III

The ceremony, named Operation Golden Orb, has been years in the planning already, and it will happen on **May 6th**. It will take place at Westminster Abbey. It is expected to cost taxpayers at least GBP 100 m.

Turkey General Elections

On **May 14th**, presidential and parliamentary elections will be held in Turkey. It is expected personal attacks and allegations of misconduct against political opponents, as President Recep Tayyip Erdogan tries to hold on to power.

G7 Finance Ministers'

From the **11th to the 13th of May**, a meeting will be held in Japan with the G7 Finance Ministers and Finance leaders from emerging markets, including India, Indonesia, South Korea, Singapore, and Brazil.

Central Bank Decisions

FED Interest Rate Decision

On **May 3rd**, the Federal Reserve Board will announce its interest rate decision. It is expected that the interest rate will increase by 25 bps since the FED is worried about the economic downturn and the current banking sector stress, with concerns of a third bank collapse in the US.

ECB Interest Rate Decision

On **May 16th**, the European Central Bank will announce its interest rate decision. The ECB is set to deliver a 25 bps rate increase in May, followed by two more increases by mid-year. This comes after the central bank raised borrowing costs at the quickest rate on record in order to tackle inflation.

BoE Interest Rate Decision

The Bank of England will meet on **May 11th** to decide what level of interest rates should be set. The interest rates are expected to increase to 4.5%, corresponding to a 25 bps increase. However, this is predicted to be the last increase, as inflation falls for the rest of the year.

Inflation and Deflation

US Inflation Rate

The US will announce its inflation rate on **May 10th**. In March, the annual inflation rate in the US was 5%, which aligns close with market predictions and marks the ninth consecutive period of deceleration in the annual inflation rate. The forecast for the month of April is 4.9%.

UK Inflation Rate

UK's inflation rate will be announced on **May 24th**. The inflation rate in the United Kingdom eased to 10.1% YoY in March 2023, but more than market expectations of 9.8%. The rate remained above the 10% mark for the seventh consecutive period.

Brazil Inflation Rate

On **May 12th**, April's inflation rate is going to be announced. The annual inflation rate in Brazil fell to 4.65% in March of 2023, the lowest since January 2021. It is also the first time the inflation stays within the central bank's 1.75-4.75% target range in over two years.

Labour Market

US Employment Readings

The US will publish its unemployment rate, non-farm payrolls, and participation rate for April on **May 5th**. The consensus for the next US unemployment rate is 3.5%. Thus, it is anticipated that the unemployment rate will drop from March's rate of 3.6%

Eurozone Labour Market

On **May 3rd** it will be announced the unemployment rate in the Eurozone for the month of April. In March, it was 6.6% and is expected to stay the same for April. Spain, Greece, and Italy are the countries that have the highest unemployment rate in the Eurozone.

UK Unemployment Rate

The UK unemployment rate will be announced on **May 16th**. It is forecasted to be 3.7%, representing a reduction compared to April of 1 pp. However, wage growth has also begun to stall and, when adjusted for inflation, has fallen consistently for several months.

Investment Banking

M&A

Overall Activity

Global

The global M&A market remains in a state of flux, with the prevailing uncertainty and volatility of the markets leaving investors and businesses cautious. During the first four months of 2023, M&A activity experienced a significant decline in value, with announced deals totalling USD 844.0 bn, marking a 41% decrease compared to the same period in 2022. Despite this, April saw a rebound in M&A activity, with transactions totalling USD 248.8 bn, representing an 11% increase from the previous six-month average monthly total of USD 224.3 bn, although down 13% from March. Private equity-backed deals were particularly affected, declining by 67% to reach a six-year low of USD 61.7 bn. Despite this decline in value, the number of deal announcements reached the second-highest year-to-date level of all time. The healthcare sector emerged as the top-performing sector during the first four months of 2023, accounting for 16% of the total global M&A market with deals worth a total of USD 131.4 bn. Moreover, 25 deals worth USD 5.0 bn or more were announced globally during the period.

Selected Regions

North America

The North American M&A market experienced a 26% monthly decrease in deal originations, but remained stable in volume, with transactions totalling USD 128.3 bn. Furthermore, North America regained the crown for the highest number of deals announced with 1,164. North America led the way in mega-deals with 7 transactions, among them the USD 37.3 bn acquisition of Teck Resources by Glencore.

EMEA

The EMEA region maintains a close second position in terms of the number of announced deals, with a total of 1,044 deals. However, the region lags significantly behind North America in volume, with a total of USD 65.3 bn, which is still a 44.78% increase from March's figure. Notable acquisitions in the large-cap space include Carrier Global's acquisition of Viessmann Climate Solutions for USD 13.3 bn.

Asia

In the context of a challenging macroeconomic environment, the impact is being felt in deal generation across Asia, with a total of 712 announced deals, a 38% decline in deal-making compared to last month. Deal volume has also suffered tremendously, standing at USD 30.5 bn, a 45% decrease compared to March. The development in the past months marked Asia's slowest annual start for deal-making in a decade.

M&A

Deals of the Month

Announced Date	Target	Buyer	Target Region	Target Business	Value (USD m)	Premium (%)
03 April 23	Teck Resources Ltd	Glencore PLC	Canada	Materials	37,275.2	-
03 April 23	Life Storage Inc	Extra Space Storage Inc	US	Real Estate	15,814.5	31.87%
25 April 23	Viessmann Climate Solutions SE	Carrier Global Corp	Germany	Industrials	13,249.1	-
16 April 23	Prometheus Biosciences Inc	Merck & Co Inc	US	Healthcare	10,230.2	75.42%
03 April 23	World Wrestling Entertainment Inc	UFC Holdings LLC	US	Media & Entertainment	9,149.3	-
13 April 23	Dechra Pharmaceuticals Inc	Abu Dhabi Investment Authority, EQT	United Kingdom	Healthcare	6,311.6	51.30%
25 April 23	Getty Images Holding Inc	Trillium Capital LLC	US	Consumer Products and Services	5,485.8	60.00%
18 April 23	Bolloré Logistics SAS	CMA CGM SA	France	Industrials	5,462.9	-
30 April 23	IVERIC bio Inc	Astellas US Holding Inc	US	Biotechnology	5,268.2	21.62%
05 April 23	Scopely Inc	Savvy Games Group	Switzerland	Technology	4,900.0	-

Marlin Egbuna
Investment Banking Division

M&A: Top Deals

Merck to Acquire Prometheus Biosciences

On the 17th of April 2023, Merck announced the acquisition of Prometheus Biosciences for a total deal value of USD 10.8 bn. The deal structure proposed by Merck is a cash deal, with the acquisition planned for USD 200.00 per share through a subsidiary. The deal is set to be completed during the third quarter of 2023, pending shareholder approval from Prometheus.

Buyer vs Seller

Merck, a global pharmaceutical company, has a strong presence in the immunology space and is committed to developing new therapies for unmet medical needs. Prometheus Biosciences is a biotech company that focuses on developing treatments for diseases related to the immune system. They have a promising new therapy called PRA023 that is being developed for people with ulcerative colitis and Crohn's disease. Investment banks advising the deal are Goldman Sachs and Morgan Stanley.

Industry Overview

Prometheus Biosciences operates in the biotechnology industry, which is expected to grow at a CAGR of 7.13% between 2021 and 2026, according to market research reports. The market is driven by increasing research activities, rising prevalence of chronic diseases, and growing demand for personalized medicine. In terms of M&A activity, the industry has seen several high-profile acquisitions in recent years, including Illumina's acquisition of Grail.

Peers	Currency	Market Cap (CUR m)
Viatis Inc	USD	11,010.69
Arvinas Inc	USD	1,307.82
Amneal Pharmaceuticals Inc	USD	560.17
Phibro Animal Health Corp	USD	635.91
Neurocrine Biosciences Inc	USD	9,749.68

Deal Rationale

The acquisition of Prometheus Biosciences aligns with Merck's mission and expands its immunology portfolio. The consolidated firm will be well positioned in the immunology market, with a strong presence in developing therapies for immune-mediated diseases such as ulcerative colitis (UC) and Crohn's disease (CD). The addition of Prometheus Biosciences' promising therapy PRA023 to Merck's portfolio will enhance its capabilities in this area and further solidify its position as a leader in the space, while also providing potential cost and revenue synergies through the consolidation of operations and expertise.

Market Reaction

Merck

The acquirer's stock did not really react to the merger announcement. The closing price as of 17th of April 2023 was USD 115.01, USD 0.30 lower than last day's closing price.



Prometheus Biosciences

Prometheus' stock jumped by 69.7% from USD 114.01 to USD 193.51 after the merger announcement. Since then, the stock has remained stable at that level.



Future Challenges

The completion of the Merck-Prometheus Biosciences deal is contingent on customary closing conditions, including regulatory approval. While the deal offers significant benefits such as expanded capabilities in the immunology market, there are also potential downsides to consolidation such as the potential cannibalization of existing products or overlapping customers.

Marie Klingsporn
Investment Banking Division



M&A: Top Deals

Extra Space Storage Inc. to Acquire Life Storage Inc.

On the 3rd of April 2023, Extra Space Storage Inc. announced their acquisition of Life Storage Inc. for USD 15.8 bn at a 11% premium, based on an exchange ratio of 0.895 shares of Extra Space Storage Inc common stock for each Life Storage share, at Extra Space Storage's pre one day prior share price. The companies expect to complete the merger in the second half of 2023.

Buyer vs Seller

Extra Space Storage Inc. is a self-administered and self-managed real estate investment trust (REIT) that owns and operates self-storage properties across the United States. It offers customers a variety of unit sizes, climate-controlled spaces, vehicle storage, and security features. Life Storage Inc. is also a self-storage REIT that operates over 900 self-storage facilities in 31 US states and in Canada. Officially, this move is being referred to as a merger by both sides.

Industry Overview

The storage space and storage solutions market generated USD 247.3 bn in revenue and analysts predict the revenue to grow at a 17.78% CAGR to more than USD 777.9 bn by 2030. The storage space market in the US is growing steadily, driven by factors such as population growth, urbanization, e-commerce, and changing consumer preferences. The industry is also highly fragmented, with the top four players accounting for less than 20% of the market share.

	Peers	Currency	Market Cap (CUR m)
	CubeSmart	USD	10,052.07
	National Storage Affiliates Tr	USD	4,535.59
	Extra Space Storage Inc	USD	20,232.19
	Public Storage	USD	50,316.14
	Ventas	USD	19,142.56

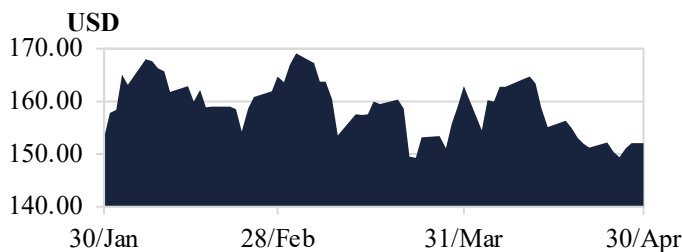
Deal Rationale

As mentioned, the top four players in the storage space market in North America (publicly listed companies) account for less than 20% of the market share. This makes it a prime opportunity for value creation from consolidation and buy-and-build strategies, which is part of Extra Space Storage's rationale. Other than absorbing one of its most significant competitors, it also gains its expertise in operating in Canada, which Extra Space Storage does not currently do. It is thus an opportunity to also look towards a further geographical expansion into other North American markets.

Market Reaction

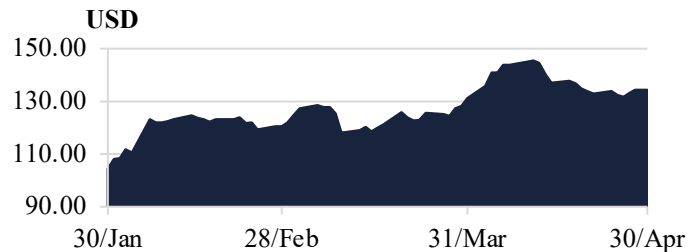
Extra Space Storage

Extra Space Storage's stock temporarily dipped following the announcement, although analysts attribute this to a cautious earnings call and not to the acquisition itself.



Life Storage

Life Storage stock rallied from USD 135 to a USD 145 high on April 11th, then dipped after earnings. This seems to be a trend in the storage space due to lower than anticipated earnings.



Future Challenges

The integration of the two industry-leading platforms will be a challenge, which have different operational and management strategies, but benefitting from a highly diversified portfolio of quality storage assets in strong growth markets. The combined company will have to find a way to leverage the best practices and synergies of both platforms.

Guilherme Capinha Lopes
Investment Banking Division



M&A: Top Deals

Endeavor Group Holdings to Merge with WWE

On the 3rd of April 2023, WWE agreed to merge with Endeavor Group Holdings for an all-stock consideration of USD 9.4 bn, based on an offer of USD 106 per share, a 16% premium relative to WWE’s closing price on Friday, March 31, 2023. The firms will form an entertainment giant valued at about USD 21.0 bn under the ticker TKO owned 51% by Endeavor and 49% by WWE.

Buyer vs Seller

Endeavor Group Holdings Inc is a US-based media entertainment company engaged in sports events broadcasting. It is widely known to be the holding company of the Ultimate Fighting Championship (UFC), the most well-known mixed martial arts circuit. World Wrestling Entertainment Inc (WWE) is a US-based media entertainment company engaged in the development of television programming. Founded in 1953 by the McMahon family, it produces the most famous wrestling league worldwide.

Industry Overview

In 2021, the global sports industry was valued at USD 486.6 bn and is expected to grow at 5% CAGR in the period 2022-2027 fostered by the constant quality increase of the content offered due to technological innovations. The market revenues are mainly generated by media rights, which account for 23% of total revenue share. Sponsorships (17%) and merchandise (15%) segments have relevant sizes, too. North America leads the global geographic outlook accounting for 41% of revenues.

Peers	Currency	Market Cap (CUR m)
Nexstar Media Group Inc	USD	6,382.13
EW Scripps Co/The	USD	713.53
Golden Ally Lifetech Group Inc	USD	2,037.35
Liberty Media Corp-Liberty For	USD	16,614.32
Sinclair Broadcast Group Inc	USD	1,325.68

Deal Rationale

Endeavor CEO Emanuel stated that the merger would "bring together two leading pureplay sports and entertainment companies" and provide "significant operating synergies". Hence, through the deal, the holding aims at leveraging the strong position of both entities in their respective verticals to generate incremental value. Indeed, opportunities to create joint projects and offerings arise. On WWE’s side, Chairman McMahon described the deal as "the best outcome for our shareholders" citing as reasons for the merger the rise to power of the UFC brand (2x revenues in 7 years) and the success of the JVs already in place between the firms.

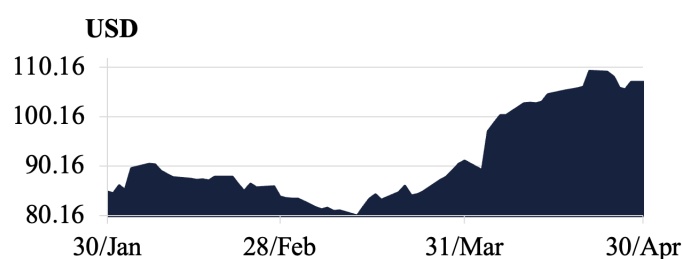
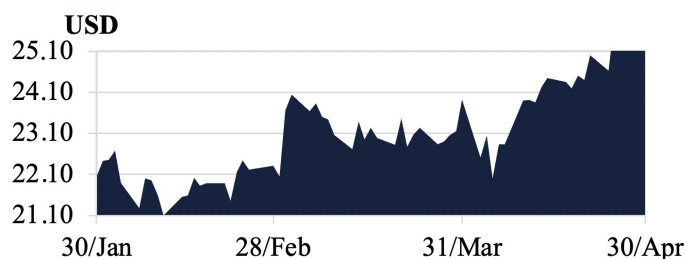
Market Reaction

Endeavor

Markets did not expect the all-stock deal and initially reacted negatively. Share price decreased from USD 23.94 to as low as USD 21.76 before rallying to the current USD 25.88.

WWE

A similar pattern can be recognized in WWE’s stock performance. On April 3rd, the stock price closed down 2% at USD 89.30 and then rallied to the current USD 108.20.



Future Challenges

The firms’ representatives announced that the two entities will continue to operate independently. As a result, doubts arise on the effective feasibility of reaching operating synergies between the two entities. Further challenges are industry-related and comprise themes like the rising popularity of e-sports, alternative entertainment (e.g. social media), and ever-increasing customer demands.

Filippo Marchesin
Investment Banking Division



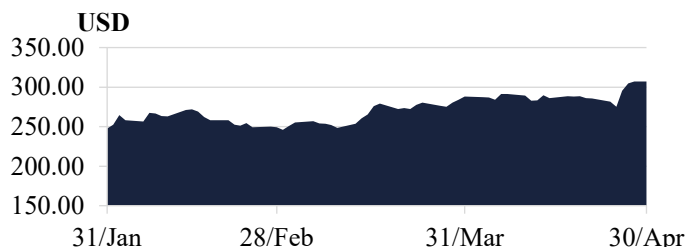
What Happened To Microsoft Corporation

Microsoft Corporation is a leading provider of applications, cloud storage, and software solutions, and has recently strengthened its share in the gaming industry. For the past years its performance has continued to increase annually, with 2021 being one of its best-performing years. The company's strong positioning enables it to respond effectively when faced with regulatory obstacles.

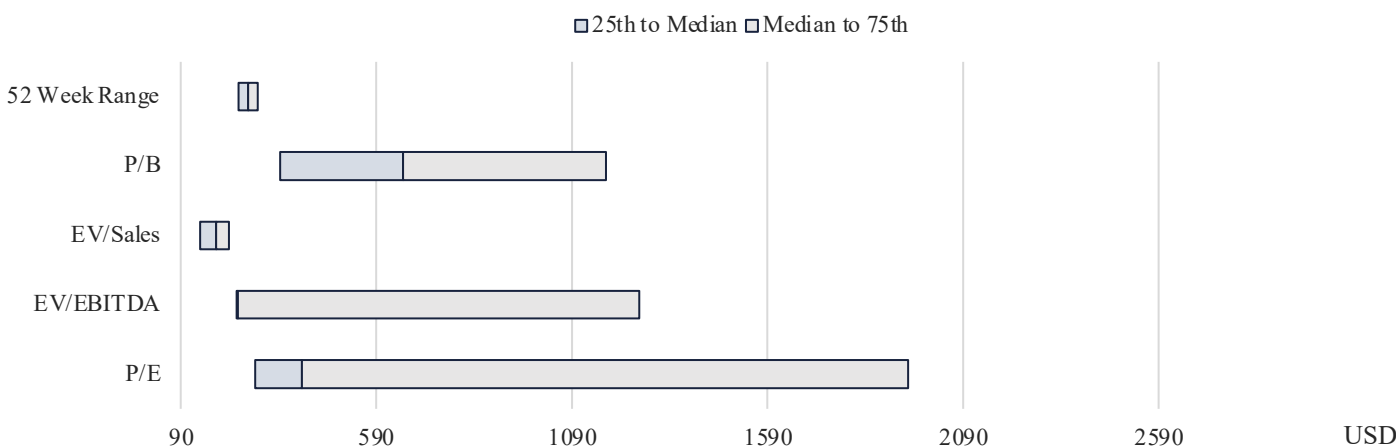
Corporate News

After the announcement of the acquisition of Activision Blizzard in 2022 for USD 68.7 bn, Microsoft was planning to take a new step in gaining control over the gaming industry. Yet, Britain's Competition and Markets Authority (CMA) blocked the acquisition last week due to concerns it would hinder cloud gaming. The biggest concern is that Microsoft would be in power to take Call of Duty off PlayStation. Even though, this would mean major profits drops for the game maker, Microsoft could afford to swallow it as it has exclusivity over the game. The ruling does not necessarily imply an immediate deal breakage but will require Microsoft to appeal to Britain's Competition Appeal Tribunal (CAT). According to the firm, the reaction reflects the regulator's flawed understanding of the market. Interestingly, Microsoft responded by threatening the government and authorities to withhold investments in the UK.

Price (30 Apr 23, USD)	310.65
Target Price (USD)	333.00
3M Performance	25.36%
Market Cap (USD m)	2,309,834.22
Enterprise Value (USD m)	2,284,719.22
<i>*Target Price is for 12 months</i>	



Valuation Analysis



What is especially interesting about the incident is the reaction of the two tech giants involved in the gaming industry's biggest-ever takeover. More precisely, Activision's statement referred to the decision as a "disservice to UK citizens, who face increasingly dire economic prospects". On the other hand, Microsoft's president Brand Smith commented in an even harsher tone, saying it would "shake [...] confidence in the future of the opportunity to grow a technology business in Britain".

The whole industry is interesting to monitor as it did not change significantly in the past decades, which is about to change. Besides the recent hiccup, all focus is currently on what is happening around cloud and AI topics. Microsoft is already offering cloud gaming to its Game Pass subscribers, and its willingness to participate competitively in the emerging cloud game market has been also demonstrated by the signed licensing deals with various companies such as Nvidia.

Peers	Currency	Market Cap (Cur m)
Check Point Software Technolog	USD	14,607.29
Oracle Corp	USD	261,799.80
ServiceNow Inc	USD	88,586.20
Palo Alto Networks Inc	USD	55,658.68
VMware Inc	USD	53,183.36

Karolin Kolarik
Investment Banking Division



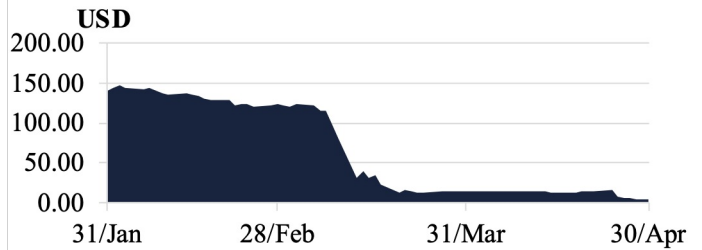
What Happened To First Republic Bank

Founded in 1985 in San Francisco, First Republic Bank was a private bank in the United States that offers personalized banking, wealth management, and private banking services. On Monday 1st of May, most of First Republic Bank's Assets were sold to JP Morgan Chase, due to the ongoing interest rate hikes and loss of client confidence, marking the second-largest U.S. bank failure.

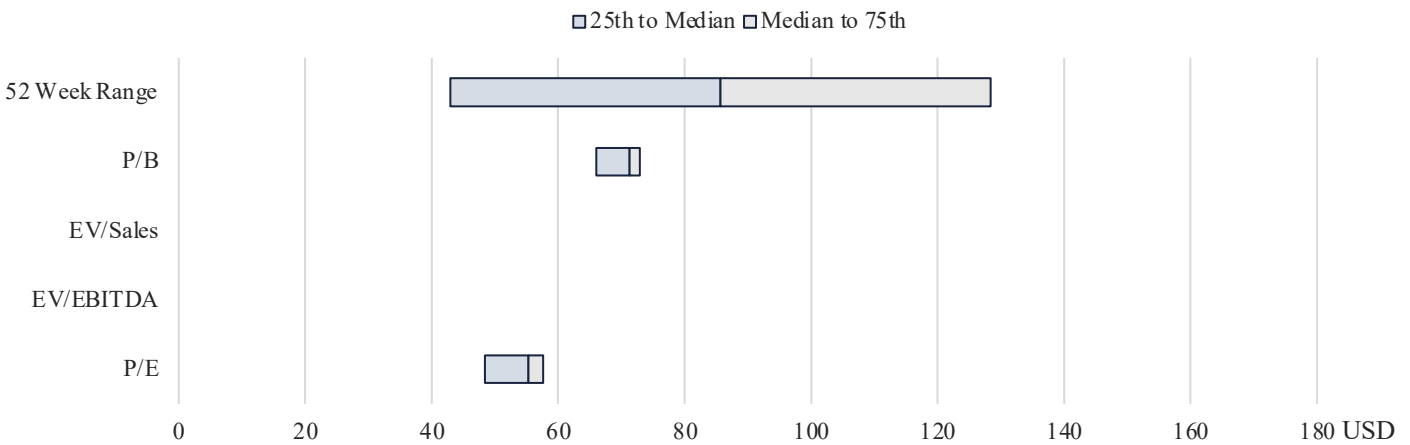
Corporate News

Regulators seized control of First Republic Bank and sold it to JPMorgan Chase on last Monday, a dramatic move aimed at curbing a two-month banking crisis that has rattled the financial system. First Republic is the second largest US bank by assets to collapse after Washington Mutual, which failed during the financial crisis of 2008 and was also acquired by JPMorgan. First Republic Bank was the 14th largest U.S. bank as of earlier this year – its assets were battered by the rise in interest rates and the company had struggled to stay alive after two other lenders collapsed in March, spooking depositors and investors. The takeover of First Republic by the Federal Deposit Insurance Corporation (FDIC) and sale to JPMorgan was announced hours before U.S. markets opened, and after a scramble by officials over the weekend. On Monday, 84 First Republic branches in eight states reopened as JPMorgan branches.

Price (30 Apr 23, USD)	0.37
Target Price (USD)	n.m.
3M Performance	-99.73%
Market Cap (USD m)	69.59
Enterprise Value (USD m)	-
<i>*Target Price is for 12 months</i>	



Valuation Analysis



The collapse follows the seizure of Silicon Valley Bank and Signature Bank, both of which had experienced bank runs. Like Silicon Valley Bank, a significant share of First Republic's deposits were uninsured because they exceeded the USD 250 k insurance protection that is offered by the FDIC. Such banks are more vulnerable to bank runs because depositors are prone to withdraw their assets at the first sign of trouble. First Republic shares fell 75% last week and closed Friday at USD 3.51.

Regulators assumed control of First Republic one week after the bank's executives revealed that customers had withdrawn more than USD 100 bn during a panic last month. First Republic's shareholders and debt holders will be wiped out in this deal, a typical occurrence when a bank is put in government receivership. JPMorgan will pay USD 10.6 bn to the US Federal Deposit Insurance Corp (FDIC) as part of the deal.

Peers	Currency	Market Cap (Cur m)
Bank of Hawaii Corp	USD	1,829.40
Westamerica BanCorp	USD	1,015.82
Washington Federal Inc	USD	1,731.02
CVB Financial Corp	USD	1,869.44
Cathay General Bancorp	USD	2,163.76

Yutong Wang
Investment Banking Division



Private Equity

Venture Capital

DCM

ECM

Spinoff

Fintech

NIC's View On

Apple x Goldman Sachs Savings Account



Ignacio Klimowitz Gumpert
Investment Banking Division

“The best way to predict the future is to create it.”

– Alan Kay, Computer Scientist, Elected Fellow of: American Academy of Arts and Sciences

Apple is beyond any doubt one of the most successful companies in history, and its track record of disrupting one industry after another is certainly impressive. If there is one key element that has pushed Apple to achieve its ca USD 1.7 tn market value as of April 30th it is its product differentiation stamp and its technological innovation. From desktop computers to digital music, touchscreen smartphones, and other innumerable groundbreaking products, the company has been very successful in establishing an entire ecosystem around its product base, where, once you enter, there is almost no way out.

On April 17th Apple announced its latest disruptive fintech offering: a high-yield savings account for Apple Card users, offered through the leading financial services provider Goldman Sachs. The idea is to “help users lead healthier financial lives” by offering a new savings account that pays 4.15% annual yield – while the average bank pays less than a half percent on savings accounts – without any minimum deposit fees, or lockups. With that, Goldman Sachs seeks to broaden their deposit base with a new deposit channel, at a time when regional banks are shuddering in the wake of the recent Silicon Valley Bank collapse. Since 2015, the deposit base of the American bank has nearly quadrupled, and this partnership with Apple should turbocharge this trend.

Meanwhile, Apple has taken one step further in its ambition to become more and more like a bank. Last month, the firm began to offer its Buy Now Pay Later (BNPL) products, granting users the possibility to split the payment of purchases into four interest-free installments. Also, Apple launched Tap-to-pay that allows merchants to accept payments via cards directly from their iPhones. Hence, Apple is increasingly integrating itself into every

aspects of its users’ life while cross-selling its own products and collecting swipe fees. The firm has capitalized on its wallet market leadership position through the offering of cheaper, more secure, more accessible, and faster alternatives to more traditional banking products and services that is complementary to its already highly successful customer lock-in ecosystem.

By offering these financial services, Apple is leveraging its existing ecosystem of hardware, software, and services to provide a seamless and convenient experience for its users. While Apple may not be a full-fledged fintech company, its foray into the financial services space demonstrates the potential for tech companies to disrupt traditional financial services and provide innovative solutions to consumers. Both traditional banks and neo-banks perceive Apple’s recurring fintech product rollout, its astonishing reinvention capability, and the possibility to make banking become invisible, as a substantial threat – but only Goldman Sachs appears to truly see it.

It is still uncertain whether there will ever be a "Bank of Apple." Even so, it is certainly interesting to see how the company challenges existing financial services while providing customers all around the world with faster, more affordable, and more accessible banking options.

Date	Recent News
14 Apr 23	Apple partners with Goldman Sachs to offer new high-yield savings accounts. <i>Source: apple.com</i>
18 Mar 23	Apple introduces a high-end Buy Now Pay Later product. <i>Source: apple.com</i>
23 Mar 22	Apple acquires UK open banking Fintech “Credit Kudos”. <i>Source: ft.com</i>
08 Feb 22	Apple unveils contactless payments via Tap to Pay on iPhone. <i>Source: paymentforstripe.com</i>

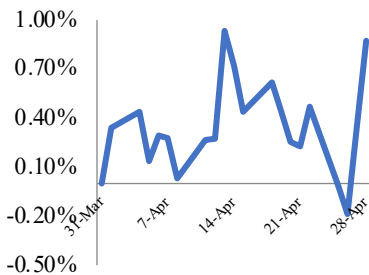
Ignacio Klimowitz Gumpert
Investment Banking Division



NIC Fund

NIC Fund Portfolio Overview

NIC Fund Cumulative Return



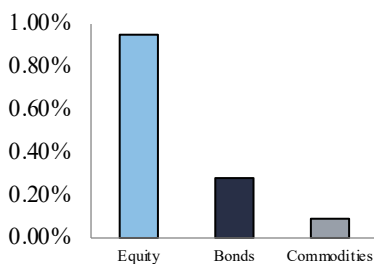
Portfolio Statistics

Cumulative Return	0.87%
Annualized Return	10.49%
Daily St. Dev	0.37%
Period St. Dev	1.68%
Annualized St. Dev	5.81%
Info Sharpe	1.81
Skew (Daily)	0.21
Kurtosis (Daily)	-1.34

Benchmark

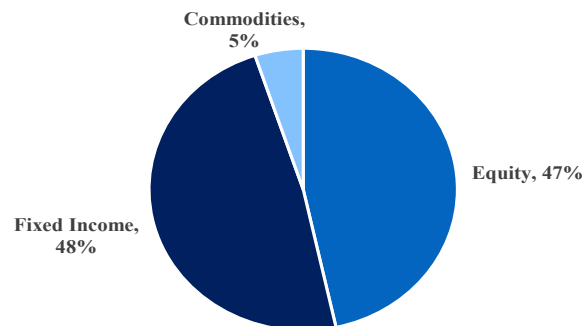
iShares 3-7 Year Treasury Bonds	40%
SPDR S&P 500 ETF Trust	40%
Powershares DB Commodity Index	10%
iShares JP Morgan USD EM Bonds	10%

Individual VaR



Portfolio Snapshot

In the past month, the NIC Fund maintained its investment in Equities, Fixed Income, and Commodities, with allocations closely resembling our benchmark. Specifically, the fund had 47% of its assets in Equities, 48% in Fixed Income, and 5% in Commodities. The allocation for equities was divided so that 75% was invested in various funds, whereas the remaining portion was invested in individual stocks across different industries. Thanks to its higher exposure to Equities, the fund slightly outperformed the benchmark.



Return Metrics

The portfolio's performance in April 2023 has been positive, resulting in a cumulative return of 0.87%. Equities and fixed income were the primary contributors, generating positive returns of 0.71% and 0.16%, respectively. Commodities also achieved a positive return of 0.02%. The equity portfolio consisted of not only the S&P 500 index fund and other ETFs but also 23 individual stocks such as MercadoLibre S.A. (MELI US), Nvidia Corp. (NVDA US), Goldman Sachs Group, Inc. (GS US), and Amazon.com, Inc. (AMZN FP). The top-performing stocks were Chipotle Mexican Grill Inc. and Novartis Ag-Reg, with returns of 21.03% and 11.66%, respectively, while Advanced Micro Devices had the poorest performance, with a return of -8.82%. The best-performing ETFs were the iShares MSCI World ETF and the iShares S&P 500 Value ETF, with returns of 1.80% and 1.73%, respectively.

Risk Metrics

In terms of risk, our portfolio registered a relatively high daily VaR of 1.20%. As a result, this metric remained significantly below the maximum established threshold of 2.5%. Equities were the asset class with the highest individual VaR, which was around 0.95%. On the other hand, Bonds and Commodities have slightly lower VaRs of 0.28% and 0.09%, respectively.

NIC Fund

Assets in Brief

Asset Class	Symbol	Comments
US Equity	CMG	In April, Chipotle Mexican Grill was the top-performing stock in our portfolio, experiencing a bullish breakout following the release of its earnings report for the period ending March 2023. The restaurant chain surpassed analysts' expectations for first-quarter profit and sales, causing the CMG stock price to surge to a new all-time high of USD 2,071.
CH Equity	NOVN	Novartis AG-Reg was among the best performers in our portfolio in April, mainly due to cost cuts leading to higher profits, and the financials surpassed expectations. Additionally, there have been positive results of its breast cancer drug Kisqali. The drug showed promise in preventing cancer recurrence in a new study, which according to Jefferies, opens up a USD 6 bn market opportunity for Novartis. We stay long in our investment.
US Equity	GS	Goldman Sachs' shares delivered positive returns of 4.99% in the past month, driven by better-than-expected first-quarter earnings despite a slightly underwhelming performance in the fixed-income trading division. We have kept our investment in the stock, anticipating a further recovery in the American banking sector.
UK Index	FTSE 100	The FTSE 100 Index delivered a solid performance with a return of 5.13% for the month, even though the consumer price inflation rate in the UK came in higher than expectations at 10.1% YoY in March. Additionally, 82 of its 100 shares climbed this month. The gains ranged from 0.1% to 19.7%, with the average increase being 6.1%. In comparison, the S&P 500 delivered a return of 1.46% MoM.
ETR Equity	COP	CompuGroup Medical SE & Co. delivered a solid 6.73% return in April. Over the past year, the stock has demonstrated strength by exceeding its 5-year average in earnings growth, and both earnings and cash flows cover its dividends. We believe that the stock still has potential for upside since earnings are predicted to increase faster than the German market, and the company's debt is well-supported by earnings.
FR Equity	BNP.PA	In March, BNP Paribas suffered a loss of around 14.50%, making it our worst-performing stock for that month. However, following the default of Silicon Valley Bank and the acquisition of Credit Suisse by UBS, there has been an upswing in the banking sector, and in April, BNP Paribas rebounded with a return of 7.81%.
Commodity	DBC ETF	The DBC, our primary commodities index, is a rules-based index composed of futures contracts on 14 of the world's most heavily traded and important physical commodities. However, over the last month, it had a slightly negative performance of -0.76, primarily due to a decline in oil prices.
US Equity	URTH ETF	In April, the iShares MSCI World ETF, representing around 15% of our portfolio, performed well with a return of 1.80%. This ETF provides access to a diverse selection of companies from developed markets worldwide, and investing in it allows us to pursue long-term growth opportunities and international diversification in our portfolio. Despite market fluctuations, we remain optimistic about our investment.
US Treasury Bonds	IEI ETF	The iShares 3-7 Year Treasury Bond ETF was our top-performing bond investment with a return of 0.62%. This ETF provides targeted access to intermediate-term US Treasury bonds, allowing us to customize our exposure to a specific segment of the US Treasury market.
Commodity	AAAU ETF	In April, the Goldman Sachs Physical Gold ETF, one of our two commodity investments, yielded a return of 0.92%. We utilize this ETF as a hedge for our portfolio, as gold helps to combat inflation, and its low correlation with other asset classes offers valuable diversification benefits.

Lars Dahle
Financial Markets Division



NIC Fund Equities

World Equities

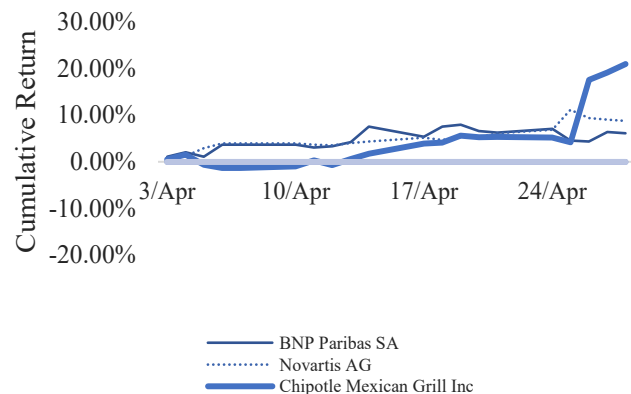
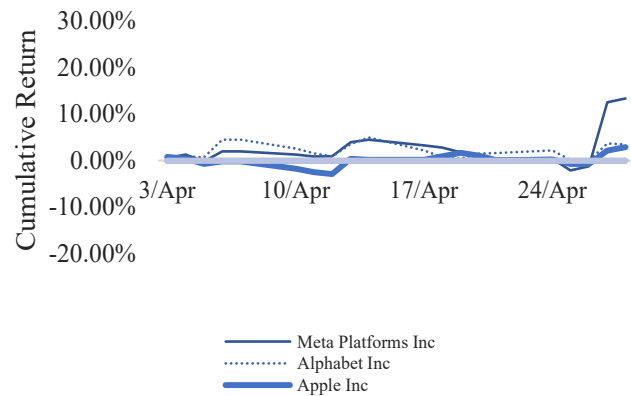
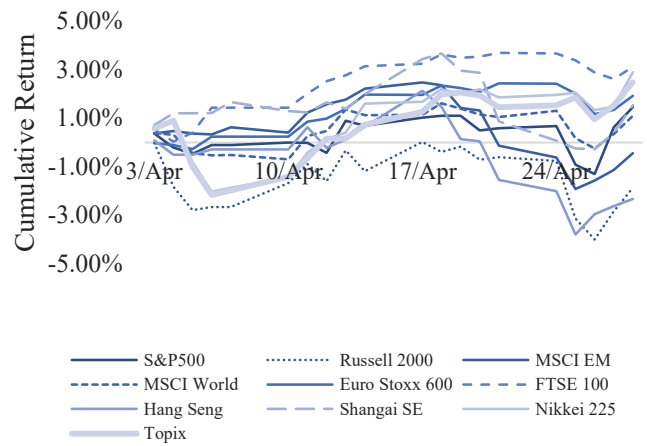
Global equities recorded an upward trajectory in April 2023, with the MSCI ACWI (All Country World Index) posting a monthly return of 0.02%. The US benchmarks showed strength as the Fed maintained its hawkish stance. The S&P 500 rose by 1.50% over the month to close at 4,169.48 points. The Dow Jones Industrial Average also posted gains of 2.50%, ending the month at 34,098.16 points, while the tech-heavy Nasdaq Composite stayed around its pre-monthly level closing at 12,226.58. In the Asian markets, Japan's Nikkei 225 continued its upward trend, gaining 2.91% in April to close at 28,856.44, backed by strong earnings from major exporters. In Europe, the STOXX Europe 600 Index gained 1.92% for the month, led by strong performances from the technology sectors. Additionally, as small-cap stocks come under pressure, the Russell 2000 decreased by 1.86%.

In Depth: Bluechip Tech Stocks

The big technology companies, including Microsoft, Amazon, Alphabet, and Meta, have performed well so far in the current earnings season, despite a slowdown in consumer and corporate spending. However, the biggest test for the industry will be Apple's upcoming fiscal second-quarter earnings report, which is expected to have a significant impact on the tech sector and consumer spending. Due to Apple's size and stability, it is considered a bellwether for the technology industry, and any negative results from the company could overshadow the positive performances of other tech companies. However, the market expects Apple to report revenues of USD 92.6 bn for the second quarter, a 4.8% decline from the USD 97.3 bn Apple brought in during the same quarter last year. Therefore, Apple could surprise analysts with slightly more positive results leading to increasing demand for the stock. Additionally, many institutional investors missed out on this year's rally and might wait on the sideline to buy positive outlooks or results.

Our Performance

In April, several of our equity investments delivered strong returns. BNP Paribas returned 6.12%, driven by the recovery from the large price decrease triggered by Silicon Valley Bank. Novartis also performed well, with a return of 8.80%. Novartis' cost cuts over the last year finally led to higher profits, and financials surpassed analysts' expectations. Chipotle Mexican Grill rose 19.20% in April as the company reported another quarter of strong earnings and reaffirmed a strong outlook for growth. The restaurant chain has been able to weather economic impacts and changing trends since the pandemic started thanks to its targeted business model, accessible pricing, and ability to raise prices without curbing demand.



David Biewald
Financial Markets Division



NIC Fund
Fixed Income

World Yields

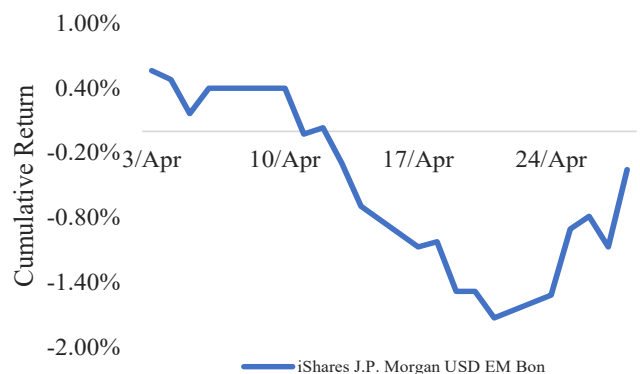
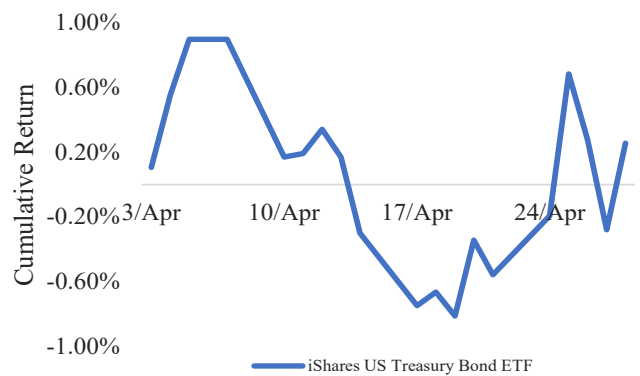
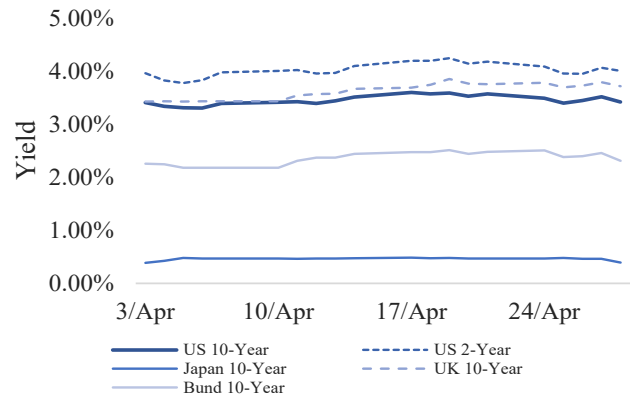
May was a volatile month for the bond market. The US 10-year rates initially rose from 3.43% to 3.60% in the first half of the month, followed by a sharp decline in the last week, with 10-year yields down 15 bps to 3.43%. 2-year yields also fell, dropping 18 bps. Mixed US economic data released ahead of the Fed meeting in the first week of May contributed to the market's uncertainty. The market widely expects the Fed to raise interest rates by another 25 bps, likely marking the final move of this tightening cycle. Meanwhile, the UK's 10-year Gilt yield began the month of April at 3.36% and rose to 3.87% on April 19th before declining in the last week in anticipation of the Bank of England's decision to raise interest rates at its upcoming meeting. Market analysts anticipate a 25 bps increase in the Bank Rate to 4.5%, with an estimated probability of 90%. The Purchasing Managers' Index (PMI) survey conducted in April showed that the UK's business activity growth accelerated to a 12-month high, indicating that the economy may avoid a recession in 2023.

In Depth: US Market

One major concern for the US fixed income market is the possibility of the government reaching its borrowing limit by the 1st of June 2023 if a debt ceiling extension is not granted. The US Congress must raise the debt ceiling in order for the government to continue borrowing money to fund its operations. While this process is usually routine, it has become contentious in 2023, with Republican leadership in the House of Representatives clashing with Democratic leadership in the Senate and President Joe Biden's administration. Without an increase in the debt ceiling, the government could default on its Treasury obligations, which would cause creditors to demand higher interest rates to compensate for the increased risk. The performance of banks also remains a significant point of interest in credit markets. While the first-quarter earnings reports for banks have generally exceeded expectations, there have been exceptions, such as First Republic Bank. Following the collapse of Silicon Valley Bank and Signature Bank in March, First Republic Bank experienced significant outflows of deposits. On May 1st, First Republic Bank was placed under FDIC receivership, and J.P. Morgan subsequently acquired its assets.

Our Performance

Notice that iShares J.P. Morgan USD EM, our benchmark fund for Bonds, performed poorly during May, earning a negative cumulative return of -0.35%.



Jakub Nasilowski
Financial Markets Division



NIC Fund

Commodities

April Round-Up

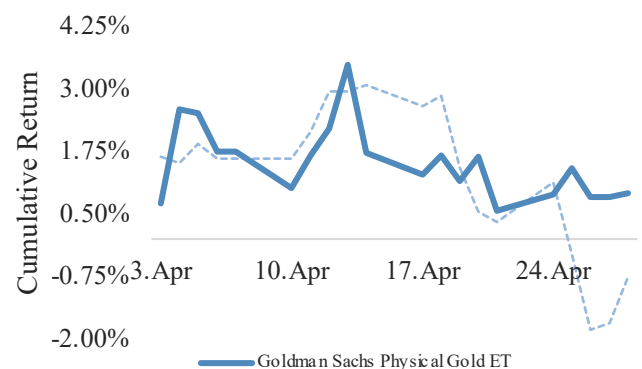
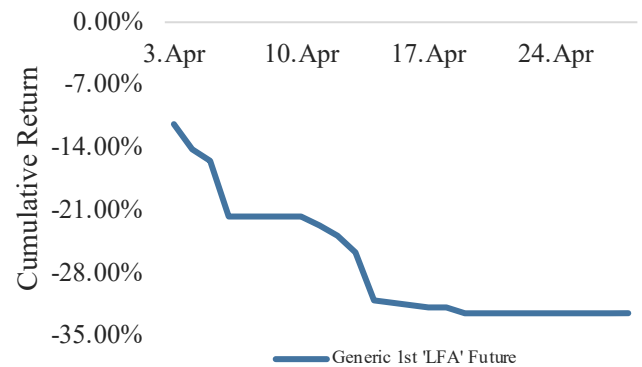
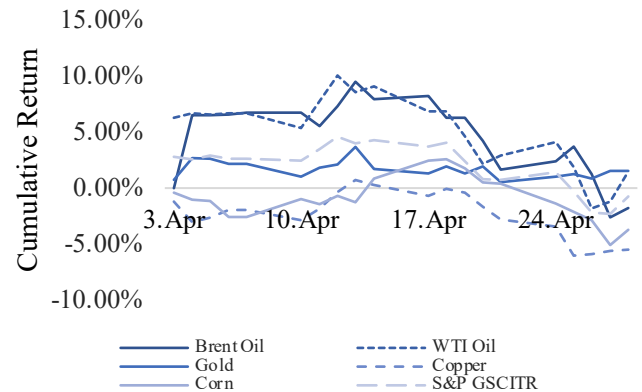
Commodity prices, as tracked by the S&P GSCI Total Return Index, have been on a downward trend, falling by 0.76% in April 2023 following declines in the previous two months. While the Brent oil price ended the month of April with a 0.29% decline, WTI gained 1.47% in the same period. After Gold's solid performance in March 2023, it continued the trend in April and rose by 1.53%. In contrast, Corn is down 3.71% and Copper is down 5.48% for April, despite a solid performance in the second half of 2022. The main reason for the sharp decline in Copper prices is the lack of demand from China's manufacturing sector in April which, despite the reopening, unexpectedly contracted. The situation is similar for Lithium, a rare metal crucial for the production of batteries. The Generic 1st LFA Future index, which tracks the price development of lithium futures, fell by well over 30% in April. This is mainly because the world's largest car market, China, has seen weak demand for electric vehicles in recent months. Since November last year, the price of Lithium has already fallen by nearly 70%.

Outlook for May

A turnaround for lithium could emerge soon, after Chile's leftist President Gabriel Boric announced in mid-April that the country, the world's second-largest lithium producer, will nationalize all mining operations. Last year, Mexico nationalized its lithium deposits, following the lead of Zimbabwe, which had already banned the export of unprocessed lithium. In 2020, Indonesia also joined the list of countries taking measures to control the supply chain of key battery materials by banning the export of nickel ore. The trend highlights that resource-rich countries with weaker economies have realized the significance of their mineral resources. Despite the temporary drop in demand, these countries understand the leverage they hold with their rare piles of earth, which are critical for battery production and essential for the global market. Looking at the forecasts for other asset classes, a strong flattening of prices is expected in the coming months, especially in the energy markets. Thus, the World Bank in its latest report assumes that energy prices will flatten by 23% compared to the previous year. Europe's natural gas is predicted to continue to fall sharply, already dropping by 53% in 2023. Coal prices are expected to fall by 23% in 2023 and by a similar amount in 2024. In terms of oil prices, the World Bank projects Brent crude oil prices to average USD 84 per barrel in 2023.

Our Performance

In April, the Powershares DB Commodity Index returned -0.76%, while the SPDR Gold Shares Index gained 0.93%, contributing 0.02% to our portfolio's return.



Philipp Hauswurz
Financial Markets Division



Extras

Hot Topic

SpaceX's "Starship" Rocket Launch



Pauline Schueller
Financial Markets Division

“The goal of these missions is just information. Like, we don't have any payload or anything — it's just to learn as much as possible.”

– Elon Musk, Founder,
SpaceX

SpaceX's "Starship" rocket – which could one day carry humans to the moon and Mars – made it for about four minutes and 37 km into the sky before it exploded during its first test flight on Thursday, 20th of April. The 120-meter high two-stage rocket ship, taller than the Statue of Liberty, took off from Starbase spaceport in Texas, aiming for a 90-minute debut flight into space.

Under the project "Starship", Elon Musk's spacecraft company has made it its mission to build the most powerful rocket ever. "Starship" is technically the spacecraft atop the rocket, with the booster called "Super Heavy" generating about 17 million pounds of thrust, twice as powerful as NASA's mega-rocket booster SLS. It has a capacity of up to 250 tons of payload in orbit (or 150 tons if the vehicle can be re-launched).

A live SpaceX webcast of the lift-off showed the rocket ship rising from the launch tower into the morning sky. But less than four minutes into the flight, the upper-stage "Starship" failed to separate as designed from the lower-stage Super Heavy, and the combined vehicle was seen flipping end over end before exploding. But even as SpaceX employees watched the world's largest rocket turn into a fireball, they erupted into cheers and applause before lifting the fully integrated spacecraft completely off the ground. The reason for this surprisingly positive reaction despite the explosion is that the test flight provides highly insightful and valuable data that could not be obtained through launch simulations alone. This data will help SpaceX make specific improvements, accelerate the rocket's development and pave the way for the company to achieve its goal of building the most powerful rocket. Musk said he expects SpaceX to spend about USD 2 bn on the "Starship" rocket in 2023 without raising additional funding. As

for a timeline, he said there is an 80% probability that "Starship" will reach the orbit in 2023, and chances are even higher next year. Musk says the next test will be repeated in just a few months.

Although SpaceX boss Elon Musk stated that the launch was a full success despite initiating self-destruction, the authorities do not see things so brightly. The U.S. Federal Aviation Administration (FAA) has grounded a launch because the launch pad (an above-ground facility from which a spacecraft is launched vertically) was largely destroyed during takeoff at the Boca Chica spaceport in the U.S. state of Texas. The thrusters left huge craters several meters deep in the ground, hurled large chunks of reinforced concrete thousands of meters, damaged cars parked nearby, and not to mention the consequences that this damage is likely to have on wildlife. In nearby Port Isabel, residents reported that windowpanes were broken, and buildings were polluted with dense dust.

In fact, Musk has already begun the construction of a massive water-cooled steel plate. Generally, this helps to reduce the energy blast around the launch pad during liftoff and will be placed under the launch pad. This would have mitigated the damage to the ground immensely. But this construction would not have been ready by April 20, and SpaceX had no intention of postponing the flight. Musk countered that he was convinced the launch pad's foundation could withstand a single launch as the engines fired at only half power during that test. An investigation has now been launched by FAA. "Starship" will not be allowed to take off again until it is certain that the launch will not endanger public safety - and that may take longer than the one to two months announced by Elon Musk.

Pauline Schueller
Financial Markets Division

Extras

Special Deep Dive

Breaking the Glass Ceiling: Women in Banking



Marie Klingsporn
Investment Banking Division

“Diversity and inclusion are critical drivers of our success. I firmly believe that by bringing together colleagues with different backgrounds, experiences, and perspectives, we can better serve our clients, drive innovation, and make better decisions.”

– Jane Fraser, CEO, Citi Group

Women have come a long way in pursuing economic opportunities, but still face obstacles, especially in male-dominated fields. In some workplaces, women have reported instances of unequal opportunities. For example, Jamie Fiore Higgins, former Managing Director at a Bulge Bracket bank, experienced sexism in the late 90s and early 2000s. While work culture has improved, gender roles and unconscious bias still exist today. Nevertheless, progress has been made and we can continue to work towards creating a more inclusive and equitable environment for women in the workplace.

Despite progress made towards gender equality, statistics show that there is still a long way to go. According to a 2021 McKinsey study, women make up around 50% of the workforce in the financial services sector, but their representation dwindles along the career pipeline. In senior positions, only 25-30% of the workforce are female and only 86 women are promoted to manager for every 100 men in the financial services industry. Furthermore, a Gitnux report from 2023 found that among the Fortune 500 companies, just 54 have female CFOs. In banking, only 20% of executives in European banks are women and just 8 out of the top 100 mutual fund managers are female.

As evidenced by the statistics presented, while progress is being made at the entry-level, there are still significant barriers preventing women from reaching executive positions. In 2018, CNBC conducted a survey that revealed women often experience biases that their male colleagues do not notice. Less than half of women felt that men and women were equally promoted at their companies, while 26% of men acknowledged this disparity. Both men and women identified an unsupportive or biased corporate culture as a major obstacle to women’s career advancement as well as a

lack of mentorship or sponsorship. The finance industry’s culture presents another challenge for women. The traditional stereotype of a banker is characterized as assertive, transactional, and dominating, traits which are often associated with men in our society. As a result, women in banking may feel the need to adapt to this male-dominated environment, and the constant pressure to prove themselves can take a toll on their mental health. This burden extends beyond the workplace, as women often struggle to choose between their career and family or try to balance both, making it difficult to achieve work-life balance at times.

According to an article published by HEC Paris, private equity teams that include at least one woman have consistently outperformed all-male teams across every private equity performance indicator available. In addition, committees that include at least one woman have shown an average IRR that is 12% higher than all-male committees. These and other findings demonstrate that gender diversity is not only a moral imperative but also an economic one.

Fortunately, banks recognize this and have launched various initiatives aimed at empowering women in the financial industry. For instance, Goldman Sachs’ “10,000 Women” program and Morgan Stanley’s “Return to Work” initiative help women who have taken a career break to re-enter the financial services workforce. As more banks recognize the value of diversity in their workforce, there is reason to be optimistic about the future of women in finance. By embracing gender diversity, we can create a stronger, more inclusive industry that benefits everyone involved.

Marie Klingsporn
Investment Banking Division

Thank you!

Visit www.novainvestmentclub.com for more updates.

Our team:

Investment Banking Division

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

Financial Markets Division

David Biewald
Francisca Bombas
Jakub Nasilowski
Lars Dahle
Pauline Schueller
Philipp Hauswurz
Tomás Forte Vaz

Email us at:
nic@novainvestmentclub.com

Design by: Carmo Cunha e Sá

Corporate Partners:

Bloomberg



Academic Partners:

**Nova SBE
Career Services**

