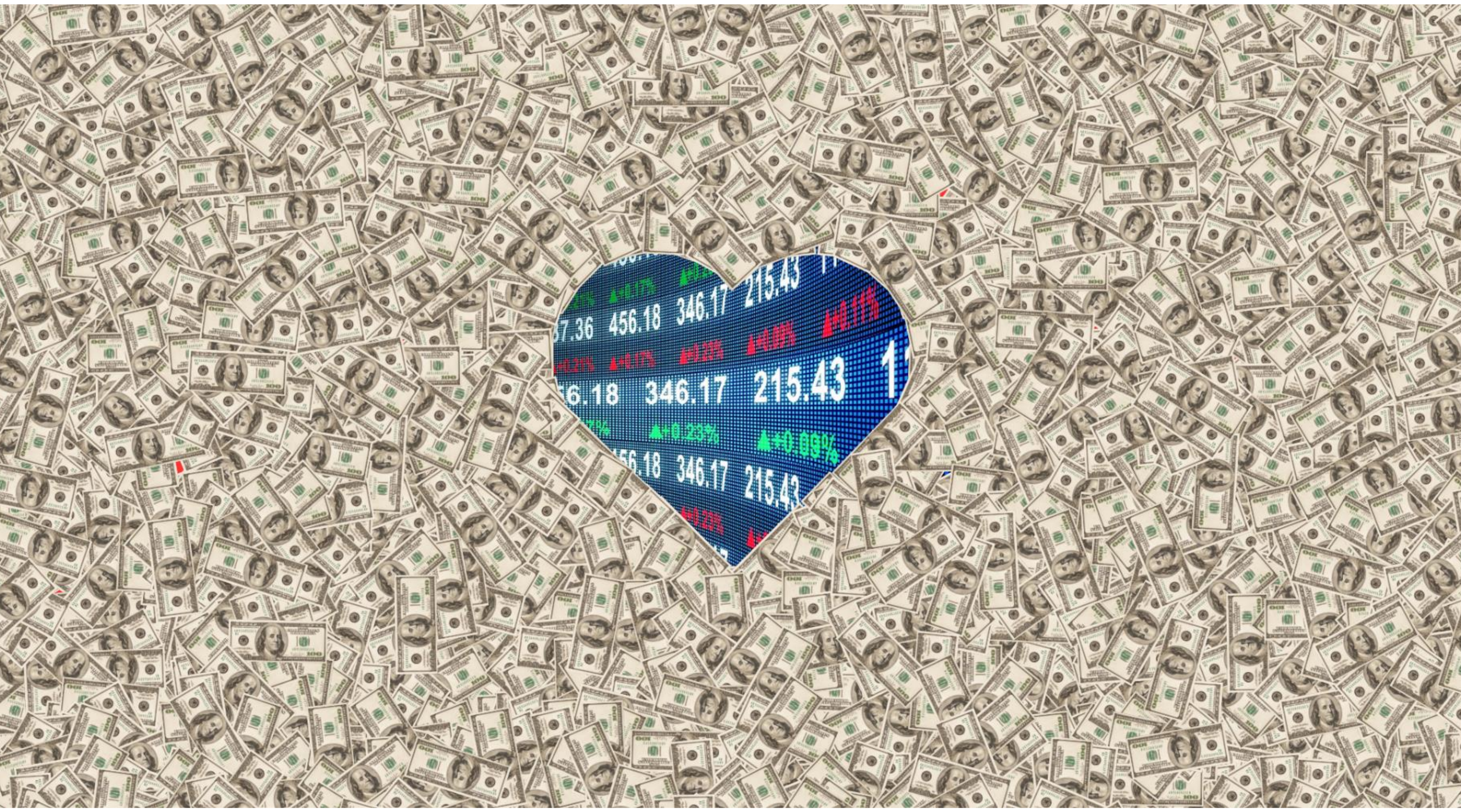
Editors : Loïc Beeuwsaert | Kamel Falhalgou | Louis-Charles Mincheneau



Regional Market Insights

February 3rd to February 14th 2025

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Trump Proposes Ukrainian Rare Earths Deal in exchange of US Military Support

Source : Financial Times (03/02/2025)

President Donald Trump has proposed a deal in which the United States would gain access to Ukraine's rare earth resources in exchange for continued military and economic assistance.

This proposal is seen as aligning with a broader strategy developed by Ukraine to strengthen its relationship with the U.S. by offering access to its critical minerals, which are vital for high-tech industries.

Trump has reiterated his concerns that the U.S. had provided more support to Ukraine than its European allies. He emphasized the importance of securing Ukraine's rare earth resources, claiming that Ukraine was open to such a deal. Trump suggested that the U.S. could exchange its significant financial and military contributions to Ukraine with the assurance that the rare earths would be secured for American interests.

A source close to Ukrainian President Volodymyr Zelenskyy confirmed that Trump's proposal mirrored a "victory plan" presented by Zelenskyy last year. This plan involved sharing Ukraine's critical natural resources with Western allies, providing Ukraine's military support in place of U.S. forces in Europe, and giving the U.S. the power to block Chinese investments in the country.

Ukraine is known to have vast reserves of valuable minerals, including titanium, iron ore, coal, and untapped lithium, all of which are essential for modern technology and industrial applications. These resources are estimated to be worth trillions of dollars, but their control has become a central issue in the ongoing conflict with Russia, especially with some resources already under Russian occupation in eastern Ukraine.

This move highlights the strategic importance of Ukraine's rare earths as the country navigates its ongoing conflict and attempts to position itself as a key partner for Western nations in the global tech and resource economy.

Trump Vows to Halt US Assistance to South Africa Over Land Expropriation Law

Source : Financial Times (03/02/2025)

Donald Trump has pledged to stop all future U.S. assistance to South Africa in response to its newly signed land expropriation law, which allows the government to seize land without compensation. The U.S. president condemned the legislation, accusing South African authorities of unfairly confiscating property and mistreating certain groups of people.

The law, signed by South African President Cyril Ramaphosa, is part of a broader initiative to address historical injustices stemming from the apartheid era, during which large numbers of non-white South Africans were forcibly removed from their land. The new legislation seeks to expropriate land in the public interest, specifically aiming to redistribute land to Black South Africans, who make up **80%** of the population but own only a fraction of the country's farmland. The government's goal is to transfer a third of the land to Black people by 2030.

While Trump's comments criticized the law as part of broader "horrible" actions by South African leadership, Ramaphosa defended the legislation, stating it was a constitutionally mandated process and emphasized that no land had been seized yet under the new law. He expressed a willingness to engage in discussions with the U.S. over the matter.

The U.S. had allocated nearly **$440 million** in assistance to South Africa in 2023, and it remains unclear how Trump will execute his threat to halt aid specifically to South Africa, particularly as HIV-related funding appears unaffected. Ramaphosa responded pragmatically, suggesting that the U.S. holds little sway over South Africa's economy beyond HIV-related assistance.

In a provocative response, Gwede Mantashe, South Africa's mining minister, proposed that African countries could retaliate by halting mineral exports to the U.S., suggesting that Africa should assert its economic power due to its valuable resources.

This controversy also highlights Trump's broader stance toward the BRICS nations, which includes South Africa, and his criticism of their relationship with the U.S., especially concerning the use of the U.S. dollar.

Palantir shares surge as group forecasts strong AI-driven growth

Sources : Bloomberg, Financial Times (04/02/2025)

Palantir Technologies shares jumped 24% after the data analytics company posted stronger-than-expected fourth-quarter results and raised its 2025 revenue outlook, citing surging demand for its artificial intelligence tools.

The Denver-based group said it expects sales to reach **$3.75 billion** this year, exceeding analysts' estimates of $3.54 billion. Adjusted operating income is projected at $1.56 billion, ahead of the $1.37 billion forecast by Wall Street.

Palantir, which built its business on classified defense contracts, has broadened its offering to commercial clients and strengthened its position in national security. The company reported a 45% jump in U.S. government sales to $343 million, benefiting from a deepening relationship with the Pentagon and expanded military applications. U.S. commercial revenue climbed 64% year on year to **$214 million** as more businesses turned to Palantir's AI-powered software.

The group's stock, which soared 340% in 2024 amid investor enthusiasm for AI, was further buoyed by a **$619 million** extension of its contract with the U.S. Army. It has also forged closer ties with AI startup Anthropic and defense technology firm Anduril, moves that executives say will cement Palantir's role in shaping a next-generation defence ecosystem.

Chief executive Alex Karp, in a letter to shareholders, said Palantir had entered a "new phase" and criticized what he described as "technical complacency" among U.S. firms failing to prioritize national interests. The company expects U.S. commercial sales to rise 54% to $1.08 billion in 2025, underlining confidence in the momentum behind AI adoption across government and industry.

Donal Trump Suggests US Control Over Gaza Strip

Sources : The Guardian, Financial Times (05/02/2025)

President Donald Trump has proposed a plan to "take over" the Gaza Strip and resettle its Palestinian population in other countries such as Egypt and Jordan.

Speaking during a meeting with Israeli Prime Minister Benjamin Netanyahu, Trump outlined his vision to "own" Gaza and develop it, including dismantling unexploded bombs and creating jobs. He suggested that Palestinians should permanently leave Gaza, with plans to transform the region into a prosperous area that could become "**the Riviera of the Middle East**."

The proposal has faced significant scepticism and resistance, both in the U.S. and internationally. Saudi Arabia, a key U.S. ally, rejected the idea, emphasizing its unwavering support for a Palestinian state and warning that such actions would fuel chaos and tension in the region. The Saudi foreign ministry also reiterated its stance on an independent Palestinian state with East Jerusalem as its capital.

Trump's comments regarding Gaza are a major departure from decades of U.S. policy, including support for a two-state solution to the Israeli-Palestinian conflict. They have sparked outrage among Palestinians and Arabs, recalling the forced displacement of Palestinians in 1948, a period known as the Nakba. Additionally, Hamas officials have strongly condemned the plan, calling it a "recipe for creating chaos."

While Trump's supporters in Israel praised the idea, calling for the emigration of Palestinians, U.S. critics highlighted the potential risks of military involvement and the political consequences of a prolonged American presence in Gaza. The proposal's implications remain unclear, with experts questioning the feasibility of such an ambitious plan and its potential backlash.

Proposal of a U.S. Sovereign Wealth Fund

Sources : Financial Times, Reuters (06/02/2025)

President Donald Trump has signed an executive order directing the Treasury and Commerce Departments to develop a plan for establishing a United States sovereign wealth fund within the next year.

The proposed fund aims to enhance the nation's long-term economic competitiveness and fiscal sustainability by investing in strategic sectors such as infrastructure, manufacturing, and medical research.

The executive order mandates that Treasury Secretary Scott Bessent and Commerce Secretary Howard Lutnick submit a comprehensive plan within 90 days, detailing funding mechanisms, investment strategies, fund structure, and governance models. While specific funding sources have not been confirmed, President Trump has previously suggested utilizing revenues from tariffs and other government assets to capitalize the fund.

The establishment of a U.S. sovereign wealth fund would align the country with over 90 nations that currently manage similar funds, collectively holding more than $8 trillion in assets. Notable examples include Norway's Government Pension Fund Global and Singapore's Temasek Holdings.

Trump Blocks Nippon Steel's U.S. Takeover, Forces Investment Instead

Sources : The Wall Street Journal, Reuters, Bloomberg (07/02/2025)

Nippon Steel has abandoned its $14.9 billion bid to acquire U.S. Steel and will instead pursue a strategic investment, following opposition from U.S. officials citing national security concerns. President Donald Trump confirmed the decision, reiterating his administration's stance against foreign control of critical industries.

The Japanese steelmaker had initially sought full ownership of U.S. Steel, but the deal faced bipartisan resistance, with President Biden blocking it through an executive order in January 2025. The revised plan is expected to provide financial backing without direct ownership, though details remain unclear.

Market reaction was mixed, with U.S. Steel shares falling 5.8% to $36.98, reflecting investor uncertainty. Analysts suggest that while fresh capital could strengthen the company's operations, the absence of a full acquisition leaves questions about its long-term strategy.

Trump is set to meet with Nippon Steel executives this week to finalize investment terms. Meanwhile, the United Steelworkers union remains opposed, citing concerns over foreign influence and pushing for a domestic-led solution to safeguard U.S. steel production. Markets will closely watch further developments.

Amazon Shares Fall as AI Investment Sparks Investor Caution

Sources : The Wall Street Journal, Financial Times, Bloomberg (07/02/2025)

Amazon (NASDAQ: AMZN) shares fell 4% after the company unveiled plans to invest $100 billion in artificial intelligence infrastructure, raising concerns about the return on such aggressive spending.

The move follows similar AI investments from Microsoft and Google but comes amid rising competition from China's DeepSeek, which is offering cost-efficient alternatives.

Despite Amazon's 10% rise in Q4 sales to **$187.8 billion** and a 19% increase in AWS revenue, the company's Q1 revenue forecast of $151 billion to $155.5 billion came in below expectations. Investors remain wary of whether AI-driven cloud investments will translate into sustained earnings growth.

CEO Andy Jassy defended the investment, calling AI "**the most significant business shift since the internet**" and positioning Amazon as a long-term leader in the sector. However, with tech giants collectively set to spend over **$300 billion** on AI this year, markets are questioning how much further growth can be sustained.

Amazon shares closed at $228.35, with investors monitoring whether the company's AI push will yield long-term profitability.

Elliott Management Acquires Significant Stake in BP

Sources : Financial Times, Reuters, The Guardian (10/02/2025)

Activist investor Elliott Management has acquired a near-5% stake in British Petroleum, valued at approximately £3.8 billion, becoming the oil giant's third-largest shareholder.

Elliott is urging BP to reduce investments in renewable energy and consider significant asset divestitures to refocus on its core oil and gas operations.

BP's CEO, Murray Auchincloss, has acknowledged the need for a strategic overhaul and plans to unveil new initiatives on February 26. Analysts suggest that aligning BP's corporate costs with industry standards could yield significant savings, and divesting certain low-carbon assets could potentially generate substantial capital.

Elliott's involvement has already influenced BP's stock performance, with shares rising by 7% following news of the stake. The hedge fund's campaign is led by John Pike and Gaurav Toshniwal, who have a history of advocating for significant changes in energy companies.

Investors anticipate that BP may undergo substantial transformations, including management restructuring or a potential company breakup. As BP prepares to announce its quarterly results and host a capital markets event on February 26, stakeholders are keenly awaiting further details on the company's strategic direction in response to Elliott's proposals.

Trump's $4 Billion Medical Research Funding Cuts Could Harm US Science

Source : Financial Times (10/02/2025)

The Trump administration's recent decision to cut federal funding by up to $4 billion annually for U.S. medical research has raised significant concerns among scientists and academics. The National Institutes of Health (NIH), which allocates nearly $50 billion yearly for research, announced it would reduce "indirect" support to 15%, down from an average of 27%.

This indirect support helps universities with the administrative and infrastructure costs of conducting research. The NIH argues the move is necessary to ensure that more funding goes toward direct research, but universities warn that this will hurt their ability to maintain labs and fund critical research projects.

The American Association of Medical Colleges has stated that these cuts will slow scientific progress, impacting the development of new treatments and diagnostics. Nick Dirks, President of the New York Academy of Sciences, emphasized that vital programs could collapse. Meanwhile, university researchers are already grappling with a freeze on federal funding, which has left many uncertain about the future.

Critics of Trump's policy argue that reducing funding not only hampers scientific progress but also threatens public health outcomes. In particular, research on climate change and diversity, equity, and inclusion, which the administration has targeted, could face even greater setbacks. Researchers are concerned that the cuts, along with an increasingly politicized funding environment, could undermine U.S. leadership in science and technology, giving rivals an edge.

The Trump administration's push for cuts and freeze on federal funding is seen as part of a broader trend of government intervention in higher education and scientific research, raising concerns about the independence of American universities.

NYSE to Relocate Chicago Stock Exchange to Texas in Push for Business Growth

Source : Financial Times (12/02/2025)

The New York Stock Exchange (NYSE) has announced plans to relocate its 143-year-old Chicago operation to Dallas, marking a major shift as the state of Texas continues to strengthen its position as a corporate hub.

The move comes as Texas attempts to broaden its appeal beyond relocating company headquarters to now becoming a key player in the financial sector, offering incentives like low taxes and light-touch regulation.

This relocation will affect the Chicago Stock Exchange, which became part of the NYSE in 2018. The new operation, rebranded as NYSE Texas, is set to continue trading equities and focus on attracting new listings, further cementing Texas as an economic powerhouse. The Texas Stock Exchange (TXSE), which has been in the process of registering with the Securities and Exchange Commission, views this as a direct challenge to its own ambitions of establishing Dallas as a leading financial centre.

Texas has seen significant corporate migration over the last decade, with more than 300 companies, including Tesla and Chevron, moving their headquarters to the state. Governor Greg Abbott expressed the state's vision to become the financial capital of America, leveraging its favourable business environment to attract more firms and capital.

As this shift unfolds, it reflects broader trends in the financial world, with other notable figures, like Citadel's Ken Griffin, having moved operations to states like Florida, further signalling the rising influence of non-traditional financial cities.

Chevron to Cut Up to 20% of Workforce in Cost-Cutting Drive

Sources : Chevron, Financial Times (12/02/2025)

Chevron has announced plans to reduce its global workforce by as much as 20% by the end of 2026, as part of a major cost-cutting initiative aimed at simplifying its operations and boosting growth.

The move will impact its vast portfolio, with a focus on enhancing productivity through the use of technology, optimizing workflows, and changing how and where work is conducted. The workforce reduction is set to begin in 2025, with the majority of cuts expected to be completed by the end of 2026.

This announcement follows Chevron's fourth-quarter results, which showed weaker-than-expected earnings, partly due to disappointing margins in its refinery business. The company's chief executive, Mike Wirth, described the results as a "perfect storm" of negative factors impacting performance.

Chevron's workforce stood at approximately **46,000 employees** at the end of 2023, which includes those working at its petrol stations. The company had previously outlined plans to achieve **$2 billion-$3 billion** in cost savings through asset sales, the use of technology, and changes to workflow. The move also follows Chevron's recent relocation of its headquarters from San Ramon, California, to Houston, Texas.

Despite these workforce reductions, analysts see Chevron’s decision as a proactive measure to adjust to moderating oil prices, after a period of bumper profits driven by the oil price surge following Russia's invasion of Ukraine. Chevron's efforts will be supported by its large investments in the Permian Basin and its **$53 billion** acquisition of Hess, a US-based oil company with operations in Guyana.

Chevron's shares fell 1.6% following the announcement, while analysts anticipate a slower growth trajectory for the oil sector due to moderating crude prices, with projections for Brent crude to average $74 per barrel in 2025 and $66 per barrel in 2026.

ASIA – PACIFIC

India Set for a Record-Breaking IPO Year Despite Slowing Economy

Source : Financial Times (03/02/2025)

India is on track for another strong year of initial public offerings (IPOs), with expectations that 2025 could see even greater fundraising success than 2024. This surge in IPO activity comes despite challenges in the country's economic growth and increasing pressure on its currency.

Investment bankers involved in the listings predict that at least seven companies will each aim to raise over $1 billion in 2025. Key players in this group include Groww, the online brokerage; Pine Labs, a fintech firm backed by PayPal; and Lenskart, an eyewear brand supported by SoftBank. LG's Indian arm is also preparing to go public.

The 2025 IPO pipeline compares favourably to the three major $1 billion-plus offerings in 2024, which included Hyundai’s Indian subsidiary and Swiggy, the popular food and grocery delivery company. As a result, India topped the Asian IPO rankings last year and ranked just behind the U.S. globally.

According to Indian brokerage firm Motilal Oswal, total equity fundraising in 2025 could surpass **$23 billion**, up from $19.6 billion raised through 336 IPOs in 2024. As of early 2025, 34 companies have already been approved to raise $4.8 billion, and another 55 companies are awaiting approval to raise up to $11.4 billion, according to data from the Indian capital markets regulator.

Samsung Chairman Cleared of Fraud and Stock Manipulation Charges

Source : Financial Times (03/02/2025)

Samsung's chairman, Lee Jae-yong, has won a significant legal victory after an appeals court cleared him of fraud and stock manipulation charges. This ruling allows Lee to focus on revitalizing Samsung’s struggling chip business and addressing the company’s current challenges.

Lee, the billionaire heir to South Korea’s largest conglomerate, has faced legal issues for nearly a decade. These troubles began after his father, the former chairman Lee Kun-hee, suffered a heart attack in 2014 and passed away in 2020. However, the Seoul High Court’s recent decision to uphold a lower court ruling dismissing accusations related to the controversial 2015 merger between Samsung C&T and Cheil Industries marks a key turning point in his legal battles.

Prosecutors had previously sought a five-year prison sentence for Lee, accusing him of stock price manipulation to benefit his control over Samsung Electronics, the group’s most valuable unit. They also alleged that Lee was involved in a **$3.9 billion accounting fraud** at Samsung Biologics to artificially boost the merger ratio. However, the Seoul High Court rejected these claims, stating that the merger was carried out for legitimate business reasons and that there was no intentional fraud in the accounting practices at Samsung Biologics.

China's Exporters Look to Offshoring as Donald Trump's Tariffs Loom

Source : Financial Times (04/02/2025)

Chinese manufacturers are ramping up efforts to relocate production abroad in order to bypass new U.S. tariffs, after President Donald Trump announced an additional 10% tariff on Chinese exports. The move is seen as part of his ongoing trade battle with China, which has sparked further plans for retaliation from Beijing.

Trump’s new tariff, which is set to take effect shortly, is seen as a strategic response to China's alleged failure to curb fentanyl exports to the U.S. However, Chinese exporters are already preparing for the impact by diversifying their manufacturing bases to other countries. This includes moving operations to markets like the Middle East, passing the cost increase onto U.S. consumers, and seeking new markets in regions such as Southeast Asia and Latin America.

Despite these shifts, Chinese companies are still facing challenges, particularly when it comes to more complex exports such as machine parts, where U.S. buyers may have no choice but to absorb the price hikes caused by the tariffs. The speed at which these tariffs are being implemented raises concerns, particularly regarding the ability of Chinese manufacturers to relocate production quickly. Countries like Vietnam, which host Chinese production lines, may also be subjected to tariffs, complicating the situation further.

While the trade tensions persist, there is a growing recognition that the U.S. tariffs could ultimately push China toward necessary economic reforms, such as shifting resources from infrastructure to consumer-focused sectors. This could help reduce reliance on exports and foster a more sustainable domestic economy.

However, some experts caution that China is in a weaker position than it was during the first trade war. The country's previous strategies—such as currency depreciation, trade diversion, and squeezing profit margins—are no longer as effective as they once were, meaning the new tariffs could have a much larger impact on Chinese trade and the overall economy.

KKR-Owned Car Parts Supplier Marelli Faces Debt Crisis Amid Falling Demand

Source : Financial Times (05/02/2025)

Marelli, a major car parts supplier owned by private equity firm KKR, is in tense negotiations with distressed-debt investors over its significant financial troubles, which could lead to its second restructuring in three years. The company, based in Japan, is grappling with a sharp decline in demand from major customers such as Nissan and Stellantis.

With approximately **¥650 billion** ($4.2 billion) in debt, Marelli is seeking additional funding to address what it describes as a temporary working capital gap. The ongoing negotiations involve a complex battle between KKR, Japanese creditors, and a foreign lending consortium that includes U.S. distressed-debt investor Strategic Value Partners (SVP), and New York based private equity firm Fortress Investment.

Currently, Marelli’s creditors are rolling over approximately **¥18 billion** of debt on a month-by-month basis. The company is facing a pressing need for a capital injection, estimated at **¥100 billion**, with the foreign consortium offering to provide the required funds. However, their proposal involves a controversial mechanism known as "up-tiering," where new loans and existing loans from the consortium would be made senior to other debt. Although common in the U.S. and Europe, up-tiering is unusual in Japan and would require the consent of all creditors, which remains a significant hurdle.

Japanese banks, particularly Mizuho, are hesitant to agree to the up-tiering arrangement. The reluctance is partly due to their syndication of loans to smaller and regional lenders, making it difficult to reach consensus on such a plan. If the up-tiering proposal fails, alternative solutions could involve Marelli selling assets or finding a new investor or partner to inject fresh capital.

Nissan Ends $58bn Merger Talks with Honda, Pursues Tech Partnerships

Source : Financial Times (05/02/2025)

Nissan has decided to end its discussions with Honda over a $58 billion merger after tensions surfaced during the merger talks, particularly around Honda’s attempt to turn Nissan into a fully owned subsidiary rather than creating a jointly owned holding company as initially planned.

In December 2024, the two companies had agreed to explore a merger that would have created the world’s fourth-largest carmaker. However, just over a month later, the talks began to unravel when

Honda demanded that Nissan accept a revised offer. This offer, which would have made Nissan a subsidiary, was seen as an unacceptable change from the earlier agreement that allowed for greater autonomy and the preservation of its brand.

The proposal from Honda, presented as a “take it or leave it” offer, was rejected by Nissan’s board due to concerns over losing decision-making power. Honda's push for full ownership came amid internal and shareholder pressure to take control and revitalize the struggling carmaker. Nissan, which has faced significant financial difficulties in recent years, was particularly sensitive to any terms that would undermine its independence.

The breakdown of talks has led Nissan to turn its attention toward new potential partners, particularly in the tech industry. Notably, Taiwanese electronics manufacturer Foxconn, which produces Apple’s iPhones, had previously approached Renault about acquiring part of its stake in Nissan. This sparked the initial merger discussions with Honda, as Foxconn looked to expand into electric vehicles (EVs). Foxconn’s involvement remains a possibility, particularly as it seeks to grow its EV division.

Renault, which owns a 36% stake in Nissan, had also voiced concerns over the merger terms. It had pushed for a higher premium on its stake in light of Honda taking control, and pressured Nissan to make quicker decisions. As tensions rose, Nissan ultimately rejected the proposal to merge under Honda’s leadership, opting instead to explore alternative partnerships.

Bain Capital Acquires Tanabe Pharma to Transform Japan’s Pharmaceutical Landscape

Source : Financial Times (07/02/2025)

Bain Capital has completed a historic $3.3 billion acquisition of Tanabe Pharma, marking the largest private equity deal in Japan’s healthcare sector. This deal, finalized on Friday, places Bain in control of Tanabe, and aims to fast-track Japan’s drug development, which has long been hindered by a conservative regulatory system.

Tanabe Pharma’s acquisition is part of a broader shift within Japan’s corporate landscape, where global private equity firms are increasingly targeting non-core businesses in Japanese conglomerates. Mitsubishi Chemical Group, Tanabe’s longtime owner, opted to sell the company as part of its strategy to streamline operations and focus on petrochemicals. Despite Tanabe's rich history, Mitsubishi Chemical recognized the need for large-scale investment in the company’s research and development capabilities—investment that it could no longer afford under its ownership.

Bain’s purchase comes at a pivotal moment for Japan’s drug approval system, which has traditionally lagged behind Western markets due to stringent requirements. Japan’s “drug loss” phenomenon, in which drugs approved in Europe and the U.S. are often not available to Japanese patients, has been a longstanding issue. As of March 2023, 86 drugs approved in the U.S. and Europe had not been developed for the Japanese market.

However, recent reforms by Japan’s Ministry of Health, Labour and Welfare have started to ease the country's regulatory barriers, particularly for drugs that could significantly benefit Japanese patients.

Cook Islands’ Strategic Deal with China Stirs Tensions with New Zealand

Source : Financial Times (10/02/2025)

The Cook Islands has signed a strategic partnership with China, a move that has raised alarms in New Zealand and intensified concerns over Beijing’s growing influence in the South Pacific region.

Prime Minister Mark Brown of the Cook Islands will be in China this week for a state visit, during which he is set to sign a "comprehensive strategic partnership" with Beijing. This agreement will span various sectors, including trade, tourism, renewable energy, and agriculture. The deal comes at a time when the Cook Islands, a self-governing territory in free association with New Zealand, is navigating its relationships with both countries.

New Zealand, which has historically supported the Cook Islands with financial aid—such as NZ$20 million (US$11.3 million) to help the islands recover from the economic impact of the COVID-19 pandemic—has expressed concern over the agreement. Winston Peters, New Zealand's Deputy Prime Minister and Foreign Minister, stated that the country was “blindsided” by the deal, demanding that the Cook Islands share the details of the agreement with New Zealand authorities as required by their constitutional arrangement.

However, Prime Minister Brown has insisted that the deal is unrelated to security or policing and that there is no need for New Zealand to be involved in the discussions. He emphasized that the Cook Islands is free to pursue diplomatic and trade agreements independently.

This development is part of a broader geopolitical shift in the South Pacific, where Australia, New Zealand, and the United States have been working to counter China's growing influence by forging security agreements with nations like Tuvalu, Nauru, and Papua New Guinea. The Cook Islands, with a population of just 15,000, has long been a close ally of New Zealand, making the decision to engage China a significant shift in the region's diplomatic dynamics.

New Zealand Eases ‘Golden Visa’ Rules to Attract Foreign Investment

Source : Financial Times (10/02/2025)

In an effort to boost foreign investment, New Zealand has announced significant changes to its "golden visa" program, which will make it easier for wealthy investors to gain residency. The new rules, which are aimed at revitalizing the country's economy, include dropping the English-language requirement and reducing the number of days applicants must spend in the country.

Prime Minister Christopher Luxon emphasized that the changes were designed to "roll out the welcome mat" to investors, reflecting the government's commitment to encouraging foreign investment amid a struggling economy. As part of the new scheme, individuals who are willing to invest **NZ$5 million** (US$2.8 million) directly into New Zealand's businesses can apply for residency. Unlike previous requirements, which mandated applicants spend 117 days over four years, the new rules only require investors to spend **21 days** over a three-year period.
Additionally, those willing to invest at least NZ$10 million over five years will be required to live in New Zealand for 105 days during that time.

The relaxation of residency requirements comes in response to concerns that the previous visa conditions were a "turn-off" for international investors, according to Erica Stanford, New Zealand's immigration minister. The changes aim to make New Zealand a more attractive destination for wealthy individuals looking to invest in the country's businesses, rather than just purchasing real estate, which has been a key issue in European countries that have recently scaled back their golden visa programs.

This move to attract investors aligns with Luxon's broader economic strategy to stimulate growth, foster job creation, and strengthen New Zealand's position as an attractive investment hub in the Pacific.

Indonesia Reveals $19 billion Austerity Measures to Fund Key Policies

Source : Financial Times (11/02/2025)

Indonesia's President, Prabowo Subianto, is leading a sweeping austerity initiative aimed at freeing up $19 billion in this year's national budget. The funds will primarily support his ambitious free lunch program, designed to provide meals for over 82 million schoolchildren and pregnant mothers across the country.

To achieve these savings, government agencies have been instructed to reduce spending dramatically, from halting infrastructure projects to cutting back on office supplies, air conditioning use, and official travel. The austerity measures come as part of Prabowo's effort to address Indonesia's fiscal constraints and deliver on his campaign promises, including initiatives focused on job creation, food security, and improving productivity.

However, this aggressive cost-cutting approach has raised concerns among economists and investors. The public works ministry faces a more than 70% budget reduction, leading to the cancellation of infrastructure projects like toll roads and dams. The economic affairs and investment ministries have also seen cuts of 52% and 40%, respectively. These reductions in vital sectors could dampen economic activity and private investment, adding further strain to Indonesia's already fragile economy, which is grappling with low consumption and a weakening currency.

Despite these challenges, Prabowo is targeting 8% annual GDP growth over the next five years, though the central bank has revised growth forecasts for this year to just 4.7 to 5.5%.

SoftBank Faces $2.4bn Loss as It Gears Up for Huge AI Investments

Source : Financial Times (12/02/2025)

SoftBank reported a substantial $2.4 billion loss for its fiscal third quarter, as the Japanese tech giant braces for one of the largest investments in artificial intelligence (AI) in history.

The company's loss of **¥369.2 billion** ($2.4 billion) for the three months ending in December contrasts sharply with a ¥950 billion profit in the same period last year, falling well short of analysts' expectations, which had forecast a ¥234 billion net profit.

The major factor behind the loss was a **¥352.7 billion** hit to SoftBank's tech-heavy investment vehicles, particularly its Vision Funds, which have been volatile in the past. These funds, responsible for SoftBank's tech investments, were impacted by foreign exchange losses and declining valuations in high-profile companies like South Korean e-commerce firm Coupang and Chinese ride-hailing giant Didi.

Despite recent setbacks, SoftBank is betting heavily on the future of AI. The company, led by founder Masayoshi Son, is preparing to finance a massive AI infrastructure project, "Stargate," in partnership with OpenAI, as well as with Oracle, Microsoft, and Nvidia. SoftBank plans to invest between $15 billion to $20 billion initially into Stargate, with total spending on the project expected to reach up to $500 billion over the next four years.

Goto also announced that SoftBank aims to deploy $100 billion over time for the AI initiative, starting with smaller-scale investments and working on a project-by-project basis. SoftBank is targeting the execution of the first Stargate project within the current fiscal year.

Shein IPO Plans Hit by Trump’s Low-Cost Parcels Crackdown

Source : Financial Times (13/02/2025)

Shein’s plans for a high-profile IPO in the UK have faced setbacks due to new US trade regulations that target tariff-free imports of small goods from China. The fast-fashion giant, valued at $66 billion in its most recent funding round in 2023, had been aiming for a London listing in the first half of 2025.

The company is now expected to push its IPO to the second half of the year due to the impact of changes to the de minimis rule, which previously allowed tariff-free imports of goods under **$800**.

President Donald Trump’s decision to close this loophole, along with a new 10% tariff on all Chinese goods, has introduced uncertainty that is affecting Shein's IPO timeline. Although Trump temporarily paused the full implementation of the changes to manage the backlog at US borders, the uncertainty remains a challenge.

The company has continued its push for an IPO and is still seeking regulatory approvals in both the UK and China. Shein had originally planned to list in New York but switched to London after facing challenges from US regulators. However, if Shein were to list less than 10% of its shares, it would need a special waiver from the UK Financial Conduct Authority.

Taiwan to Increase US Investment Plans Amid Trump’s Tariff Threat on Semiconductors

Source : Financial Times (14/02/2025)

In response to Donald Trump’s recent tariff threats and his accusations that Taiwan has "stolen" the US semiconductor industry, Taiwan’s President Lai Ching-te has promised to increase investment and procurement from the US to address the growing trade deficit between the two countries.

Taiwan's trade deficit with the US, which reached **$73.9 billion** in 2024, has been exacerbated by high demand for advanced artificial intelligence chips, most of which are produced by Taiwan Semiconductor Manufacturing Company (TSMC), the world’s largest chipmaker. Lai emphasized Taiwan’s critical role in global chip manufacturing and rebuffed Trump’s calls to bring semiconductor production back to the US, stating that Taiwan is "capable and willing" to respond to new challenges and continue playing an essential role in the global supply chain.

In an effort to mitigate the trade imbalance, Lai proposed a “global semiconductor democratic supply chain initiative,” a vision for cooperative semiconductor supply chains in contrast to Trump’s protectionist approach, which aims to relocate the industry back to the US.

TSMC has already committed to investing **$65 billion** in Arizona to establish three new fabrication plants, although these plants will only represent a small fraction of its total global capacity. Trump, however, has threatened to reverse financial subsidies for TSMC, potentially jeopardizing over $6 billion of support granted under the previous administration.

Taiwan, which holds a 6.4% stake in TSMC, is willing to support further US investment in the company if TSMC finds it beneficial for its global operations. However, Taiwan's national security concerns remain a priority in discussions about high-tech industry collaboration, as the country sees its semiconductor capabilities as crucial to both its economy and security.

Lai also pledged to increase Taiwan's defence spending to over 3% of GDP, further solidifying its commitment to being a strong and reliable partner to the US amidst the shifting global political landscape.

EUROPE

European Stocks Dip as China Retaliates Against US Tariffs

Source : Financial Times (04/02/2025)

European stocks saw a slight decline on February 4, 2025, following China's announcement of tariffs on US goods in response to US President Donald Trump's new import levies.

The Stoxx Europe 600 index fell by 0.1%, and the UK's FTSE 100 dropped 0.2%. US futures also indicated a lower opening for the S&P 500 and Nasdaq.

Trump's imposition of a 10% increase in tariffs on China prompted retaliatory actions from China, including tariffs on US energy exports, additional trade restrictions on critical minerals, and an antitrust investigation into Google. Despite these moves, analysts observed a relatively measured market response, noting that China's retaliation was less severe than initially feared.

In contrast to European declines, Asian stocks performed better. Hong Kong's Hang Seng index rose by 2.8%, largely driven by Chinese tech companies. The Chinese renminbi also strengthened, reflecting positive sentiment in Chinese tech stocks such as Tencent, Alibaba, and Xiaomi.

On the commodities front, Brent crude dropped 1% to **$75.23** a barrel, while West Texas Intermediate fell 1.6% to **$72** a barrel. European gas prices also decreased from their 15-month highs, partly due to China's tariffs on US liquefied natural gas, which could prompt China to resell more LNG to Europe.

World's Biggest Offshore Wind Developer Scales Back Investments

Sources: Financial Times (05/02/2025)

Ørsted, the world's largest offshore wind developer, is slashing its investment by 25% and adjusting its renewable energy goals in a bid to stabilize its share price and regain investor confidence.

The company plans to reduce its investment by 25% through 2030 and will focus on completing existing offshore wind projects while avoiding new fundraising efforts to maintain its investment-grade rating.

The company's strategy shift comes after the appointment of **Rasmus Errboe** as CEO, and reflects broader challenges in the renewable energy sector, including rising costs and changing political dynamics. Ørsted's share price has dropped nearly **80%** over the past four years, despite previous efforts to cut costs and streamline operations.

Ørsted will revise its 2030 renewable energy target, lowering its goal from 35-38GW to 27GW by 2027. The company remains optimistic about long-term demand for offshore wind and plans to restore dividends by 2026, aiming to regain stability in its operations and investor sentiment.

M&G Acquires Majority Stake in European Private Credit Firm

Sources : Financial News, Financial Times (06/02/2025)

M&G has acquired a 70% majority stake in P Capital Partners, a Swedish private credit firm managing €3.8 billion in assets. This acquisition, the largest under CEO Andrea Rossi's leadership since he took over in late 2022, signals M&G's strategy to deepen its presence in private markets.

The deal also highlights the growing trend of asset managers increasing their exposure to private credit in pursuit of higher returns, as investors continue to pull funds from public equity markets.

Rossi emphasized M&G's ambition to become a leading player in Europe's private assets sector, which remains a key growth area, particularly as the U.S. market has become more crowded. The acquisition adds to M&G's existing **£19 billion** invested in private and structured credit, forming part of the group's **£73 billion** total exposure to private markets, which spans areas like fixed income, real estate, and infrastructure.

P Capital Partners focuses on lending to entrepreneurs, family-owned businesses, and companies in the sustainable technology sector across Europe. The move aligns with the broader trend in the private credit market, which has grown significantly since the 2008 financial crisis, with institutions, including asset managers, increasing their investments in this **$1.5 trillion** sector.

While private credit offers higher returns, it also carries risks like opaque valuations and limited liquidity. According to data provider Preqin, the private credit market is expected to reach **$2.6 trillion** by 2029.

New Italy Bank M&A May Yet Be More Than a Sideshow

Source : Reuters (07/02/2025)

BPER Banca's decision to launch a €4.3 billion all-share bid for Banca Popolare di Sondrio (BPSO) on February 6, 2025, marks the latest development in the ongoing consolidation of Italy's banking sector.

This move, while significant, seems to be part of a broader wave of Italian bank mergers that have included high-profile deals such as UniCredit's **€10 billion** offer for Banco BPM and Banca Monte dei Paschi di Siena's (MPS) **€13 billion** proposal for Mediobanca. While the BPER-BPSO deal might appear less dramatic, it could position BPER as a strategic player should other mergers fall apart.

BPER's offer represents a 6.6% premium over BPSO's share price, which is in line with the modest premiums seen in other recent Italian banking deals. Despite the premium, investors seem sceptical. Shares in BPER fell 8% after the announcement, similar to the declines seen in other banks involved in mergers. One reason for this might be that BPER, which trades at a lower multiple than BPSO, may not appear as an attractive acquirer.

However, strategically, the BPER-BPSO merger makes sense. BPER would expand its footprint in northern Italy, making it the country's third-largest lender. The deal also offers the potential for significant cost savings—up to **€190 million** annually—which could be worth approximately **€1.3 billion** when capitalized.

Metlen Energy and Metals CEO Claims London is Better for Visibility than New York

Source: Financial Times (07/02/2025)

Metlen Energy and Metals has chosen London for its primary listing, believing it offers better visibility compared to New York's crowded market. They claim they "prefer to be on the screens of all the traders around the world" rather than "risk of disappearing in the crowd."

CEO Evangelos Mytilineos sees London's stock market primed for a revival after a weak IPO year and believes joining the FTSE 100 will enhance the company's profile.

With a market capitalization of **€5 billion**, Metlen is applying for a dual listing, maintaining its presence on the Athens Stock Exchange. The company aims to benefit from London's post-Brexit recovery, as it looks to expand its operations across 40 countries.

Metlen recently announced a €296mn investment to boost alumina and bauxite production in Greece and start producing gallium. Mytilineos stresses the need for less reliance on China for critical metals and advocates for affordable gas to maintain Europe's manufacturing competitiveness.

Macron Announces €109 Billion in Investments for AI Development in France

Source : Boursorama, France2 (10/02/2025)

French President Emmanuel Macron revealed plans for €109 billion in private investments to develop artificial intelligence (AI) in France over the coming years.

This figure, he explained, mirrors the scale of investment announced by the United States under its "Stargate" plan, which was launched by President Donald Trump in January 2025 with a commitment of **$500 billion** for AI.

Macron highlighted that these investments would come from a variety of sources, including the UAE, major American and Canadian investment funds, and French companies like telecom operators **Iliad** and **Orange**, as well as the electronics giant **Thales**. This funding will primarily focus on data centres, which are critical infrastructure for storing data and providing the immense computing power needed by AI technologies.

Michelin Looks at Accelerating US Investments to Counter Tariff Threat

Sources: Financial Times, Le Figaro (11/02/2025)

Michelin is considering speeding up investments in the US due to the impact of US tariffs, as exporting from Europe becomes increasingly unfeasible.

CEO Florent Menegaux noted that the company might prioritize US projects while slowing down others, in light of the trade uncertainties under President Trump's protectionist policies.

Michelin currently operates 35 factories in North America, but faces challenges with rising trade tensions, global supply chains, and competition from China. Additionally, the company is considering shutting down two of its 20 French factories, potentially affecting over **1,200 workers**, due to high electricity costs, competitive pressures, and unfavourable tax conditions in Europe.

The company is awaiting clarity on tariff impacts before proceeding with further investments. Analysts predict a nearly 4% drop in Michelin's sales, bringing them to just over **€27 billion**, highlighting the financial pressure the company faces from these economic shifts.

Ukraine Backs Purchase of Soviet-Designed Nuclear Reactors from Bulgaria

Sources : The New York Times, Reuters (11/02/2025)

Ukraine’s parliament has passed a bill allowing the state nuclear power operator to purchase two Soviet-designed nuclear reactors from Bulgaria for the Khmelnytskyi nuclear power plant. The deal is seen as a crucial step in reinforcing Ukraine’s energy infrastructure, which has been severely damaged by Russia’s attacks during the ongoing war.

The purchase of the reactors, which were bought by Bulgaria from Russia's state-owned nuclear company Rosatom over a decade ago but never used, aims to compensate for the loss of the Zaporizhzhia nuclear plant, which is currently under Russian occupation. With the Khmelnytskyi plant already housing Soviet-era reactors, Ukraine hopes that the addition of these two reactors will help secure its energy supply.

However, the project has faced criticism due to its high cost—estimated at **$600 million**—and the long timeline for installation. Critics argue that the funds could be better allocated to more immediate solutions, such as installing small gas turbines across the country or repairing damaged thermal power plants and substations.

Additionally, concerns have been raised over the potential for corruption surrounding the project, especially given the involvement of Energoatom, the state-owned nuclear company, which has been plagued by recent corruption scandals. Lawmakers have expressed fear that this deal could undermine Ukraine's efforts to combat corruption and damage its international reputation at a time when foreign support is crucial.

Ukrainian President Volodymyr Zelensky has supported the initiative, arguing that the reactors will help prevent winter blackouts and lower electricity prices. Despite the criticism, he dismissed opponents as people looking to line their pockets with more expensive energy sources.

European Stocks Rise After Donald Trump Signals Ukraine Peace Talks

Source : Financial Times (13/02/2025)

European stock markets rose following US President Donald Trump's announcement that peace talks with Russia would begin "immediately" to end the war in Ukraine. The promise of negotiations led to optimism about a potential ceasefire, which could help revive European growth after a prolonged period of uncertainty.

Germany's Dax index closed up 2.1%, while France's CAC 40 gained 1.5%. The Stoxx Europe 600 index rose by 1.1%, hitting a fresh high, and the euro strengthened by 0.5% to $1.043. Investors are hopeful that a ceasefire could make Europe more appealing for investment again, as the war had significantly impacted economic growth.

Natural gas prices, which had surged due to the war, dropped by 8.7%, with analysts suggesting that gas prices could fall by as much as **50%** if Russian gas flows to Europe returned to pre-war levels. Russian assets also saw a boost, with the rouble gaining 5% to 89.5 per dollar.

The positive sentiment extended to various sectors. Airline stocks such as Wizz Air and Lufthansa rose, along with auto companies like Stellantis, which gained **4.5%**. Energy stocks, however, saw losses, with Equinor and TotalEnergies falling. Stocks related to construction and infrastructure, such as Legrand and ArcelorMittal, also benefitted, as they could play a role in Ukraine's post-war rebuilding.

The broader market rally, driven by lower energy prices and a reduction in geopolitical uncertainty, has contributed to an optimistic outlook for European equities.

Cinven Sells Kurt Geiger to Steve Madden for £289 Million

Source : Financial Times (13/02/2025)

Private equity firm Cinven has agreed to sell the British luxury shoe brand Kurt Geiger to New York-listed fashion group Steve Madden for approximately £289 million. The deal represents an 18% increase in the value of Kurt Geiger compared to the £245 million Cinven paid to acquire the company almost a decade ago.

While this growth is notable, it is slower than the typical returns sought by buyout firms, who generally aim to generate higher multiples within a five-year investment period.

Kurt Geiger, founded in 1963 on London's Bond Street, is a well-known name in the footwear industry, particularly for its high heels and popular sub-brand Carvela. The company operates more than 70 stores in the UK and US, with a presence in Europe, the Middle East, and Asia. Under Cinven's ownership, Kurt Geiger expanded its international presence and online sales, reaching approximately **£400 million** in revenue for the year to January 2025, a 42% increase from when Cinven acquired it in 2015.

Despite this growth, the fashion sector has faced significant challenges, particularly due to the impacts of the Covid-19 pandemic and weak consumer spending. However, the business has recovered and is now performing above pre-pandemic levels.

The sale of Kurt Geiger comes at a time when several other European fashion investments have faced difficulties. For instance, Dr Martens, which was floated by Permira in 2021, is now trading at 80% below its IPO price. In addition, private equity struggles to exit investments have been evident in the broader fashion market, with companies like Golden Goose and End Clothing encountering difficulties in recent years.

CVC Sees Significant Growth in Private Equity Investments and Fee-Generating Assets

Source : The Times (14/02/2025)

CVC significantly increased its private equity investments last year, tripling its new investments and doubling the number of exits, demonstrating the ongoing recovery in private capital markets and strong demand from investors seeking private assets.

The investment firm, listed in Amsterdam, reported a 50% rise in fee-generating assets under management, reaching **€147.1 billion** in the year ending December 2024, surpassing market expectations.

CVC's UK holdings include notable brands such as Six Nations rugby, the RAC roadside rescue service, PG Tips tea, and Moto motorway service stations. While the company expressed satisfaction with the overall performance of its investments, it remained cautious about the ability to generate profits from its maturing investments due to what it described as "inconsistent activity levels across the market."

WEIGHT CLASSES

USA	+1	Slightly Overweight	The AI sector, boosted by Trump's $500 billion "Stargate" initiative, promises long-term growth. Economic recovery signals from the US are also positive, alongside optimism about semiconductor investment in Taiwan. However trade tensions, especially with China, could have negative long-term implications.
China	0	Neutral	China's recovery is stalling due to domestic challenges such as high youth unemployment and ongoing geopolitical tensions, particularly with the US. While AI and green energy sectors show promise, regulatory uncertainties and external pressures make the outlook mixed.
Japan	+2	Overweight	Japan's tech and automotive sectors, particularly in AI and semiconductors, are expanding with substantial investment, such as the focus on AI infrastructure. Additionally, Japan's domestic market benefits from strong fiscal policies aimed at growth, though demographic challenges remain.
Europe	+2	Overweight	Europe benefits from strong AI investments such as Mistral AI's €109 billion pledge. The potential for peace talks in Ukraine may stabilize the region further, contributing to positive growth prospects.
UK	-1	Slighlty Underweight	The UK faces persistent economic headwinds with inflation and low growth, but recent improvements in the labor market and easing energy prices offer some hope. Still, uncertainty around Brexit's long-term effects and the global economic climate create challenges.
Emerging Markets	0	Neutral	While emerging markets are experiencing recovery and growth, especially in tech and consumer sectors, risks like political instability, inflation, and the ongoing fallout from global trade tensions weigh on the region's prospects. The outlook is cautiously optimistic, but market volatility remains a concern.

CONTACT, DISCLAIMER & SOURCES

Contact: kota.investment.club@gmail.com
Website: https://www.kotainvesmentclub.com
LinkedIn: https://www.linkedin.com/company/kota-investment

Sources: Bloomberg, Boursorama, Financial News, Financial Times, France24, Le Figaro, Reuters, The Guardian, The New York Times, The Times, and The Wall Street Journal.