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Regional Market Insights

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AMERICA

Stellantis Announces Over $5 Billion Investment in US Manufacturing

Sources : Les Echos, Financial Times (22/01/2025)

Stellantis, the automaker giant encompassing Fiat, Peugeot, Opel, and Chrysler, is planning a significant investment of more than $5 billion in the United States. This announcement comes just days after the company's chairman, John Elkann, met with the recently inaugurated president Trump.

President Trump has previously threatened a global trade war, potentially causing major disruptions to complex automotive supply chains. This comes at a time when established carmakers face challenges from both new Chinese competitors and sluggish electric vehicle sales in Europe.

Specific plans within the US investment strategy include a **$1.2 billion** injection into the Belvidere assembly plant in Illinois. This investment, according to a statement from senators Dick Durbin and Tammy Duckworth, is expected to support **1,500 jobs** and facilitate the production of a new mid-size pick-up truck.

Stellantis is also directing investments towards its Detroit, Michigan plant for a new Dodge car, the Toledo, Ohio facility producing Jeep trucks, and the Kokomo, Indiana engine manufacturing site.

Shawn Fain, president of the United Auto Workers, expressed his approval for these plans. He stated they align with previous commitments made to the union, which were later reversed by former CEO Carlos Tavares, who resigned after disagreements with the company's board. Fain further emphasized the importance of worker solidarity in holding large corporations accountable.

A recent report by the credit rating agency identified Stellantis, Volkswagen, and Volvo Cars as the European automakers most **exposed to potential tariffs** from the new administration.

GE Aerospace Predicts Double-Digit Profit Growth in 2025

Source : Financial Times (23/01/2025)

GE Aerospace, a leading manufacturer of jet engines, forecasts a strong year ahead with anticipated double-digit profit growth in 2025. This positive outlook stems from the company's success in capitalizing on the high demand for its services and spare parts.

GE Aerospace emerged as a standalone company last year following the separation of General Electric. According to CEO Larry Culp, the company's performance in its first year has been remarkable, boasting a **$1.7 billion increase in profit** and a $1.3 billion growth in free cash flow.
The global shortage of new aircraft has compelled airlines to extend the lifespan of their existing fleets, driving demand for maintenance and parts. GE Aerospace, alongside Rolls-Royce, Pratt & Whitney, and Safran, is one of the world's top four jet engine makers.

The company surpassed Wall Street's expectations in the fourth quarter, leading to a **8% surge in its share price** on 23 January. For 2025, GE Aerospace projects adjusted earnings per share to range between $5.10 and $5.45, reflecting an increase from $4.60 in 2024.

Similar to other jet engine manufacturers, GE Aerospace is benefiting from the limited availability of new aircraft. The company typically offers discounts on the initial purchase of their engines but generates substantial revenue throughout the engine's lifespan via lucrative, long-term service contracts.

Venture Global's IPO Falters Amidst Valuation Concerns

Source : Financial Times (24/01/2025)

Venture Global LNG's Wall Street debut has been met with a lukewarm reception, as shares dipped as much as 5% below the listing price before a slight recovery.

The US energy group, which initially pursued an ambitious $110 billion valuation—surpassing even BP's market capitalization—was ultimately forced to scale back its ambitions after facing significant investor pushback. The company ultimately listed at just over **$60 billion**.

The initial trading day saw Venture Global's **shares fall to $23.76** before stabilizing around $24. This performance is a stark contrast to the average 14% first-day jump seen in IPOs last year for companies valued at $50 million or more. Despite raising $1.75 billion in its initial public offering, the company faced considerable scepticism regarding its initially proposed valuation.

Investors resisted Venture Global's aggressive pricing strategy, with some labelling it an outlier within the industry. One potential investor even described the company's pricing tactics as "**gaslighting**," accusing bankers of dismissing valuation concerns.

Strategically, Venture Global has positioned itself as an industry disruptor, pioneering modular LNG construction. This approach streamlines the process through off-site prefabrication, reducing costs and accelerating project timelines. Unlike traditional LNG giants who rely on long-term supply contracts, Venture Global operates with a more unconventional financing and development model.
Despite the rocky start to its public trading, CEO Mike Sabel maintains that the listing was an "extremely successful raise."

JPMorgan CEO Jamie Dimon Sees Pay Rise to $39 Million

Sources : Financial Times, JPMorgan (24/01/2025)

JPMorgan Chase awarded its longtime CEO Jamie Dimon an 8% increase in compensation for 2024, bringing his total package to $39 million. This marks the highest payout Dimon has received during his tenure at the bank.

This significant raise comes on the heels of a record-breaking year for JPMorgan. The bank's trading and investment banking units delivered exceptional performance in the fourth quarter, contributing to a **41% increase in the bank's share price** throughout 2024, mirroring the positive performance of other major lenders.

Dimon's compensation structure for 2024 included a $1.5 million base salary, a $5 million cash bonus, with the remaining sum awarded in restricted stock. This $39 million figure matches the compensation received by Goldman Sachs CEO David Solomon, who saw a steeper **raise of 26%**.

The Wall Street giant also extended double-digit pay increases to other senior executives for their 2024 performance : Jennifer Piepszak, recently appointed as JPMorgan's chief operating officer, received a 16% increase, bringing her total compensation to $21.5 million. Daniel Pinto, whom Piepszak is replacing as COO, saw a 5% rise to $31.5 million. Marianne Lake, head of JPMorgan's retail bank, received $21.5 million. Doug Petno, co-head of JPMorgan's commercial and investment bank was awarded $20 million for 2024.

Citigroup’s Head of Private Banking Resigns Amid Wealth Division Restructuring

Source : Financial Times (27/01/2025)

Ida Liu, Citigroup's global head of private banking, has resigned, marking another high-profile departure of a female executive from the bank.

Liu's exit raises concerns about the future of Citi's wealth management division, a key area of focus for CEO Jane Fraser, and underscores ongoing challenges regarding gender diversity at the highest levels of the bank.

Liu, a prominent female leader at Citi, did not disclose her future plans in her LinkedIn announcement. Notably, **Liu's position is being eliminated** as part of a restructuring effort, with her responsibilities distributed among four newly appointed regional managers overseeing both private banking and asset management.

This restructuring comes as Citi faces **scrutiny over gender representation** in its leadership ranks. Following Liu's departure, all five of Citi's major business units are now led by men. Fraser's 18-member executive team includes only two other women. Recent years have seen the departure of other senior female executives, including Titi Cole, former global head of restructuring, and Karen Peetz, former chief operating officer. Of the four executives recently promoted within the wealth division, only one, Cayman Wills, is female.

HSBC to Scale Back Investment Banking Operations in Europe and Americas

Sources : Reuters, Financial Times, The Times (28/01/2025)

HSBC announced plans to close its equity capital markets (ECM) and mergers and acquisitions (M&A) advisory operations in Europe and the Americas.

This strategic shift aligns with CEO Georges Elhedery's wider **restructuring plan** aimed at simplifying the bank's structure and boosting efficiency and aims to refocus the bank's efforts on its core markets in Asia and the Middle East. HSBC will retain its debt capital markets, leveraged finance, real asset finance, and infrastructure finance operations in these regions as they boast a larger scale and allow for better competition, but the decision is expected to result in job reductions in London and New York and may prompt UK-based clients to seek **alternative brokers**.

This announcement comes amidst a broader restructuring effort by Elhedery, which involves splitting the bank into eastern and western units. The eastern unit will encompass the commercial bank and the global banking and markets business, which includes the remaining investment banking activities. Cost reduction is another key objective of the restructuring plan. The bank has already seen departures from senior leadership positions, including the head of global private banking and wealth management and the group sustainability officer.

The move comes as HSBC prepares for a **potential decline in profits** due to falling interest rates. The bank is also searching for a new chair as Mark Tucker's term nears its end.

CEO Departures Reach Record High, Driven by Activists and AI Disruption

Sources : Financial Times, Russell Reynolds Associates (29/01/2025)

A record number of chief executives at the world's largest publicly traded companies stepped down from their roles in 2024, according to a report by Russell Reynolds Associates.

A total of **202 CEOs departed**, reportedly fuelled by a combination of factors, including increased pressure from activist investors and the rapid pace of disruption within the technology sector, particularly related to artificial intelligence.

Activist investor pressure played a significant role in the high turnover rate. A striking 43 CEOs departed within 36 months of taking office, the highest number since 2018. Shareholders actively pushed for leadership changes at underperforming companies such as HSBC, where CEO Noel Quinn retired following tensions with major shareholder Ping An.

The technology sector experienced the highest CEO turnover across all industries, largely due to the transformative impact of AI. A total of 40 tech CEOs left their positions, a dramatic 90% increase from 2023. High-profile exits included Pat Gelsinger, who stepped down as Intel CEO amidst investor dissatisfaction with his turnaround strategy.

Regionally, S&P 500 companies led the trend in CEO departures, with **58 exits** in 2024, a 21% jump from 2023. Conversely, the FTSE 100 saw a decrease in CEO exits, with only 12 departures, a 14% drop, likely reflecting economic uncertainty that made companies hesitant to change leadership.

Meta's AI Gamble Pays Off: Q4 Earnings Beat Expectations

Source : Financial Times (29/01/2025)

Meta has delivered a strong fourth-quarter performance for 2024, exceeding both sales and profit forecasts. The results underscore the effectiveness of Mark Zuckerberg's strategic shift towards artificial intelligence as a primary driver of growth.

The company reported revenue of **$48.4 billion**, a 21% year-over-year increase, surpassing analyst estimates of $47 billion. Net income also significantly outperformed expectations, reaching **$20.8 billion,** a 50% jump compared to the previous year and well above the anticipated $17.5 billion.

Meta's significant investments in AI appear to be yielding substantial returns. The company has strategically leveraged AI to enhance several key areas of its business, including improving content recommendations within its social media feeds, refining **ad targeting capabilities** for advertisers, and developing open-source AI models and chatbots.

Looking ahead to 2025, Zuckerberg expressed optimism about the company's continued progress in AI, augmented reality glasses, and the evolving landscape of social media. "We continue to make good progress on AI, glasses, and the future of social media," he stated, hinting at further scaling and innovation in the coming year.

Tesla's Q4 Results Disappoint, But Musk Focuses on Robots and "Cybercabs"

Source : Financial Times (30/01/2025)

Tesla's fourth-quarter results for 2024 fell short of expectations, revealing the company's first annual decline in electric vehicle sales in over a decade.

Tesla's fourth-quarter adjusted net income rose 3% to **$2.5 billion**, falling short of analysts' expectations. Revenue increased 2% to **$25.7 billion**, also missing estimates. Operating margin also declined going from 8.2% to 6.2%.

Despite the disappointing figures, CEO Elon Musk painted an optimistic picture of the future, touting a rebound in Tesla sales for 2025, emphasizing significant investments made in manufacturing, AI, and robotics during 2024. He even suggested Tesla could become the most valuable company in the world, surpassing the combined value of the next five largest companies.

Among the ambitious projects Musk highlighted were the launch of a driverless ride-hailing service, the release of an **Optimus** humanoid robot prototype, and the start of production for a fleet of autonomous "cybercabs" in 2026. He reiterated plans to release an upgraded Model Y SUV and more affordable models in the first half of 2025 to boost sales, though he remained vague on specifics.

The All-Night Market: How After-Hours Trading Could Reshape Wall Street

Source : Financial Times (31/01/2025)

The traditional stock market with its set opening and closing hours is on the verge of a significant transformation. Fuelled by the growing popularity of smartphone trading apps and a more engaged retail investor base, after-hours trading is witnessing a surge in activity. This trend, however, has sparked a debate within the financial industry, raising questions about its potential benefits and drawbacks.

The rise of after-hours trading platforms like Robinhood and Blue Ocean caters to a new generation of investors who are comfortable managing their portfolios from their smartphones, irrespective of location or time constraints. This newfound **flexibility** aligns well with the busy schedules of many investors and allows them to capitalize on market movements beyond the confines of the traditional trading day.

The extended trading hours also open doors for increased participation from international investors, particularly those in Asia with a strong appetite for US stocks. This can potentially enhance liquidity and create a more globally synchronized marketplace.

Despite the apparent benefits, the shift towards 24/7 trading is not without its challenges. Overnight trading can expose investors to unforeseen price swings and **volatility**, potentially leading to substantial losses, especially for those new to the market. Extending trading hours significantly increases the burden on brokerage firms and market infrastructure providers. Maintaining robust systems and ensuring seamless overnight operations require substantial investments in technology and staffing. The regulatory framework for after-hours trading is still evolving. Questions remain regarding oversight, best execution practices, and potential conflicts arising from incorporating overnight prices into daytime regulations.

Most importantly, a 24-hour trading environment could disrupt the **work-life balance** of market professionals, forcing them to constantly monitor markets and potentially leading to burnout.

ASIA – PACIFIC

Barclays Appoints New Head of Equities for Asia Pacific

Source : Reuters (20/01/2025)

On January 20, 2024, Barclays announced the appointment of Paul Johnson as the new head of equities for the Asia Pacific region.

Based in Hong Kong, Paul Johnson, the **former co-head of equity derivatives and head of exotics equity derivatives trading for Goldman Sachs**, will lead Barclays' equities business in the region, focusing on equity derivatives, equity-linked financing, and electronic trading, while also overseeing the banks prime brokerage division. Johnson brings over two decades of experience in equities and derivatives to his new role.

Barclays has commenced a significant **recruitment drive in Asia** as part of its multi-year plan to expand client assets, particularly within the ultra-high-net-worth and family office segments in India and Singapore. The recruitment of Paul Johnson as Head of Equities for Asia Pacific marks the first major hire under this expansion strategy.

Optimism Among Asia-Pacific CEOs Signals Potential M&A Activity

Source : EY (22/01/2025)

A report from EY reveals strong optimism among Asia-Pacific CEOs regarding the global market outlook, driven by anticipated M&A activity and rapid AI adoption.

The “EY-Parthenon CEO Outlook Survey: Global Confidence Index,” based on responses from **1,200 global CEOs**, shows a marked divergence in sentiment compared to European and American counterparts.

85% of Asia-Pacific CEOs expressed optimism about the global market, a significant jump from 69% in the previous quarter. This contrasts with 74% and 81% for CEOs in the Americas and Europe respectively.
Patrick Winter, EY Asia-Pacific Area Managing Partner, noted the shift from recent pessimism to a surge in optimism fuelled by strategic M&A and AI. He emphasized the importance of strategic priorities such as employee engagement, technology leverage, and resilience against disruptions.

One of the key findings from the report is an expected M&A surge, as 61% of Asia-Pacific CEOs are considering M&A deals in the next 12 months, a steep increase from 39% in September 2024, signalling a potential boom in dealmaking in 2025. There are also indications of an uptick in mega-deals (over **US$10 billion**), with 60% of global CEOs anticipating an increase. Further fuelling deal market activity, nearly half (51%) of Asia-Pacific CEOs plan divestments or carve-outs, up from 42% in September 2024.

The report also indicated that an important amount of CEOs believe accelerated AI adoption will be crucial for competitive advantage in the coming years, but also that CEOs are prioritizing employee engagement and upskilling initiatives as they recognize the potential for increased employee turnover amid improving economic conditions.

Shannon Cotter, EY Asia-Pacific Strategy and Transactions Leader, highlighted the strong appetite for strategic deals and the focus on enhancing competitive positioning. The report also cautioned CEOs to remain vigilant about **geopolitical risks**, particularly those related to US-China relations.

Citi Projects Important Increase in Asian Tech Fundraising

Sources : Citi, Reuters (23/01/2025)

Citi has released a bullish forecast projecting a 10% increase in fundraising for Asian technology companies in 2025.

The bank estimates fundraising volumes within the technology, media, and telecom (TMT) sectors will rise to **$77 billion** in 2025. This upward trajectory is attributed to strategic AI-focused allocations directed towards hardware supply chains and critical digital infrastructure.

Citi's forecast highlights several key investment areas:
AI and Machine Learning: In India and China, AI and machine learning solutions are being deployed across several sectors, creating diverse investment opportunities. The development of AI-driven products in these regions is expected to attract further investor attention.
E-Commerce and Fintech: The continued growth of digital transactions and e-commerce platforms is driving funding towards companies in these sectors seeking to scale their operations and innovate their offerings.
Semiconductors: Taiwan is solidifying its position as a global semiconductor innovation hub. This dominance continues to attract substantial investment, a trend expected to intensify in the coming year due to increasing global demand for chips.

Carlyle Appoints Brad McCarthy as New Global Wealth Division Head for Asia Pacific

Sources : Carlyle, Reuters (27/01/2025)

On January 27, 2025, Carlyle Group Inc announced the appointment of Brad McCarthy as Managing Director and Head of Asia Pacific, Carlyle Global Wealth, headquartered in Singapore.

McCarthy, formerly with Citi Private Bank and Global Wealth as head of Alternative Investment Sales, will focus on expanding and enhancing Carlyle's wealth platform in the region. McCarthy will also oversee the institutional wealth channel for Carlyle in **Australia and New Zealand**. This move underscores Carlyle's commitment to strengthening its presence in the Asia-Pacific market.

In recent months, listings in the Asia-Pacific region have gained considerable momentum. Carlyle-backed Rigaku Holdings, successfully raised approximately **129 billion yen** ($829.10 million) through its Tokyo IPO in October 2024. Additionally, Carlyle is reportedly exploring the possibility of taking Quest Global Service, an engineering services company, public in India, with a potential fundraising target of around $1 billion, according to Bloomberg sources.

Vanke in Turmoil: Chairman and CEO Out After Record Loss

Sources : Bloomberg, The Economic Times (27/01/2025)

Vanke Co., a leading real estate developer in China, has announced a leadership transition following a record 45 billion yuan ($6.2 billion) loss, underscoring the severity of the crisis engulfing the company.

Chairman Yu Liang resigned citing “work adjustment reasons,” though he will remain as a director. However, the departure of Chief Executive Officer Zhu Jiusheng, citing “health reasons,” is more definitive, with him relinquishing all positions within the company. These simultaneous exits raise serious questions about the internal stability and future direction of Vanke. **Xin Jie**, chairman of Shenzhen Metro Group Co., Vanke’s largest shareholder, will take over as chairman, highlighting the increasing influence of state intervention.

The preliminary net loss for 2024 represents the developer’s first annual loss since its listing in 1991. Alarmingly, the figure more than doubles analysts’ projections for a loss of 21.8 billion yuan, as compiled by Bloomberg, demonstrating the rapidly deteriorating financial situation. The full-year loss includes a **17.9 billion yuan loss** reported for the first nine months of the year, indicating a significant worsening of operations during the final quarter, even as the government implemented its largest stimulus package to date in an attempt to revive the ailing housing market.

This leadership upheaval and the staggering financial losses raise serious questions about Vanke's future and the broader stability of the Chinese property market.

SoftBank Poised to Invest in Robotics Startup Skild AI

Sources : Financial Times (28/01/2025)

SoftBank is reportedly in discussions to spearhead a substantial funding round for AI robotics startup Skild AI, a move that could more than double the company's valuation to nearly $4 billion. This potential investment underscores Masayoshi Son's ambitious vision for the future of AI-driven automation.

Skild AI, founded in Pittsburgh in 2023, is developing what it aims to be the world's first scalable foundation model for robotics. The company's AI model is designed to serve as a versatile "brain" for robots, enhancing their agility, dexterity, and safety in real-world applications. Skild AI previously raised **$300 million** in a July 2024 funding round led by Lightspeed Venture Partners, Coatue, SoftBank, and Jeff Bezos (through Bezos Expeditions), which valued the company at **$1.5 billion**.

This latest funding round, reportedly approved by Masayoshi Son, is still in its early stages of negotiation. Lightspeed is expected to participate again, though other investors have yet to be confirmed. SoftBank's Vision Funds, with their focus on AI, are playing an increasingly important role in the company's overarching AI strategy.

The robotics sector is currently experiencing a surge in interest and investment. Elon Musk has recently shifted Tesla's focus towards humanoid robots ("Optimus") powered by models developed by xAI. Nvidia CEO Jensen Huang has also identified robotics as a "**multitrillion-dollar**" industry, recently partnering with Toyota on self-driving technology.

Ambanis Secure Oval Invincibles in Hundred Auction

Sources : Financial Times (30/01/2025)

India's Ambani family has emerged victorious in the bidding war for a stake in the Oval Invincibles, one of eight English cricket teams being auctioned by the England and Wales Cricket Board (ECB). This win marks a significant expansion of the family's global cricket portfolio.

The Ambanis, owners of Reliance Industries, outbid private equity firm CVC Capital Partners for a **49%** stake in the London-based franchise, according to sources familiar with the matter. The Oval Invincibles became the first team in The Hundred, a short-form cricket competition, to attract outside investment through this auction process.

The ECB is auctioning stakes in all eight Hundred teams, hoping to raise hundreds of millions of pounds and replicate the financial success of the Indian Premier League (IPL). The sale is being pitched as a rare opportunity to invest in a closed league within a major sporting market. Other potential investors who have expressed interest include the **Glazer family** (owners of Manchester United) and a consortium including Chelsea Football Club co-owner Todd Boehly. Owners of IPL teams are also expected to participate in future bids.

For the Ambanis, this acquisition adds to their growing **cricket empire**, which already includes teams in South Africa, the US, and the United Arab Emirates. The family's ownership of the Mumbai Indians, a five-time IPL champion, underscores their deep commitment to the sport.

Hong Kong Opens Door to Single-Stock Leveraged ETFs

Sources : Financial Times (31/01/2025)

Hong Kong's Securities and Futures Commission (SFC) has paved the way for the launch of leveraged and inverse exchange-traded funds (ETFs) that track individual overseas stocks. This move positions Hong Kong as the first Asian market to offer such products, joining established markets in Europe and the United States.

These innovative financial instruments, which utilize **derivatives** to magnify daily stock price movements, have gained significant traction globally, providing investors with tools to amplify gains or hedge against losses in specific stocks.

The SFC's decision reflects the **growing demand** for sophisticated investment products in the region. However, the regulator has implemented strict guidelines. Only ETFs tracking highly liquid, mega-cap stocks listed on major overseas exchanges will be permitted. Moreover, the maximum leverage for these products will be capped at a factor of 2x or -2x. Notably, stocks with dual listings in Hong Kong or those listed on mainland Chinese exchanges are excluded from this framework.

To mitigate potential risks, the SFC will require issuers to conduct extensive investor education programs before launching these products in the Hong Kong market. These products will also be subject to distinct naming conventions to differentiate them from traditional ETFs.

While this move enhances Hong Kong's position as a leading ETP marketplace in Asia, it's crucial to emphasize that these products carry inherent risks. Leveraged and inverse ETFs are designed for sophisticated investors with a **high-risk** tolerance and should not be considered long-term investments.

EUROPE

UK Companies Slip in Global R&D Rankings Amidst AI Race

Sources : Financial Times (21/01/2025)

A recent report by the EU Industrial R&D Investment Scoreboard reveals a concerning trend: the number of British companies among the top 2,000 global R&D spenders has nearly halved over the past decade. In 2023, only 63 UK companies made the list, a sharp decline from 118 in 2013.

This decline underscores the UK's growing challenges in maintaining its position in the global innovation landscape. Notably, only two UK companies, pharmaceutical giants AstraZeneca and GSK, ranked among the top 100 global R&D spenders in 2023. Furthermore, while software and computing services attracted the largest R&D investment globally, only seven UK companies participated in this sector compared to 158 from the US and 59 from China.

Despite its strengths in academic scientific research, the UK struggles to effectively translate its intellectual capital into economic value. **Weak business investment** growth since the Brexit referendum has further contributed to the country's underperformance compared to the US.

Recognizing the urgency of the situation, Prime Minister **Sir Keir Starmer** has emphasized the need to "win the global race" on AI. His government has announced plans to significantly increase public compute capacity and establish a National Data Library. However, experts like Carlos López-Gómez from the University of Cambridge warn that the UK risks becoming a "lab of the world," where innovations developed within the country are ultimately scaled up and commercialized elsewhere.

Paul Dales of Capital Economics argues that the UK's service-oriented economy positions it well to benefit significantly from AI advancements. However, he emphasizes that realizing this potential hinges on the government establishing conducive policies and **avoiding overregulation**.

While the UK continues to attract international investment and boasts a robust academic research base, its diminishing presence among top global R&D spenders demands urgent attention. The government's AI initiatives represent a crucial step in the right direction, but fostering private-sector investment and incentivizing the adoption of AI technologies within the UK will be critical to securing long-term competitiveness in the global innovation landscape.

European Stocks Reach New Highs Amid U.S. Tariff Uncertainty and Strong Corporate Earnings

Sources : Financial Times (22/01/2025)

The Stoxx Europe 600 rose to a record 530.55 on 22nd January , driven by robust corporate earnings and eased concerns over potential U.S. tariffs on European exports.

Market confidence received a further boost from a Bank of America survey, which revealed European fund managers had increased their allocation to Eurozone equities. The survey indicated the largest rotation from U.S. to European stocks in nearly a decade, as only 19% of managers were "overweight" on U.S. stocks compared to 36% in December.

Luca Paolini, chief strategist at Pictet Asset Management, attributed this trend to a “risk-on environment lifting all boats, especially the weakest.” Analysts noted that U.S. President Trump’s perceived **negotiation-driven approach** on tariffs alleviated market fears.

Despite ongoing threats, Trump has yet to implement tariffs on European exports, providing **temporary relief** for investors. Emmanuel Cau, an analyst at Barclays, commented that European markets are “less scared of Trump,” given his apparent willingness to negotiate.

Norway's Oil Fund Invests £306mn in Grosvenor's Mayfair Estate

Source : Financial Times (22/01/2025)

On January 22, 2025, Grosvenor, the property company of the Duke of Westminster, announced the sale of a £306 million stake in its historic Mayfair estate to Norway's sovereign wealth fund, the world's largest fund, valued at $1.7 trillion.

The deal establishes a new **£1.2 billion** joint venture, marking the largest-ever sale of assets to outside investors from Grosvenor's renowned Mayfair portfolio, which dates back to the 1720s.

Grosvenor will retain management and control over the portfolio, which includes 175 buildings around Mount Street and Grosvenor Street, such as the iconic Connaught Hotel. The Norwegian oil fund will hold a 25% stake in the joint venture, adding to its significant real estate presence in London's West End.

This deal represents the fund's first major London investment since 2018. Notable prior investments include Regent Street in partnership with the Crown Estate and the 2014 acquisition of the Pollen Estate near Savile Row. Last year, the fund took full ownership of the Meadowhall shopping centre in Sheffield for £360 million. Jayesh Patel, head of the Norwegian oil fund's UK real estate division, expressed confidence in the investment: "We have faith in the long-term value creation inherent in London's West End."

Blackstone Poised to Take Full Ownership of £2bn UK Railway Arch Portfolio

Sources : Green Street News, Financial Times (24/01/2025)

On January 24, 2025, US private equity giant Blackstone moved closer to acquiring full ownership of the UK's £2 billion portfolio of over 5,000 railway arches by buying out its partner, TT Group.

This follows their joint acquisition of the portfolio from Network Rail in 2019 for **£1.5 billion**, a deal that highlighted the growing influence of US private equity in the UK economy and raised concerns over privatization's impact on affordability for small businesses.

The portfolio comprises brick arches located under railway lines across the UK, hosting thousands of small businesses ranging from microbreweries and auto repair shops to hair salons. These arches have become an integral part of British urban landscapes.

Under Blackstone and TT's ownership, the portfolio saw significant investments. Approximately 1,400 derelict arches, part of the initial acquisition, were brought back into use. However, concerns over aggressive rent management and sharp increases in rent sparked criticism, particularly during the COVID-19 pandemic, when small businesses faced financial strain. Blackstone now seeks full control of the portfolio to streamline management and future strategy.

The railway arches portfolio remains a key example of how private equity investment reshapes urban assets, with **mixed implications** for tenants and communities.

Tesla Joins Legal Battle Against EU Electric Vehicle Tariffs

Sources : Financial Times, The Guardian (27/01/2025)

Tesla has decided to sue the European Commission over anti-subsidy tariffs applied to electric vehicles shipped in from China.

The European Union introduced these tariffs in **June 2024**, alleging that Chinese EV manufacturers benefited from unfair state subsidies. Tesla, which imports a significant number of vehicles from its Shanghai Gigafactory to Europe, was directly impacted by these measures. The tariffs imposed on

Tesla's vehicles were set at 7.8%, comparatively lower than the rates of up to 35.3% levied on some Chinese competitors.

Tesla's lawsuit aligns it with other automakers, including Germany's BMW and Chinese companies such as BYD, Geely, and SAIC, all of whom have filed similar legal challenges against the EU's tariffs. These companies argue that the duties are unjust and could **hinder growth** and competitiveness of the EV market in Europe.

This legal action underscores the escalating tensions between major EV manufacturers and the European Commission regarding trade policies and market access.

Bernard Arnault Slams French Tax Hike, Warns of Offshoring

Source : Le Figaro (28/01/2025)

Bernard Arnault, CEO of LVMH, has delivered a sharp critique of France's proposed corporate tax increase, labelling it a "tax on Made in France" that will incentivize businesses to relocate operations overseas.

During LVMH's 2024 earnings presentation, Arnault drew a stark contrast between the economic policies of France and the United States. He highlighted the U.S.'s trajectory toward a 15% corporate tax rate, coupled with manufacturing subsidies, while France is moving in the opposite direction, planning a **40% corporate tax** for major companies. This increase, according to reports, is intended to generate **€8 billion** in state revenue.

Arnault, who recently attended the presidential inauguration, suggested that LVMH is being "strongly encouraged" by U.S. officials to expand its operations within the United States. He expressed doubt about the French government's assertion that the tax increase would be temporary, questioning the likelihood of future tax reductions. "Once taxes go up 40%, who will lower them again?" he asked.

Beyond taxation, Arnault also criticized the bureaucratic hurdles faced by businesses in France, alluding to unspecified alternative proposals LVMH had presented to the government.

Switzerland to End Stock Market Protection for EU in 2025

Source : Conseil Fédéral Suisse (29/01/2025)

The Swiss Federal Council has announced its plan to lift its stock market protection measure for the European Union on May 1, 2025. This decision marks a significant step towards normalizing financial market relations between Switzerland and the EU.

The protection measure, implemented in 2019, was a temporary response to the EU's decision not to renew Switzerland's stock market equivalence recognition. This move by Switzerland aimed to ensure continued trading of Swiss shares on Swiss exchanges for EU investment firms.

However, the landscape has shifted considerably since then. The EU amended its legal framework in spring 2024, removing restrictions on trading Swiss shares for EU firms. This change effectively negated the need for Switzerland's **protective measures**.

The Swiss Federal Council, after a thorough assessment, concluded that maintaining the protection measure is no longer justified and could even be **detrimental** to Swiss companies, particularly in scenarios such as mergers with EU firms.

Switzerland has reiterated its commitment to securing equivalence recognition and improving market access for its financial service providers, emphasizing the importance of cross-border private client business for the Swiss financial sector.

Norway's Sovereign Wealth Fund Reports Record Profit, Thanks to Tech Boom

Source : CNBC (29/01/2025)

Norway's sovereign wealth fund, the world's largest, announced a record profit of 2.5 trillion kroner ($222.4 billion) for 2024. This impressive return surpasses the previous record of 2.22 trillion kroner set in 2023 and is primarily attributed to a surge in tech stock valuations.

The Government Pension Fund Global reached a valuation of **19.7 trillion kroner** by year-end, achieving a 13% return on investment. While substantial, this return slightly trailed the fund's benchmark index. The primary engine of this growth was the strong performance of **U.S. tech stocks**, including major holdings in companies like Apple, Microsoft, Nvidia, and Amazon.

However, the fund's gains were tempered by market volatility following the release of DeepSeek, a Chinese open-source AI model. This development triggered a sell-off in tech stocks, notably impacting Nvidia, whose stock price fell nearly 17%. Norges Bank Investment Management (NBIM) CEO Nicolai Tangen acknowledged the market disruption caused by DeepSeek but also expressed a positive outlook on the emergence of more affordable AI models, viewing it as a step toward global AI democratization.

Thales Alenia Space Secures €862 Million Contract for Europe's First Lunar Cargo Vehicle

Source : Financial Times (30/01/2025)

The European Space Agency (ESA) has awarded a significant €862 million contract to Thales Alenia Space for the development and construction of Argonaut, Europe's first lunar cargo vehicle. This landmark agreement marks a major step forward in Europe's ambitions for independent lunar exploration.

Daniel Neuenschwander, ESA's head of human and robotic exploration, emphasized the importance of this contract in securing Europe's autonomy in space. He highlighted that the Argonaut lander will provide Europe with versatile access to the Moon, a crucial capability as the continent navigates potential shifts in US space policy.

Thales Alenia Space, a joint venture majority-owned by France's Thales and partly by Italy's Leonardo, won the contract after a competitive bidding process against Airbus. The company will be responsible for building the lunar descent element of the lander, essentially a "**space truck**" capable of transporting 1.5 metric tons of cargo to the lunar surface. Germany's OHB will contribute navigation control and communication systems.

Argonaut's maiden voyage is scheduled for **2031**, with subsequent missions planned roughly every two years. The initial mission's cargo is still under consideration but could include navigation and telecommunication payloads, or energy generation and storage systems.

Beyond bolstering European independence in lunar exploration, Argonaut is designed to complement NASA's Artemis program, which aims to return humans to the Moon by 2027.

Hervé Derrey, Thales Alenia Space's chief executive, hailed the contract as a significant win for the company and a precursor to Europe's growing technological capabilities in lunar exploration. He emphasized the importance of this asset for transporting experiments and materials to support lunar missions.

Thales Alenia Space, with its extensive experience in building space modules, including contributions to the International Space Station, is well-positioned for this endeavour.

Scotland Bets on Subsea Cable Manufacturing to Fuel Green Economy

Source : Financial Times (30/01/2025)

In North Ayrshire, Scotland, a former coal port is poised to become a hub for subsea cable manufacturing, a key component in transmitting renewable energy. This £2 billion project represents a significant bet on Scotland's ability to develop a robust supply chain in a sector crucial to the UK's decarbonization goals.

The UK and Scottish governments aim to leverage the transition to net zero to create new economic opportunities, **replacing jobs** lost in the declining oil and gas industry. A key lesson learned from previous renewable energy development is the need to establish domestic supply chains rather than relying on imports, according to Laura Fidao, investment director at the Scottish National Investment Bank (SNIB). SNIB is a part-funder of the new factory, and is prioritizing building a local supply chain for floating offshore wind projects.

The cables produced at the facility will play a critical role in transmitting power from offshore wind farms, strengthening grid infrastructure, and facilitating electricity transfer between countries. Manufacturing start-up XLCC plans to begin commercial-scale production of high-voltage direct current cables by 2030. Demand for these cables currently far outstrips supply, creating a bottleneck in the transition to net zero.

XLCC's facility aims for a production capacity of 1,300km per year in its first phase, potentially scaling up to 2,600km. Global demand in 2030 is projected to reach **10,000km** annually.

The Scottish government is also exploring ways to incentivize the use of domestically sourced equipment, such as XLCC's cables, by renewable energy developers. Seabed lease agreements for projects from the late 2020s will include requirements for local supply chain involvement.

AstraZeneca Cancels Plans for £450 Million UK Vaccine Plant

Source : Financial Times (31/01/2025)

AstraZeneca has scrapped plans to build a £450 million vaccine manufacturing plant in the UK, dealing a significant blow to Prime Minister Keir Starmer's government's efforts to position the UK as a hub for life sciences investment.

The decision follows months of disagreements between the pharmaceutical giant and the government regarding the level of financial support for the project near **Liverpool**. While the government ultimately increased its initial offer of £40 million, it fell short of AstraZeneca's expectations and arrived later than anticipated.

The cancellation comes just days after Chancellor Rachel Reeves aimed to promote the UK as an attractive destination for life sciences investment. The Starmer government has faced criticism from businesses for **tax increases** and worker rights protections, which some executives believe will hinder investment in the UK.

AstraZeneca's decision is a setback for the UK's ambitions to expand its pharmaceutical manufacturing capabilities beyond research and development. Former Chancellor Jeremy Hunt, who championed the initial agreement with AstraZeneca, criticized the current government for letting the opportunity slip away.

The company is reportedly exploring the possibility of relocating the project to Philadelphia, where it already manufactures its flu vaccine. AstraZeneca's recent investments in the US, Singapore, and Canada highlight a potential shift in focus towards more favourable business environments. The company has emphasized the significance of a supportive business climate, skilled talent, and robust innovation ecosystems in its investment decisions.

WEIGHT CLASSES

USA	+2	Overweight	AI-driven growth and resilient earnings likely keep this overweight. Risks remain with yield surges or trade tensions. DeepSeek's rise challenges OpenAI, Google, and Anthropic, but U.S. companies (like Nvidia, Microsoft, and Meta) are still leading in AI infrastructure, semiconductors, and software models.
China	+1	Slightly Overweight	DeepSeek's success signals a turning point for China's AI sector, potentially reducing reliance on U.S. technology. Government support for AI could drive investment in domestic tech firms.
Japan	+1	Slightly Overweight	Positive earnings outlook and corporate reforms drive investor confidence. A strong yen remains a risk, but overall, Japan holds a favorable position.
Europe	0	Neutral	Political uncertainty and cautious investor sentiment persist, though ECB rate cuts offer some support.
UK	-1	Slighlty Underweight	Political instability is growing with scandals, cuts in funding projects, and corporate tax increases could limit upside potential.
Emerging Markets	0	Neutral	Varied performance across regions. Some economies benefit from rate cuts and commodity exports, while others face geopolitical risks and weaker global demand. Certain Asian emerging markets may benefit from AI adoption and semiconductor demand, but overall, the effects will take time.

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Sources: Bloomberg, Carlyle, Citi, CNBC, Conseil Fédéral Suisse, EY, Financial Times, Green Street News, JP Morgan, Le Figaro, Les Echos, Reuters, Russell Reynolds Associates, The Economic Times, The Guardian, The Times