NIC

— Nova Investment Club —

Newsletter

February 2025

Table of Contents

NIC
— Nova Investment Club —

Foreword

This Month:

In our Macro Overview section, analysts from the Financial Markets and Private Equity Divisions will cover broad macro themes while reviewing major economic news from the past month. In our Deeper Dive section, Ferdinand Meinersmann reviews the key details of US President Donald Trump's first week in office and notable market reactions.

Our Investment Banking Division will guide you through January's overall M&A activity. Read about Johnson & Johnson acquiring Intra-Cellular Therapies, and Clearwater Analytics acquiring Enfusion. Additionally, get a detailed overview of what happened to Nvidia Corporation, and read expert insight on the immediate and potential impacts of Donald Trump's policies on the Financial and Technology sectors.

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 along with Currencies through an analysis of the past month's major market moves. The overall performance of the NIC Fund in January was positive, with a cumulative return of 2.88%.

Our Private Equity Division will cover global and European trends in private equity transactions and investments, followed by brief insights into some top deals. Read about Macquarie Asset Management's stake acquisition in Aligned Data Centers and Constellation Energy's acquisition of Calpine Corporation.

NIC

— Nova Investment Club —

Macro Overview

Monthly

February 7th, 2025

Deeper Dive

Back in Office – Trump's First Week and Market Reactions

— p.2

Market Moves

Market Moves

% change

	Last Close	-1W	-3M	YTD
S&P 500	6,041	-1.00%	5.87%	2.70%
DJIA	44,545	0.27%	6.66%	4.70%
Nasdaq	19,627	-1.64%	8.47%	1.64%
MSCI World	3,862	0.23%	2.63%	3.93%
MSCI EM	3,690	-0.28%	-4.33%	0.29%
Russell 2000	2,288	-0.87%	4.14%	2.58%
Euro Stoxx 50	5,287	1.29%	9.51%	7.98%
FTSE 100	8,674	2.02%	6.95%	6.13%
Nikkei 225	39,572	-0.90%	1.26%	-0.81%
Hang Seng	20,225	0.79%	-0.45%	0.82%
Dollar Index	108.37	0.86%	4.23%	-0.11%
EUR/USD	1.036	-1.29%	-4.80%	0.08%
GBP/EUR	1.196%	0.55%	0.91%	-1.03%
GBP/USD	1.240%	-0.71%	-3.91%	-0.97%
USD/JPY	155.190	-0.52%	2.08%	-1.28%
USD/CHF	0.91	0.55%	5.42%	0.39%
Brent Crude	76.760	-2.22%	4.92%	2.84%
Gold	2,812.5	1.21%	2.30%	6.49%

Generic Bond Yields

change in bps

	Last Close	-1W	-3M	YTD
US 10Y Yield	4.539%	-8.3	25.4	-3.0
GER 10Y Yield	2.460%	-10.9	7.0	9.3
JPY 10Y Yield	1.245%	1.4	29.3	14.4
UK 10Y Yield	4.538%	-9.1	9.2	-3.0
PT 10Y Yield	2.878%	-9.8	7.8	3.0

**Source: Bloomberg, as of 2025-01-31*

In Focus

January

US economic outlook remains uncertain. The US Federal Reserve held interest rates steady at 4.25%-4.50% in January with Fed Chair Jerome Powell stating that "We don't know what will happen with tariffs, with immigration, with fiscal policy, with regulatory policy." This uncertainty comes alongside mixed US economic data. A strong January Non-Farm Payrolls report showed that 256,000 jobs were added in December, up from 212,000 in November. YoY CPI rose for a third consecutive month, up 20bps to 2.9%, while YoY Core CPI fell by 10bps to 3.2%.

Europe's economic struggles persist. Preliminary QoQ GDP growth rates from France and Germany, the EU's largest economies, showed declines of 0.1% and 0.2% respectively, adding to Europe's ongoing economic woes. The ECB subsequently cut rates for a fourth straight meeting. A 25bps reduction brought the key deposit rate to 2.75%, with President Christine Lagarde stating that the conditions for a recovery remain in place.

China experiences strong growth but faces rising risks. The Chinese economy expanded by 5.4% YoY in Q4 2024, surpassing market expectations thanks to a recent stimulus blitz and export boom. China has promised further monetary easing and stronger public spending, as the country prepares for Donald Trump's return to the Whitehouse. Rising risks loom, with Trump threatening tariffs as high as 60% on Chinese goods – a move that could destroy trade in the country. This encouraged global businesses to frontload shipments, contributing to the impressive 10.7% surge in Chinese exports.

Yen surges as Bank of Japan hikes interest rates. The Bank of Japan raised its target rate by a quarter point in January to 0.5%, the highest level since 2008. Officials voted 8-1 as the central bank voiced confidence about the direction of rates, saying officials would continue hiking if the outlook was realised. The move was in line with market expectations and followed a 30bps uptick in the YoY Core Inflation rate to 3.0%. The Japanese yen strengthened against major currencies MoM as a result, rising 1.30% against the US dollar.

Israel and Hamas agree ceasefire deal, bringing a pause to the war in Gaza. A six-week truce between Israel and Hamas began on Sunday the 19th of January, involving the release of hostages and Israel's withdrawal from populated areas of the Gaza strip. As the first part of a complex three-stage deal, mediated by US and Qatari officials, the deal has raised hopes of an end to the hostilities in Gaza, although achieving that will prove complicated with many Israeli politicians wanting the war to continue.

US and EU impose sanctions on Russia's oil industry. The US imposed new sanctions on Russia's oil industry, representing its most aggressive sanctions yet, as the Biden administration searched for last-minute ways to aid Ukraine in potential peace negotiations after President-elect Donald Trump takes office. The move is targeting Gazprom Neft and Surgutneftegas, two firms that handle 25% of Russia's seaborne oil exports. Meanwhile, the EU appeared set to extend its sanctions on Russia, with Hungary ready to lift its opposition to the move.

Pascal Naumann
Financial Markets Division

Deeper Dive

Back in Office – Trump's First Week and Market Reactions

Ferdinand Meinersmann
Private Equity Division

"We believe that a second Trump term would have a negative impact on the U.S.'s economic standing in the world, and a destabilizing effect on the U.S.'s domestic economy"

– Letter signed by 16 nobel prize winners, including Joseph Stiglitz

"The impact of imposing these tariffs have the effect of depressing U.S. economic growth, contributing to a higher rate of inflation, and those effects will be worse if the other countries retaliate in kind"

– Marcus Noland, Peterson Institute for International Economics

Donald Trump's inauguration on the 20th of January, promising a new "golden age" for America in his inaugural address, marked an aggressive return to power, with a wave of executive orders reshaping economic, trade, energy, and corporate policies. Unlike his chaotic first term, the administration moved with greater speed and coordination, leveraging past experience to implement major directives within the first two weeks.

Markets initially responded positively, with the S&P 500 up 1.6% and the Nasdaq 100 rising 1.7%, reflecting optimism about business-friendly policies. However, bond markets and the US dollar signalled caution, with Treasury yields falling by 10bps and the dollar index dropping 1.2%, as investors assessed future trade risks.

Despite the structured transition, Trump's early actions reignited debates over trade protectionism, deregulation, and corporate policy. His administration delayed broad tariffs but left open the possibility of imposing 25% duties on Mexican and Canadian imports, sparking volatility in currency markets. Meanwhile, investors reacted positively to the lack of immediate China tariffs, with the MSCI Emerging Markets Index rising 1.3% in the first week.

One of the most significant early moves was the rollback of diversity, equity, and inclusion (DEI) initiatives, signalling a shift in federal and corporate policies. Trump signed an executive order directing federal agencies to investigate DEI compliance programs, reinforcing a trend of corporate pullbacks. Target and Walmart both announced reductions in DEI-related spending, reflecting pressure from new regulatory oversight.

Energy policy saw a decisive shift, with executive orders reversing Biden-era restrictions on fossil fuels and prioritising domestic energy production. Trump's administration lifted drilling bans, expanded offshore and Alaskan oil exploration, and removed federal subsidies for renewable energy. Oil prices fell 3.3%, as expectations of increased supply pressured markets. Meanwhile, the S&P 500 Energy Sector Index declined 0.6%, reflecting investor uncertainty over long-term demand. Renewable energy stocks saw even sharper declines, with First Solar down 4.9% and Enphase Energy falling 1.3%, as federal incentives were rolled back.

The technology sector also experienced turbulence, as Trump's intervention in TikTok and artificial intelligence policy introduced uncertainty. His administration announced plans for a forced TikTok divestiture, but conflicting statements from officials left the timeline unclear. Meanwhile, Trump endorsed a USD 100 bn AI infrastructure project, backed by SoftBank, OpenAI, and Oracle, though funding questions and internal disputes, including tensions with Elon Musk, raised doubts over feasibility. AI investments remain a major focus, as Meta increased its data centre spending target to USD 65 bn, signalling confidence in the sector's growth potential despite regulatory concerns.

Fixed income and commodities markets responded cautiously to Trump's initial policy moves. US Treasury yields declined by 10bps, reflecting relief that the administration had not yet enacted broad tariffs, though inflation concerns lingered. Gold prices approached previous highs, as investors sought safe-haven assets amid uncertainty over global trade relations and interest rate policy. Corporate bond spreads tightened, reflecting market confidence that Trump's pro-business agenda could support credit markets, even as fiscal policy uncertainty persisted.

While Trump's first weeks in office showcased a more structured and deliberate administration, significant challenges remain. The lack of immediate tariffs provided short-term market relief, but long-term trade policy remains a key risk factor. Investors are closely watching for signs of further deregulation, corporate tax policies, and Federal Reserve interactions as key determinants of future market stability. Inflation, labour market trends, and interest rate movements will continue to shape economic sentiment in the months ahead.

Ferdinand Meinersmann
Private Equity Division

Macro Overview
Economic Calendar

Economic and Political Events

G20 Finance Ministers Meeting
From the **24th** to the **25th** February, G20 Finance Ministers will convene to discuss global economic stability, inflation trends, and coordinated monetary policies. Key topics will include addressing supply chain disruptions and fostering sustainable growth.

Artificial Intelligence Action Summit
From the **6th** to the **11th** of February, France will host global leaders in politics and tech in the third edition of the AI Action Summit. Discussion will focus on public interest AI, future of work, innovation and culture, trust in AI and global AI governance.

Germany Federal Elections
Germany will hold snap federal elections on the **23rd** of February to elect the 630 members of the 21st Bundestag, following the collapse of the governing coalition in December. The election will likely reshape Germany's political landscape, affecting both domestic and EU policies.

Central Bank Decisions

Bank of England Interest Rate Decision
On the **6th** of January, the Bank of England cut interest rates by 25 bps to 4.50%, with all nine members of the Monetary Policy Committee voting to cut the benchmark interest rate and two members even backing a jumbo 50bps cut.

Reserve Bank of India Policy Outlook
India’s new central bank Governor, Sanjay Malhotra, is expected to kickstart a rate-easing cycle in his first policy meeting on the **7th** of February. Markets are anticipating the RBI to deliver a 25bps cut, bringing its key repo rate to 6.25% amid slowing growth.

Reserve Bank of Australia Policy Update
On the **18th** of February, the RBA will announce its latest interest rate decision. Economists are predicting a 25bps cut after the central bank retained its cash rate at 4.35% last month. Inflationary pressures have since eased as January’s YoY CPI reading fell by 40bps to 2.4%.

Inflation and Deflation

Update on Euro Zone Inflation
Annual inflation data for the Euro area was published on the **3rd** of February, revealing an uptick to 2.5% in January from 2.4% in December. Energy price rebounds and steady core inflation at 2.7% suggested persistent pressures as the ECB aims for its 2% target.

China Inflation Data
China’s inflation data, set for release on the **9th** of February, follows December's drop to 0.1%, the lowest level since March 2024. Market forecasts indicate a further decline to 0.0%. Despite stimulus efforts, deflation risks persist as weak demand is driving food prices down.

US Core Inflation in Focus
On the **12th** of February, the US will release its inflation data for January, following December’s mixed readings, which showed a 20bps rise in CPI to 2.9% and a 10bps decline in Core CPI to 3.2%. Key areas to monitor include shelter and transportation services.

Labour Market

US Job Openings
On the **7th** of February, the US Non-Farm Payrolls report for January will be released alongside the unemployment rate. The US economy is expecting an increase of 170,000 jobs, following December’s robust gain.

Germany Unemployment Rate
On the **28th** of February, Germany will release its unemployment statistics. Markets are expecting the unemployment change to increase to 15,000, from 11,000 in January.

UK Unemployment Rate
The UK unemployment rate for the 3-Month period ending in December will be published on the **18th** of February. Markets are forecasting a 10bps decline from the previous month’s reading to 4.3%.

Pascal Naumann
Financial Markets Division

Investment Banking

M&A
Overall Activity

Global

In January 2025, global M&A activity showed mixed dynamics across regions with aggregate deal volume decreasing by 9.16% YoY and the number of transactions decreasing by 5.59% YoY. The average transaction premium for January stood at 10.06%. This decline reflects ongoing uncertainty in global M&A activity, influenced by shifting fiscal policies, inflation trends, and trade dynamics. While some regions benefited from stable interest rates and economic resilience, others faced headwinds from slowing growth and policy adjustments. Nonetheless, January saw a substantial wave of several large-scale M&A transactions, with Johnson & Johnson's takeover offer of Intra-Cellular Therapies Inc and Clearwater Analytics' acquisition of Enfusion Inc. The private equity sector also saw significant activity, with large exits such as Constellation Energy Corp's acquisition of Calpine Corp from ECP, CPP Investments, and Access Industries as well as deals such as Macquarie Asset Management's acquisition of Aligned Data Centers.

Selected Regions

North America

North America's M&A market saw a 7.91% MoM increase in deal volume, reaching USD 154.5 bn. The increase came as the Federal Reserve held interest rates steady at 4.25%-4.50%, with uncertainty around tariffs, immigration, fiscal policy, and regulations potentially influencing deal activity after Trump moved back into the White House. January recorded a 14.13% MoM increase in deal count, reaching 1,777 deals.

EMEA

EMEA's M&A activity dropped significantly by 50.36% MoM to USD 34.4 bn, reflecting the economic struggles in Europe, with GDP contractions in France and Germany signalling weaker growth prospects. The ECB's fourth consecutive rate cut and the uncertainty surrounding new US trade policies have added to investor caution. This trajectory is underscored by a 22.18% MoM decrease in deal count, reaching 870 deals.

Asia

Asia's M&A market recorded the strongest decrease in activity among all regions, with deal volume dropping by 57.76% MoM to USD 37.4 bn. The decline followed rising risks in China including potential US tariffs of up to 60% on Chinese goods, despite its strong economic growth, and Japan's rate hike, which strengthened the yen and impacted deal-making. As a result, deal count decreased by 32.82% MoM to 1,355 deals.

M&A
Deals of the Month

Announced Date	Target	Buyer	Target Region	Target Business	Value[1] (USD m)	Premium (%)
10 Jan 25	Calpine Corp	Constellation Energy Corp	US	Energy	29,001.38	-
13 Jan 25	Intra-Cellular Therapies Inc	Johnson & Johnson	US	Healthcare	13,994.26	55.83
27 Jan 25	Beacon Roofing Supply Inc	QXO Inc	US	Distributor / Wholesale	11,328.38	15.74
27 Jan 25	Aspen Technology Inc	Emerson Electric Co	US	Technology	7,196.74	5.27
14 Jan 25	H&E Equipment Services Inc	United Rentals Inc	US	Industrials	5,117.10	85.65
06 Jan 25	Inari Medical Inc	Stryker Corp	US	Healthcare	4,604.72	48.05
07 Jan 25	Paycor HCM Inc	Paychex Inc	US	Technology	3,957.36	15.39
08 Jan 25	Infinite Reality Inc	MINDFLAIR PLC	US	Technology	3,000.00	-
02 Jan 25	Neoen SA	Brookfield Corp	FR	Energy	2,931.14	0.82
13 Jan 25	Enfusion Inc	Clearwater Analytics Holdings Inc	US	Technology	1,034.51	7.79

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

Lilly Baltruschat
Investment Banking Division

M&A: Top Deals

Johnson & Johnson to Acquire Intra-Cellular Therapies

On the 13th of January 2025, Johnson & Johnson (J&J) announced its acquisition of Intra-Cellular Therapies for USD 14.6 bn in an all-cash deal, valuing its target at USD 132.0 per share, representing a 39.10% premium over its last closing price of USD 94.87. The deal is expected to close in the second quarter of 2025, pending regulatory approvals and shareholder consent.

Buyer vs Seller

Both public companies have strong positions in the pharmaceutical and biotechnology sectors. J&J has a well-established presence in multiple therapeutic areas, including neuroscience, while Intra-Cellular Therapies is known for its expertise in central nervous system disorders. Before J&J's offer, there was speculation about interest from other pharmaceutical companies, but no formal bids emerged. J&J has been advised by Citigroup and Intra-Cellular Therapies by Centerview Partners and Jefferies.

Industry Overview

In 2025, the global pharmaceutical manufacturing market is projected to reach USD 632.7 bn. Growing at a CAGR of 7.41%, researchers estimate a size of USD 1,204.0 bn by 2033. This significant growth is mainly driven by advancements in biotechnology and an increasing demand for innovative therapies. Moreover, analysts anticipate that major contributions to this growth are made from companies focusing on personalised medicine and innovative treatments.

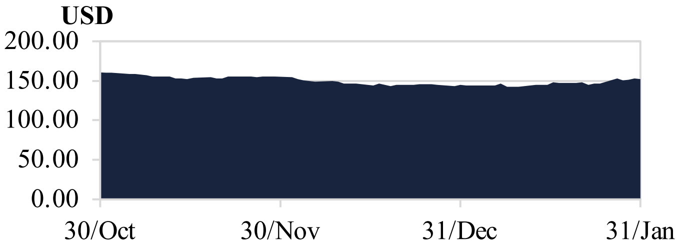
Peers	Currency	Market Cap (CUR bn)
Eli Lilly & Co	USD	769.35
Abbvie Inc	USD	336.00
Merck & Co Inc	USD	252.43
Pfizer Inc	USD	148.48
Bristol-Myers Squibb Co	USD	121.59

Deal Rationale

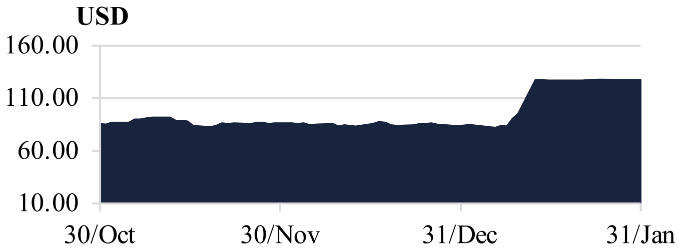
J&J's USD 14.6 bn acquisition strengthens its neuroscience portfolio, adding Intra-Cellular Therapies' Caplyta, a key treatment for schizophrenia and bipolar depression. In light of upcoming patent expirations, this acquisition not only diversifies J&J's revenue streams, with Caplyta projected to reach nearly USD 5.0 bn in peak sales, but also helps it secure a strong foothold in an increasingly competitive central nervous system (CNS) therapy landscape. Additionally, R&D synergies will accelerate drug development, boosting J&J's competitive edge in mental health treatments.

Market Reaction

Johnson & Johnson
Following the announcement, its stock remained stable with minimal intraday fluctuations and has since increased to USD 152.15 (+5.32%).



Intra-Cellular Therapies Inc.
Following the announcement, its stock surged to USD 127.19 (+34.07% to its last closing price), and since remained stable at USD 127.08.



Future Challenges

The acquisition faces regulatory scrutiny, which could delay the deal's completion. The high acquisition premium raises concerns about return on investment, especially as J&J relies heavily on Caplyta's future sales. Additionally, intense competition from Eli Lilly and Biogen in the CNS market could challenge J&J's growth ambitions.

Anna-Lena Rost
Investment Banking Division

M&A: Top Deals

Clearwater Analytics to Acquire Enfusion

On the 13th of January 2025, Clearwater Analytics announced their acquisition of Enfusion in a USD 1.5 bn deal that includes USD 30.0 m to terminate Enfusion's tax receivable agreement. Structured as a mix of cash and stock, Enfusion shareholders will receive USD 5.85 in cash and USD 5.40 in Clearwater stock per share. The acquisition is expected to close in Q2 2025.

Buyer vs Seller

Clearwater Analytics, a Software-as-a-Service provider automating more than USD 7.3 tn in assets, is acquiring Enfusion, which delivers front-office solutions to over 850 asset managers. Both operate in the investment management industry, occupying complementary front-to-back positions in the value chain. J.P. Morgan advised Clearwater Analytics, while Goldman Sachs served as exclusive financial advisor to Enfusion's Special Committee on the deal.

Industry Overview

The FinTech industry, which includes the investment management market, currently generates revenues of c. USD 245 bn and is expected to grow sixfold by 2030. The investment management market itself is expanding too, driven by AI, cloud technology, and increasing regulatory demands. Market volatility is amplifying the need for advanced risk management solutions, while major acquisitions signal a shift toward integrated, cloud-native platforms.

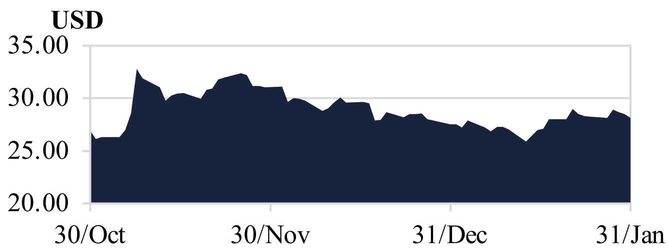
Peers	Currency	Market Cap (CUR bn)
Verint Systems Inc	USD	1,617.53
Amplitude Inc	USD	1,613.58
Viant Technology Inc	USD	1,454.80
Meridianlink Inc	USD	1,450.08
Quantum Computing Inc	USD	1,275.21

Deal Rationale

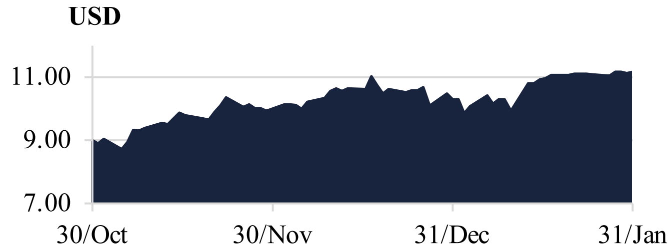
On the cost side, Clearwater Analytics expects USD 20.0 m in general and administrative cost savings over the first two and a half years, along with 400 basis points of Enfusion's Adjusted EBITDA margin expansion in each of the first two years post-close. Revenue synergies include cross-selling Enfusion's front-office solutions to Clearwater Analytics' existing middle- and back-office client base along with tapping newly added market segments like hedge funds and international regions. Combined, these factors should position the merged entity as a leading, cloud-native front-to-back solution provider.

Market Reaction

Clearwater Analytics
Clearwater Analytics' share price dropped from USD 27.03 before the announcement to USD 25.90, reflecting an approximate 4.18% decline.



Enfusion
Enfusion's stock price rose from USD 9.94 to USD 10.81 following the acquisition announcement, reflecting an 8.75% increase.



Future Challenges

The deal requires shareholder and regulatory approvals, with closing expected in Q2 2025. While it offers a unified front-to-back solution, consolidation risks include overlapping customers and integration complexities, which both parties plan to address through complementary offerings and careful integration.

Leandra Borsch
Investment Banking Division

What Happened To

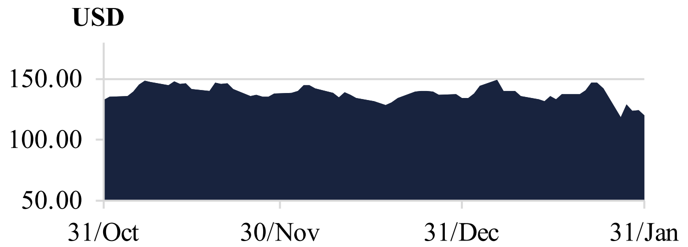
Nvidia Corporation

Nvidia is a US-based full-stack computing infrastructure company and a leading global manufacturer of high-end graphics processing units (GPUs). With c. 29,600 employees across 36 countries in 2024, Nvidia is a global leader in the sophisticated accelerated computing space, serving industries such as Artificial Intelligence, Automotive, Gaming, and more.

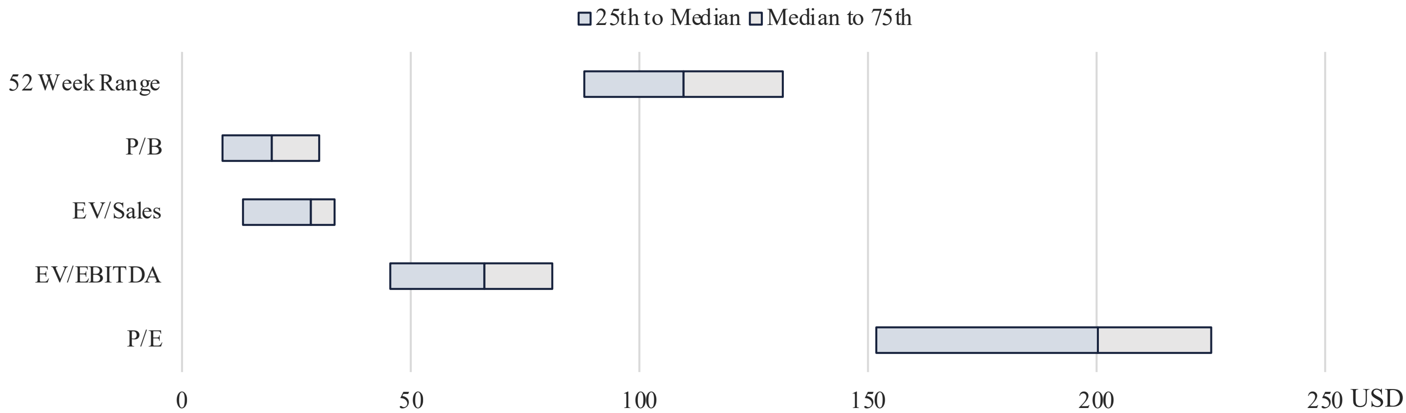
Corporate News

On Monday, the 27th of January 2025, Nvidia's stock plummeted by c. 17.0%, erasing nearly USD 600.0 bn in market capitalisation after the Chinese Artificial Intelligence company DeepSeek unveiled its R1 AI model, claiming performance on par with existing AI models at a fraction of the cost. DeepSeek reportedly trained its large-language model using only USD 5.6 m worth of Nvidia technology, rattling investor confidence in the future success of Nvidia as a key supplier to the soaring AI industry. Fears that US technology giants could adopt cost-saving strategies, similar to DeepSeek's, cast doubt on future chip sales, sending shockwaves through the industry. Despite the immediate market reaction, Nvidia is expected to maintain its leading position in the rapidly growing AI sector as it remains a key partner in major (AI-related) computing infrastructure projects across the globe.

Price (31 Jan 25, USD)	**120.07**
Target Price (USD)	175.00
3M Performance	-9.56%
Market Cap (USD m)	2,940,514.30
Enterprise Value (USD m)	2,912,252.30
**Target Price is for 12 months*	



Valuation Analysis



Nvidia previously benefitted strongly from the soaring demand in the AI sector, boosting its revenue from USD 26.9 bn in 2022 to USD 60.9 bn in 2024 and leading to significant gains in the company's share price in previous years. However, following the announcement of DeepSeek's new AI model, Nvidia's share price dropped by c. 17.0% to close at USD 118.58 on the 27th of January 2025, marking Nvidia's worst day on financial markets since the 16th of March 2020.

The sell-off, sparked by DeepSeek's announcement, rippled through the semiconductor sector, hitting AMD, Marvell, Broadcom, and TSMC, among others, and leading to a c. 3.1% decline of the Nasdaq, amid fears that newer-gen AI models could erode demand for premium chips. Overall, the US tech sector sank c. 5.6%, reflecting growing concerns about rising competitive pressures in the AI-related semiconductor market.

Peers	**Currency**	**Market Cap** (CUR m)
Broadcom Inc	USD	1,037,171.30
QUALCOMM Inc	USD	191,155.39
Advanced Micro Devices Inc	USD	188,164.51
Intel Corp	USD	84,131.90
Lattice Semiconductor Corp	USD	7,867.12

Simon Steinbrech
Investment Banking Division

NIC's View On

Market Shifts and Tech Boom: The Financial and Technological Impact of Trump's Policies

Tim Schröder
Investment Banking Division

"Financial deregulation, as some people are calling for in the United States, would be dangerous, including for the financial system itself."

– François Villeroy de Galhau, Governor, Bank of France

Donald Trump's election as the 47th US President has significantly impacted financial markets, with financial services and technology sectors expected to benefit most from his policies. In the financial sector, the administration's deregulation efforts aim to reduce compliance costs and increase operational flexibility for banks, fostering a more favourable business environment. Trump is expected to appoint industry-friendly regulators, potentially rolling back strict banking regulations. Key regulatory changes include suspending certain open banking policies and revising the Community Reinvestment Act. Additionally, a reduction in capital requirements may allow banks to allocate more resources to lending and investments, increasing liquidity in the market and stimulating economic activity. Trump's pro-growth policies position the financial sector as a key driver of economic expansion, with the administration engaging closely with industry leaders to ensure policies align with corporate interests and economic goals. Financial firms such as Goldman Sachs could see increased merger and acquisition activity as well as higher lending volumes leading to stronger earnings in the sector.

The technology sector also stands to benefit from deregulation and increased infrastructure investments as Trump's policies aim to remove barriers to innovation and technological expansion. Trump's executive order on artificial intelligence eliminates obstacles to AI development, positioning the US as a global leader in emerging technologies. A USD 500.0 bn initiative, known as the Stargate project, aims to fund AI infrastructure, including data centres, benefiting major players such as Microsoft and Nvidia. The administration has also streamlined approvals for AI-related energy projects, fast-tracking power plants to meet the growing energy demands of AI-driven businesses. Support for blockchain and cryptocurrency is another major policy shift, with an executive order promoting the responsible growth of digital assets, which could increase investment in blockchain-based applications and financial services. Firms such as Coinbase are expected to gain from Trump's support for digital assets and blockchain technology, potentially driving broader adoption of cryptocurrencies.

Trump has also emphasised strengthening US leadership in technology by prioritising innovation over regulation. Amazon is expected to benefit from relaxed regulations, while Microsoft and Nvidia may gain from increased AI investments. Apple could capitalise on corporate tax cuts and reduced compliance requirements, and Palantir Technologies may see increased government contracts due to its strong ties to the defence and intelligence sectors.

Overall, Trump's election signals substantial changes in both sectors. The financial sector is likely to grow through deregulation, increased capital allocation, and reduced compliance costs, while the technology sector is set for expansion through AI investment, infrastructure development, and increased digital innovation. Companies in these industries are expected to see significant benefits, making them attractive investment opportunities as the administration continues implementing pro-business policies, strengthening corporate growth and market confidence.

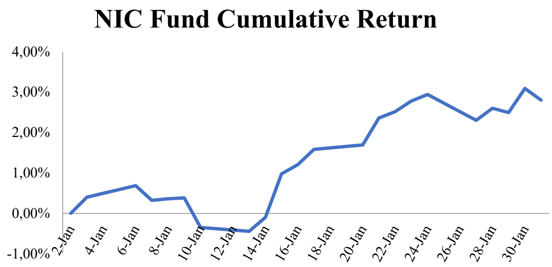
Date	Recent News
23 Jan 25	Support for comprehensive regulatory reform. ***Source:*** *mayerbrown.com*
22 Jan 25	USD 500 bn investment in Stargate, has been established to invest in AI development. ***Source:*** *Morningstar.co.uk*
20 Jan 25	Shift in tech policy by issuing several executive orders and directives. ***Source:*** *mayerbrown.com*

Tim Schröder
Investment Banking Division

NIC Fund

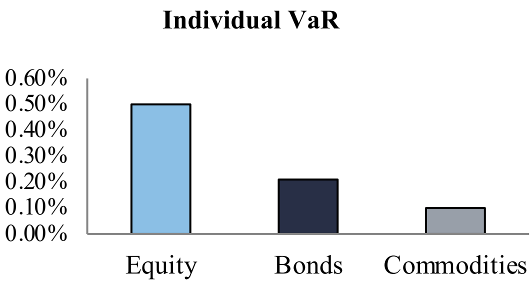
NIC Fund

Portfolio Overview



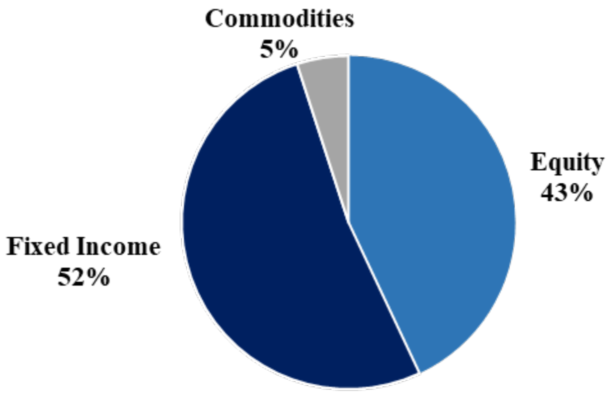
Portfolio Statistics	
Cumulative Return	2.88%
Annualized Return	34.56%
Daily St. Dev	0.55%
Period St. Dev	1.86%
Annualized St. Dev	6.43%
Info Sharpe	5.37
Skew (Daily)	-0.04

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



Portfolio Snapshot

During the last month, the NIC Fund remained invested in Equities, Fixed Income and Commodities. Specifically, 43% of our fund remained devoted to Equities, 52% to Fixed Income and 5% Commodities. Concerning the Equity allocation, 55% was devoted to indices, with the remainder allocated to individual stocks using an equally weighted strategy.
Regarding Commodities, over half was allocated to Gold via the Goldman Sachs Physical Gold ETF.



Return Metrics

This month's overall portfolio performance was positive, with a cumulative return of 2.88%. The best performance came from equities, contributing a positive return of 2.21%, while bonds also achieved a positive return of 0.54%. And commodities reported a marginally positive performance, contributing 0.13%.
The equity portfolio consisted of the MSCI World index fund among other ETFs and 33 individual stocks including Nvidia Corp. (NVDA US), MasterCard Inc. (MA US), Thermo Fisher Scientific Inc. (TMO US), Rolls-Royce Holdings plc. (RR/ LN) and CVS Health Corp. (CVS US). The top-performing stocks were Celestica and CVS Health Corp. with returns of 33.77% and 27.37%, respectively, while Nvidia Corp. recorded the poorest performance, returning -10.59%. The best-performing ETFs were the iShares S&P 500 Value ETF and the iShares MSCI World ETF, with returns of 2.77% and 3.32%, respectively.

Risk Metrics

In terms of risk, our portfolio registered a relatively low daily VaR of 0.55%. 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 0.50%. On the other hand, Bonds and Commodities exhibited markedly lower VaRs of 0.21% and 0.10% respectively.

Rosa Gutierrez Sandoval
Financial Markets Division

NIC Fund

Assets in Brief

Asset Class	Symbol	Comments
US Equity	**IBM**	IBM had its best day of trading on the 30th of January, with shares gaining as much as 14.09% intraday, reaching the highest level on record, after the IT services company reported Q4 results that beat expectations on key metrics, such as projected strong revenue growth in the new fiscal year and a jump in AI-related bookings.
US Equity	**RCL**	Royal Caribbean Cruises Ltd.'s shares climbed 12.00% on 28th of January after the company forecast FY adjusted earnings of USD 14.35 to USD 14.65 per share, largely above analysts' estimates of USD 14.41. The company now plans to expand its offerings with the launch of Celebrity River Cruises, a river cruise vacation that will begin taking bookings this year.
US Equity	**UPS**	United Parcel Service Inc. shares plunged 14.11% on 30th of January after the company projected annual revenue well below expectations, telling investors that a long-awaited rebound in demand for its parcel services won't arrive this year and prompting it to slash its low-margin business with Amazon.com Inc.
US Equity	**MA**	Mastercard reported a profit that exceeded Wall Street expectations on 30th of January, driven by robust consumer spending during the holiday season. The company's cross-border volume increased by 20%, benefiting from heightened travel and cryptocurrency purchases. The company also completed the USD 2.7 bn acquisition of threat intelligence firm Recorded Future, enhancing its capabilities in fraud prevention. Shares rose 5.48% MoM.
US Equity	**TMO**	Thermo Fisher Scientific's stock rose 6.78% on 30th of January, driven by strong Q4 earnings. The company reported a 5% YoY revenue increase to USD 11.4 bn and adjusted earnings per share of USD 6.10, both surpassing analysts' expectations. Since the addition to the portfolio on the 14th of November, the stock has experienced a positive return of 12.14%.
US Equity	**CVS**	CVS Health's stock experienced a significant increase in January, rising 25.82% MoM. This surge was part of a broader rebound in healthcare stocks, driven by the sector's attractive valuation and anticipated earnings growth. Additionally, advancements in affordable artificial intelligence technologies have enabled retailers like CVS to enhance customer service and operational efficiency, further boosting investor confidence.
US Equity	**CLS**	Celestica Inc. reported Q4 earnings per share of USD 1.11, surpassing expectations and leading to a 13.59% share price increase on the 30th of January. The company projected a positive outlook for 2025, anticipating earnings per share of USD 4.75 and revenues exceeding analyst estimates. Strategic expansions in the aerospace and defence sectors, advancements in AI and machine learning services, contributed to this optimism.
US Treasury Bonds	**SHY**	The SHY index rose by 0.38% in January, as the Federal Reserve's interest rate cuts since mid-September 2024 has heightened demand for short-term Treasury bonds. Investors are favouring these due to their lower interest rate volatility and stable returns in an environment of inflation concerns and long-term economic uncertainty. General risk aversion also played a role, as long-term bonds came under pressure due to lingering inflation risks.
Commodity	**XAU**	Gold prices surged 6.63% to record highs in January, closing the month on USD 2,798.41 per ounce. This increase was primarily driven by investor concerns over potential US tariffs under President Donald Trump's administration, leading to heightened demand for safe-haven assets. Additionally, geopolitical tensions and fears of a global economic slowdown further supported gold's upward trajectory.
Commodity	**DBC ETF**	The DBC Index, up 2.76% MoM, experienced increased volatility. Early-month gains driven by speculative enthusiasm and increased hedge fund positions were offset by oversupply in US and Canadian energy markets, a strong dollar hindering exports, and weak demand signalled by falling Chinese bond yields. Despite OPEC extending its production deal, markets largely ignored the move as US producers emerged as critical price drivers.

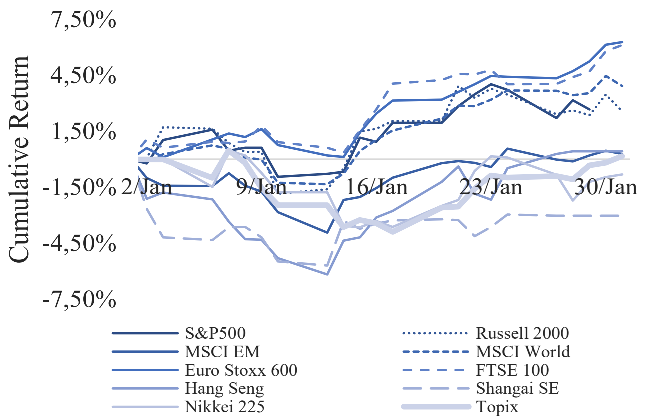
Rosa Gutierrez Sandoval
Financial Markets Division

NIC Fund

Equities

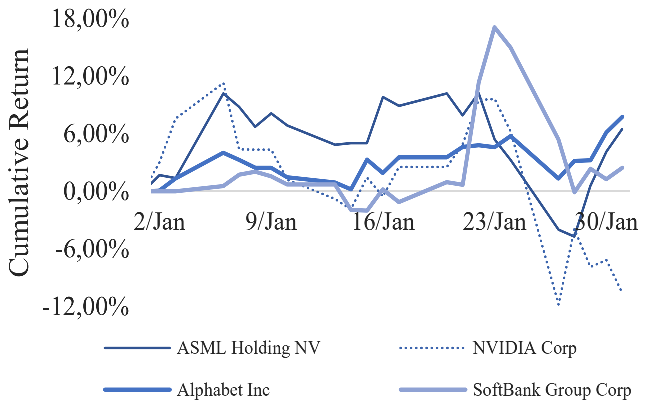
World Equities

Global equities rose in the first month of the year, with a positive return of 3.74% for MSCI ACWI (All Country World Index) in January. The Dow Jones exhibited the strongest gains out of the US benchmarks, exhibiting a monthly gain of 5.50%, reaching close to all-time highs at USD 44,882.13, driven by strong performance of Goldman Sachs and J.P. Morgan. The S&P reached all-time highs at USD 6,118.71 and ended the month slightly lower at USD 6,071.17 with a gain of 3.45%. The tech-heavy Nasdaq closed at USD 21,508.12 with a gain of 2.54%. For APAC, the indices outcomes varied. The Nikkei 225 remained flat closing at JPY 39,572.49 (MoM +0.13%), the Hang Seng closed at HKD 20,225.11 (MoM +3.07%) and the Shanghai Composite ended the month at CNY 3,817.08. Europe had its best month in two years, driven by strong earnings reports and speculation that the region can avoid US tariffs. The STOXX Europe 600 Index showed a strong increase of 5.99% MoM, closing at an all-time high of 541.36 and the UK's FTSE 100 Index advanced 6.19% closing at an all-time high of GBP 8,679.20



In Depth: DeepSeek spurs AI sell-off

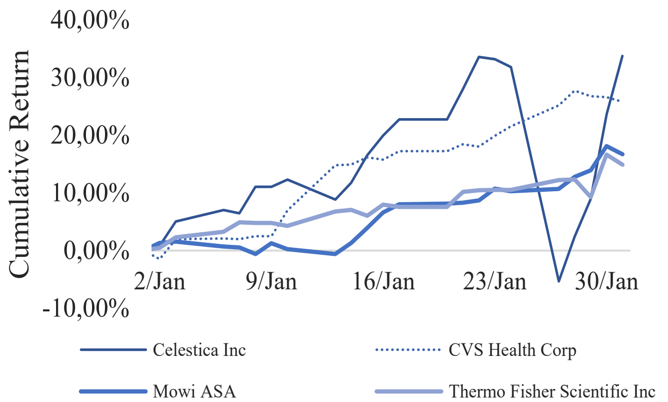
The emergence of Chinese artificial intelligence firm DeepSeek shook US tech giants' stocks on 27th of January, amid concerns that its low-cost AI model could disrupt industry dominance. DeepSeek claims its large language model was developed at a fraction of the cost of its rivals, including OpenAI, which relies more heavily on expensive Nvidia chips to train its systems. As a result, tech shares plunged, with Nvidia suffering a record one-day loss of 16.97%, erasing USD 589 bn in market value, the largest drop in Wall Street history. The S&P 500 declined 1.5%, weighed down by Nvidia's sharp fall. The shockwaves extended globally, with ASML dropping 7.00% and SoftBank sliding 8.34%. Microsoft slipped 2.14%, while Alphabet fell 4.03%, as investors grew concerned about whether US firms could sustain their dominance in AI.



Our Performance

In January, equities' contribution to the overall portfolio performance was positive, with a 2.21% cumulative return.

Celestica was the best performer in our portfolio, increasing 33.77%, driven by it's raised full-year outlook signalling strengthening demand in Connectivity and Cloud Solutions segment. CVS health increased by 27.37% recovering the large loss obtained in December, driven by Trump's plans to eliminate drug-industry middlemen. Equity performance was further boosted by Mowi, which saw a 17.26% increase MoM, and Thermo Fisher Scientific, which rose 14.90% in January.



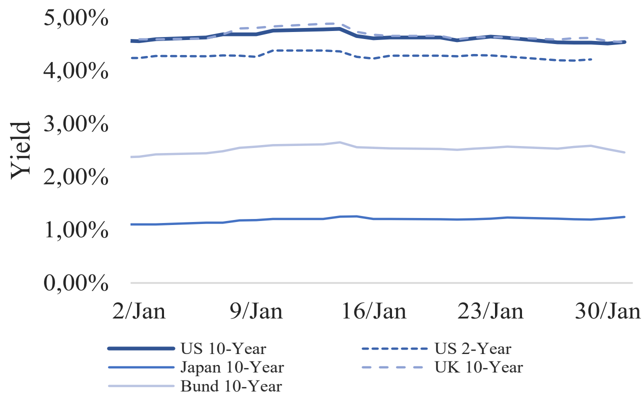
Peter Meszaros
Financial Markets Division

NIC Fund

Fixed Income

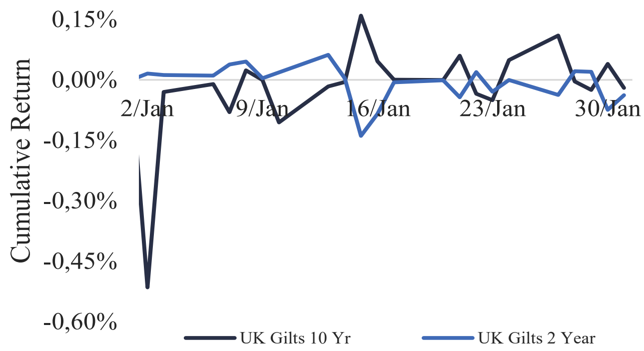
World Yields

Bond markets experienced notable volatility in January, with significant yield movements observed globally. The US 10-Year yield dropped by 0.66% MoM to close at 4.54%. However, yields peaked at 4.81%, following a stronger-than-expected Non-Farm Payrolls report and rising inflation expectations. Momentum reversed as core inflation data came in slightly softer than anticipated. The US 10-Year yield dropped 2.91% on the day of the release and continued to fall through the end of the month, reflecting an increase in market expectations that the Federal Reserve would cut interest rates further in 2025. The US 2-Year yield saw a larger decline of 1.05%, ending the month at 4.20%. The yield curve showed signs of flattening following the inflation reading but stabilised into month's end with the 10-Year minus 2-Year term spread ending January at 0.34pp. In Europe, the Bund 10-Year yield rose by 3.95% MoM, closing at 2.46%. The yield rose sharply early in the month, driven by higher-than-expected German and Eurozone preliminary inflation data alongside strong US economic figures, before dropping following softer US inflation data and remaining relatively stable for the remainder of the month. In Japan, the 10-Year yield surged 14.19% MoM ending January at 1.24%, as the Bank of Japan decided to raise short-term interest rates to a 17-Year high of 0.5%.



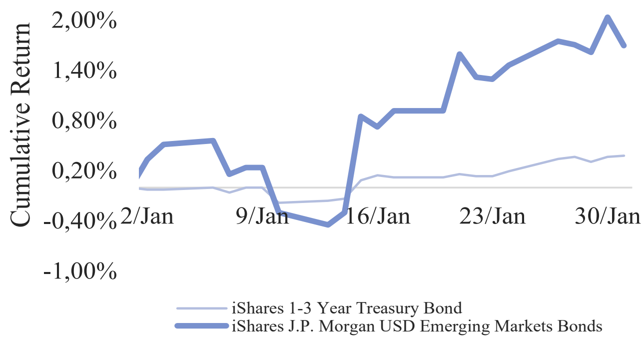
In Depth: UK Gilt Volatility

The UK bond market was thrown into turmoil in January, with the 10-Year yield rising to its highest level since 2008, reaching an intra-day peak of 4.92%, before stabilising to close the month at 4.54%, down 0.65% MoM. The sharp rise early in January provided indication that the market was struggling to absorb the UK's heightened borrowing needs following Chancellor Rachel Reeves' October Budget, with annual interest payments surpassing over GBP 100 bn, and raised concerns over the viability of Reeves' goal to balance day-to-day spending with tax receipts in 2029. Reeves was forced to shrug off calls for her resignation, insisting that her plans could deliver significant long-term benefits and attributing the bond market volatility to broader global economic uncertainty. Pressure on the market eased notably mid-month as Gilts experienced their best weekly performance since July, driven by a string of weak UK economic data, which fuelled bets of more aggressive rate cuts from the Bank of England. Gilts continued to rally with global bonds towards the end of the month, calming investor concerns.



Our Performance

Our benchmark fixed income fund, the SHY ETF, which tracks 1-3 Year US Treasury Bonds, performed reasonably well during January, earning a cumulative return of 0.38%. Additionally, the iShares JPMorgan USD Emerging Markets Bond ETF performed strongly, rising by 1.70% MoM.



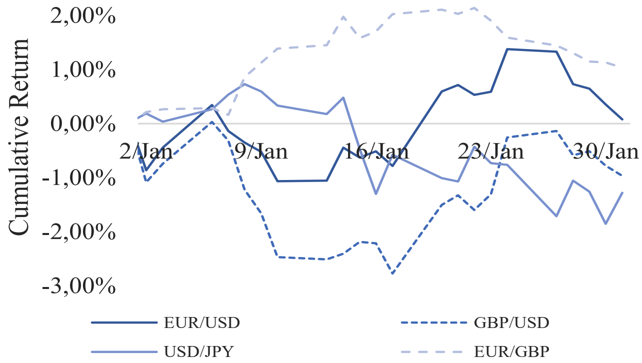
Adam Green
Financial Markets Division

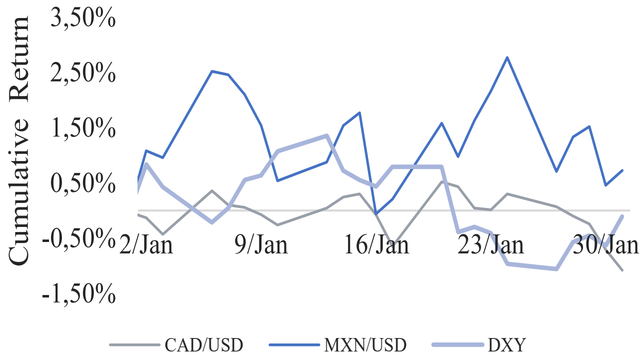
NIC Fund

Currencies

World Currencies

Major currency pairs experienced increased volatility in the first month of 2025, caused by a variety of economic and geopolitical factors. The EUR/USD pair declined, breaking below the 1.0200 level for the first time since November 2022, reaching a low of 1.0178 before rebounding slightly, ending the month flat on 1.0362. This depreciation was driven by concerns over potential US tariffs affecting the Eurozone, coupled with expectations of the European Central Bank cutting interest rates due to sluggish economic growth and cooling inflation. Similarly, the GBP/USD pair faced a decline, influenced by investor concerns about the UK's slowing economy, rising unemployment, and potential interest rate cuts by the Bank of England, closing the month at 1.2395. In contrast, the USD/JPY pair remained relatively stable, holding support around the 153.41-153.75 range. This stability was attributed to notable strength in both currencies with the Bank of Japan's tighter monetary policy comparing with the Federal Reserve's cautious stance, maintaining the interest rate differential and supporting the USD/JPY levels. The currency pair closed the month at 155.19. Meanwhile, the EUR/GBP pair saw fluctuations, with the euro initially strengthening against the pound before the pound recouped some losses. The euro's initial strength was due to concerns that US tariffs would impact Europe more than the UK. However, the pound recovered after indications that the UK might avoid such tariffs, providing support to the pound. The pair ended the month at 0.83604.





In Depth: CAD & MXN slide on Trump's Tariff Proposals

In January, both the Canadian dollar and the Mexican peso faced significant depreciation against the US dollar, primarily due to anticipated US tariffs and divergent monetary policies. The Canadian dollar reached a five-year low, trading between 1.4393 and 1.4436 per US dollar, influenced by uncertainties surrounding potential US tariffs on Canadian imports and a widening interest rate gap following a 25bps cut by the Bank of Canada. Similarly, the Mexican peso experienced increased volatility, with its implied single-week volatility reaching higher levels. The peso has tumbled more than 1% against the US dollar on at least seven occasions since Trump's election win last year. The cause for this heightened volatility was driven by concerns over impending US tariffs aimed at addressing immigration and drug trafficking issues.

Our Performance

We currently hold no currency related assets in our portfolio.

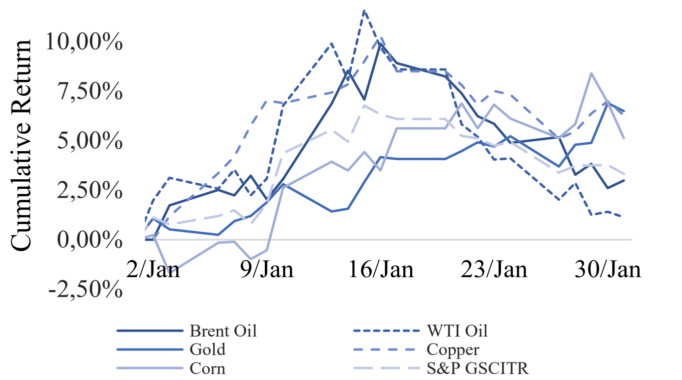
Benjamin Lonnen
Financial Markets Division

NIC Fund

Commodities

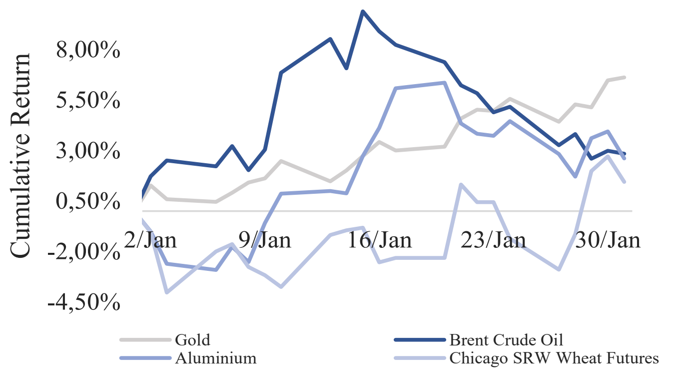
January Round-Up

In January, commodity markets experienced increased volatility. Brent and WTI crude oil prices initially rallied, propelled by intensified US sanctions on Iran and Russia, as well as a severe cold snap in North America, pushing Brent futures above USD 80 per barrel. However, prices later faced downward pressure due to concerns over potential US tariffs on Canada and Mexico, leading to a 1.30% weekly decline for Brent and a 1.69% drop for WTI. Brent finished up 1.37% on the month, closing out at USD 76.76 and WTI was up 2.86%, closing at USD 72.53. Gold prices surged to record levels, reaching approximately USD 2,846 per ounce, as investors sought safe-haven assets amid escalating tariff tensions and geopolitical uncertainties. Copper also saw gains, driven by increased demand and supply constraints. In the agricultural sector, corn prices advanced, contributing to the overall strength in commodities. The S&P GSCI Total Return Index, a benchmark tracking the performance of commodity markets, increased by approximately 3.32% during the month, reflecting broad-based gains led by precious metals and agricultural products.



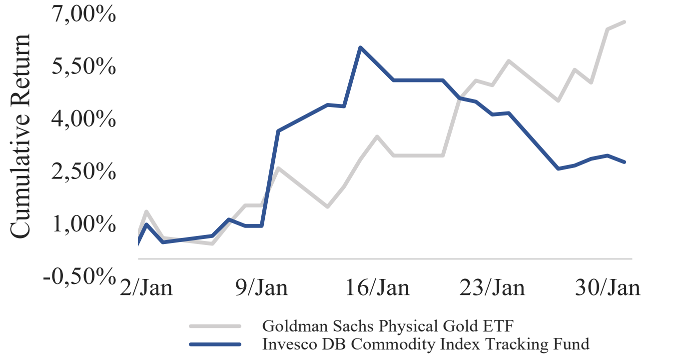
Outlook for February

In February, commodity markets are expected to navigate a complex landscape shaped by geopolitical tensions, policy shifts, and supply-demand dynamics. Energy commodities, particularly crude oil, may experience price volatility due to recent US tariffs in China, Canada, and Mexico, which could dampen global demand. This however, coupled with ongoing sanctions on Iran and Russia, might be offset by supply constraints. Precious metals like gold are anticipated to maintain their upward trajectory, driven by safe-haven demand amid economic uncertainties and a stronger US dollar. Base metals, especially aluminium, are projected to perform strongly, with analysts forecasting a 6.3% rise in average cash prices, supported by anticipated supply constraints, particularly in China's smelting capacity. In the agricultural sector, warmer-than-average temperatures in key regions like India pose risks to wheat and rapeseed crops, potentially leading to reduced yields and increased import needs. Overall, commodity markets are poised for a volatile month.



Our Performance

Our commodities benchmark fund, the Invesco DB Commodity Index, experienced an increase of 2.76%. In addition, the Goldman Sachs Physical Gold ETF recorded a strong performance of 6.77% in January 2025.



Benjamin Lonnen
Financial Markets Division

Private Equity

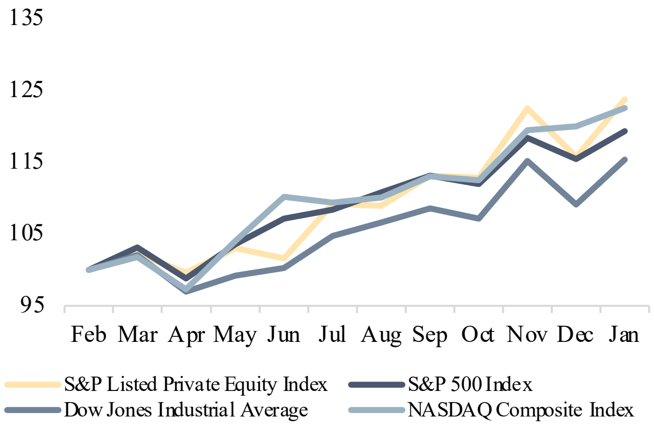
Transactions & Investments

Overall Activity

Global

At a Glance

In January 2025, global private equity deal value reached USD 1.1 bn, lower than in any previous 12 months. Nevertheless, the S&P Listed Private Equity Index posted a 6.91% return in 2024, underperforming NASDAQ Composite, S&P 500 and Dow Jones by 2.11pp, 3.39pp and 5.74pp, respectively. This may reflect the positive market sentiment over private equity firms. Such trend stays in accordance with the likely increase in IPO activity as funds may seek to realise the potential value achieved following the US elections, implying tax cuts and deregulation.



Selected Regions

North America

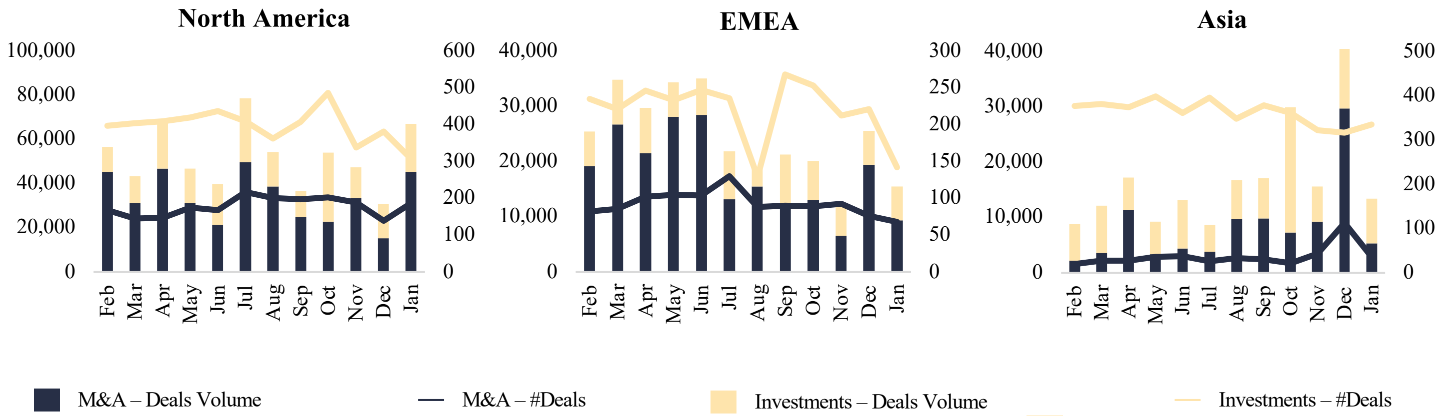
In January 2025, the North American private equity M&A deals accounted for USD 4.5 bn or 81.33% of the global deal volume. Compared to December, the deal volume tripled, while the number of deals decreased by 75. Overall, in January, there were more large-scale M&A deals than in the previous month. PE investments increased less dramatically to USD 24.4 bn, with the majority of investments coming from the Technology sector (USD 10.08 bn or 41.23%).

EMEA

Private equity M&A deal volume in EMEA reached USD 6.7 bn in January, significantly decreasing compared to December. This indicator showed significant volatility over the previous four months. The main activity was driven primarily by Real Estate (USD 1.3 bn) and Communications (USD 1.0 bn) sectors. PE investments in the EMEA region reached about USD 7.3 bn, increasing by 18.32% MoM, with Belgium, Germany, and the UK accounting for the highest volume.

Asia

Private equity deal volume in Asia plummeted from the highest value in 2024 achieved last month, accounting for USD 3.7 bn. China, Saudi Arabia, and India were the dominant markets, accounting for 73.89% of all deal activity in the region. The primary focus area was the Technology (32.32%) and Consumer Staples (27.17%) sectors. Investments in the region also decreased notably, reaching a total volume of USD 8.1 bn this month, while the number of deals increased from 317 to 326.



Note: Summary of announced transactions.

Alexander Savinskiy
Private Equity Division

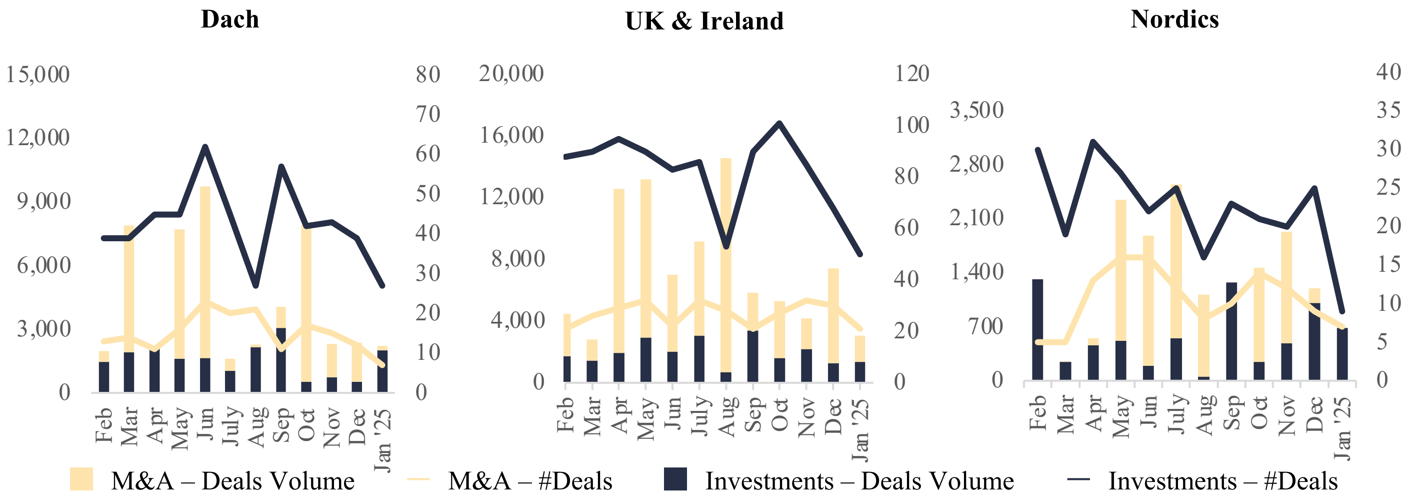
Transactions & Investments

Europe Focus

Overall European Activity

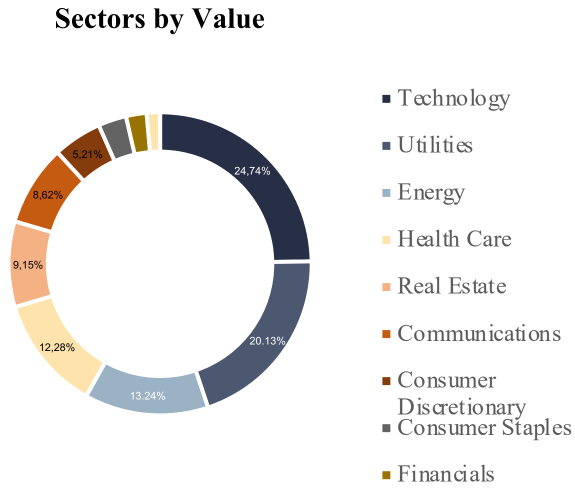
In January, the European private equity market recorded 121 transactions, below the 2024 monthly average of 313 deals. The total deal volume in Europe reached USD 6.0 bn, below the 2024 monthly average of USD 24.0 bn. Globally, there were 1,077 deals with a combined value of USD 96.0 bn, showing a decrease in deal value when compared to December 2024. In 2024, Europe accounted for approximately 25.16% of global private equity deal volume; however, in January 2025, the region contributed only about 6.19% of the global volume, signalling a significant underperformance relative to the usual trend.
This difference suggests that Europe continues to face unique challenges this month, potentially influenced by persistent macroeconomic uncertainty and geopolitical headwinds. Despite these obstacles, certain areas remained active. For instance, in the top 15 largest deals taken in January, four were within the technology sector and three in both energy and healthcare indicating high interest of private equity firms in companies this sector.
The largest energy transaction of the month was the cash investment made by Antin Infrastructure and Brookfield in Origis Energy, an international player in the renewable energy sector, which has demonstrated a focused investment approach, selectively targeting specific regions and industries. This cautious strategy reflects the broader sentiment among private equity investors navigating the European market, as many continue to wait for more favorable conditions.

Selected European Regions



Europe by Sectors

In January, private equity activity in Europe spanned multiple sectors. The technology sector accounted for the highest deal value (24.74%) among the different sectors, with USD 3.6 bn. A key highlight in this sector was Carlyle’s investment in YourWorld BV of USD 834.2 m. The biggest deal this month was the company takeover of NEOEN by Brookfield for USD 2.9 bn, highlighting the growing interest in the utility market. Another notable deal in the communication sector was the acquisition of Kantar Group by H.I.G. Capital for ca. USD 1 bn. This acquisition demonstrated the high interest of investors in the communication sector, as it is a critical asset for the economy.



Lorenzo Maria Lucicesare
Private Equity Division

Transactions & Investments : Top Deals

Deals & Transactions

BainCapital
Acquiring
Jamco
USD 0.4 bn

On the 14th of January, Bain Capital announced a tender offer for Jamco Corporation, a leading Japanese aircraft interior manufacturer. Pending approval, the offer will begin in February and conclude within 20 business days, leading to Jamco's delisting by mid-2025. The deal aims to enhance financial stability and accelerate reforms.

H.I.G. Capital
Acquiring
KANTAR
USD 1.0 bn

Kantar Group announced the proposed USD 1.0 bn sale of Kantar Media to H.I.G. Capital on the 21st of January. The deal aims to accelerate Kantar Media's growth and innovation in media measurement and analytics. CEO Patrick Béhar will continue to lead the company through this next phase.

DCP
Acquiring
SUN ART Retail Group Limited
USD 0.5 bn

On the 1st of January, DCP Capital announced the acquisition of a 78.7% stake in Sun Art Retail Group from Alibaba. Following the acquisition, DCP will launch a mandatory cash offer for the remaining shares. Sun Art operates brick-and-mortar and online stores under brands like RT-Mart across 200+ cities in China.

Everstone Capital
Acquiring
Wingify
USD 0.3 bn

Everstone Capital acquired a majority stake in Wingify, the provider of SaaS marketing technology product VWO, on the 24th of January. The investment aims to accelerate VWO's innovation and global expansion, reinforcing Everstone's focus on SaaS and marketing technology in India and Southeast Asia.

BC Partners
Acquiring
GFL
USD 4.3 bn

GFL Environmental Inc. announced the sale of its Environmental Services business to Apollo and BC Partners on the 6th of January. GFL will retain a 44% stake with an option to repurchase within five years and expects USD 6.2 bn in net cash proceeds. The deal, set to close in Q1 2025, marks a key step in reducing debt leverage.

KKR
Acquiring
Henry Schein
USD 1.2 bn

On the 29th of January, KKR increased its stake in Henry Schein to 12.0%, with the option to acquire up to 14.9% through future purchases. KKR executives Max Lin and William K. Daniel will join the board as independent directors. The investment aims to drive operational improvements, and capital allocation efficiency.

Theresa Christina Noecker
Private Equity Division

Transactions & Investments: Deep Dive

Macquarie Asset Management Acquired Stake in Aligned Data Centers

Macquarie, alongside other unnamed investors, invested c. USD 5 bn in Aligned Data Centers, a data center infrastructure technology company, on the 15th of January. Additionally, Aligned Data Centers raised c. USD 7 bn in new debt commitments to accelerate the development of over 5 gigawatts of planned future capacity to meet the demand for AI-ready infrastructure.

Buyer vs Target

Macquarie Asset Management is a global investment firm managing a diverse portfolio across infrastructure, real estate, private credit, equities, and fixed income, with a strong focus on sustainable and long-term value creation. Aligned Data Centers is a leading provider of scalable, sustainable, and AI-ready data center solutions, designed to support hyperscale and enterprise customers with high-density, energy-efficient infrastructure.

Industry Overview

The AI-ready data center industry is experiencing rapid growth, driven by the increasing demand for high-performance computing to support AI workloads. These data centers require high-density compute capabilities, advanced cooling solutions such as liquid and immersion cooling, and scalable, energy-efficient designs. Hyperscalers like AWS, Microsoft, and Google, along with data center providers such as Aligned Data Centers and Digital Realty, are investing heavily in AI infrastructure. The market is also seeing significant institutional investments and strategic partnerships between AI chip manufacturers (e.g., Nvidia, AMD) and data center operators.
As AI adoption accelerates, the industry will continue evolving with innovations in quantum computing, workload optimisation, and sustainable energy solutions. The global AI data center market was valued at approximately USD 14.3 bn in 2024 and is projected to reach USD 157.3 bn by 2034, growing at a compound annual growth rate (CAGR) of 27.1% during this period.

Date	Buyer	Target	Currency	Total Value (m)
05/09/2024	Blackstone & CPP	AitTrunk	USD	16,100
19/08/2024	AMD	ZT Systems	USD	4,900
09/03/2024	Digital Reality	Interxion	USD	8,400
09/01/2024	Equinix	Bell Canada	USD	1,800

Deal Rationale

Macquarie's investment in Aligned Data Centers is driven by the accelerating demand for AI-ready, high-performance, and sustainable data center infrastructure. As AI adoption grows exponentially, hyperscalers and enterprises require scalable, high-density solutions capable of supporting power-intensive workloads. Aligned's focus on liquid cooling, modular scalability, and renewable energy integration positions it as a strategic asset in this evolving market. The investment provides Aligned with over USD 12 bn in capital, enabling it to expand its footprint with more than 5 gigawatts of planned future capacity across the Americas. This aligns with Macquarie's broader strategy to invest in mission-critical digital infrastructure that supports long-term technological advancement and sustainability trends. By strengthening Aligned's ability to deliver energy-efficient and AI-optimised data centers, Macquarie is positioning itself at the forefront of the booming data center market, while reinforcing its commitment to responsible investing and long-term value creation. The deal also reflects the growing role of institutional capital in shaping the next generation of digital infrastructure.

Future Challenges

The AI-ready data center industry faces several challenges, including skyrocketing power consumption, the need for advanced cooling solutions, and infrastructure scalability constraints as AI adoption surges. Supply chain issues, particularly in AI hardware like GPUs, pose risks, while sustainability concerns and stricter environmental regulations demand greater energy efficiency and carbon reduction efforts. Cybersecurity threats are also increasing as AI applications handle massive amounts of sensitive data. Additionally, rising costs, economic uncertainties, and geopolitical risks could impact investment and expansion. Despite these hurdles, continuous innovation, partnerships, and regulatory adaptation will be key to sustaining the industry's rapid growth.

Felix Schappacher
Private Equity Division

Transactions & Investments: Deep Dive

Constellation Energy to Acquire Calpine Corporation

On January 10, Constellation Energy announced its USD 16.4 bn cash-and-stock acquisition of Calpine Corporation, valuing the transaction at USD 26.6 bn. The deal, a major exit for former owners ECP, CPP Investments, and Access Industries, combines Constellation's nuclear assets with Calpine's natural gas and geothermal capabilities, forming a leading US clean energy provider.

Buyer vs Target

Constellation Energy, headquartered in Baltimore, Maryland, is the largest US producer of 24/7 emissions-free electricity, primarily through its nuclear fleet, serving around 2 m customers nationwide. Calpine Corporation, based in Houston, Texas, is the largest US producer of energy from low-emission natural gas and geothermal resources, with a portfolio of 27 gigawatts of natural gas-fired and geothermal generation capacity.

Industry Overview

The energy sector is transforming, driven by decarbonisation efforts, advancing technologies, and shifting consumer preferences. US policies like the Inflation Reduction Act and renewable standards are accelerating the shift to cleaner energy and grid modernisation, reducing fossil fuel reliance. Growing energy demand, paired with advancements in solar, wind, and battery storage, is increasing renewables' share in the energy mix. Rising consumer awareness and corporate sustainability commitments further fuel this transition. Natural gas and geothermal power, central to Calpine's portfolio, provide essential grid stability, while Constellation's nuclear assets offer large-scale, emissions-free energy to complement renewables.
The merger creates a leader in clean energy, combining diverse low-carbon assets to meet growing demand and expand in high-growth markets like Texas and California. It sets a benchmark for partnerships that balance sustainability goals with energy reliability and affordability

Date	Buyer	Target	Currency	Total Value (m)
22/11/2024	ConocoPhillips	Marathon Oil	USD	22,500
28/05/2024	Energy Capital Partners	Atlantica Sustainable Infrastracture	USD	2,560
03/05/2024	Exxon Mobil Corporation	Pioneer Natural Resources	USD	60,000
23/10/2023	Chevron Corporation	Hess Corporation	USD	53,000

Deal Rationale

The merger between Constellation Energy and Calpine combines two complementary energy providers to meet growing demand for clean, reliable, and affordable energy. By integrating Constellation's emissions-free nuclear portfolio with Calpine's low-carbon natural gas and geothermal assets, the deal creates a balanced energy mix that supports grid reliability and the energy transition. This combination positions the merged entity to provide consistent, sustainable energy while addressing challenges such as renewable intermittency and peak demand. The transaction is expected to generate over USD 800 m in annual cost savings through operational efficiencies and enhanced financial flexibility, enabling investments in technologies like battery storage and offshore wind. Additionally, the merger provides a competitive edge through expanded geographic reach, particularly in high-growth markets such as Texas and California, regions at the forefront of renewable energy adoption and grid modernisation. By combining strengths, the deal not only advances decarbonisation efforts but also ensures long-term energy affordability and reliability, setting a benchmark for future strategic partnerships in the energy sector.

Future Challenges

The transaction is subject to regulatory approvals, including clearance from the Federal Energy Regulatory Commission, the Public Utility Commission of Texas, and other agencies. To address potential market power concerns, Calpine has committed to divesting approximately 3.5 gigawatts of generation capacity in the PJM Interconnection region. The companies expect the transaction to close within 12 months, pending these approvals.

Selamawit Asegid
Private Equity Division

Thank you!

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

Our team:

Investment Banking Division
Simon Steinbrech
Tim Schröder
Lilly Baltruschat
Leandra Borsch
Anna-Lena Rost

Financial Markets Division
Benjamin Lonnen
Peter Meszaros
Adam Green
Rosa Gutierrez Sandoval
Pascal Naumann

Private Equity Division
Selamawit Asegid
Ferdinand Meinersmann
Lorenzo Maria Lucicesare
Alexander Savinskiy
Theresa Christina Noecker
Felix Schappacher

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