

Market Commentary on the Q3'2025 Results Season:

Maintaining a Growth Outlook with Less Investments?

With companies reporting their first set of quarterly results after US trade tariffs were widely applied in summer, while China retaliated with their own export restrictions on rare earths and other punitive measures,ⁱ the **ongoing Q3'2025 reporting season has been more benign than expected, with the 'environment remain[ing] constructive'** (David Salomon, CEO of Goldman Sachs) given further interest rate cuts, supportive regulation and the **disconnect between buoyant stock markets and threats to the economic outlook not coming into the open yet.**ⁱⁱ Beneath the surface, however, there are **more cracks in the system, as political forces are increasingly influencing economic policies,**ⁱⁱⁱ ranging from US government officials trying to bend the yield curve and implicitly undermining the independence of the Federal Reserve,^{iv} to the **global spread of industrial policy to secure crucial supply chains** and, in its extreme form, the Dutch government taking control of Chinese-owned chipmaker Nexperia.^v

Against this backdrop, and with companies reporting a mixed set of Q3'2025 results over the last three weeks, the main narrative for investors and analysts has become the **outlook for 2026, with senior management promising growth** – anaemic at best if corrected for cost inflation and foreign exchange – **with less investments going forward.**^{vi} While corporate executives kept maintaining that they will **'focus on elements we can control'** (Gregoire Poux-Guillaume, CEO of AkzoNobel), notably operating efficiency, price discipline and cost control, many companies went a step further this time and not only highlighted **continuing productivity improvement through IT simplification and digitisation,** but also aimed for a **'cultural shift' to support operating leverage** (Marco Wiren, CFO of Nokia).^{vii} Being 'not afraid to adapt' in an evolutionary sense (Ola Källenius, CEO of Mercedes Benz Group), and given the **hype around huge AI investments, AI optimism** was not only noted by technology and infrastructure providers (ASML, TSMC, ABB) but also **increasingly adopted by more traditional companies to explain their path to more profitable growth** (TotalEnergies, Shell).^{viii}

With companies **walking a fine line between not having a crystal ball for future growth** and, at the same time, trying to convince professional fund managers of their investment proposition, the **main themes of investor and analyst enquiries** were as follows: i) to what extent a **higher customer activity level really translated into tangible demand,** more order backlogs and, ultimately, would result in higher revenues in 2026 and beyond;^{ix} ii) to what extent companies could not only substantiate claims for higher operating leverage but also **show structural cost improvements and efficiency gains leading to higher margins;**^x iii) with many companies having managed to repair their balance sheets and reduced leverage ratios under the pressure of higher interest rates,^{xi} **capital allocation priorities became another central focus point,** with a growing analyst and investor interest in **capex trajectories, new investments and M&A opportunities;**^{xii} and iv) coming to the end of the 2025 financial year, the **outlook for dividends was naturally widely discussed.**^{xiii}

Given some recent high-profile bankruptcies in the private credit space (First Brands, Tricolor), we start with a review of the current investor debate on **private capital and a potential credit downturn** before looking at **recent attempts to reinvigorate anti-trust enforcement**. Apart from the intensive discussion on digitalisation and AI during Q3'2025, **cyber security has become a serious topic** as even large companies have been attacked in recent months (M&S, Qantas, Asahi Group). Since the **shipping industry has massively grown in its geopolitical relevance**, both commercial and military, we then devote a special case study to this sector despite limitations of not many shipping companies being listed and/or having Chinese ownership. In the current global trade war, **Latin America has gained special interest from an investor perspective**, not least the latest US financial lifeline for Argentina, and we analyse the ongoing debate before finishing with some observations on the **governance discussion about Board-CEO ties getting under scrutiny**.

SHIFT TO PRIVATE CAPITAL

While concerns about the growing scale of the private capital industry (private debt, hedge funds, private equity, venture capital, family offices) have been raised for some time, with UK policy-makers considering this asset class almost as a panacea for higher pension fund returns and US asset managers arranging partnerships to provide mainstream retail investors easier access to private capital,^{xiv} the discussion during the Q3'2025 reporting season raised fears as to whether the collapse of First Brands and Tricolor could potentially trigger the next financial crisis.^{xv} Interestingly, US banks conceded that, after a long benign cycle, 'private credit is going to deteriorate in a downturn' (Jamie Dimon, CEO of JPMorgan), expecting higher further losses with the subprime auto loans being just the beginning of it.

This was confirmed by European banks, considering currently 'no major distress in the private credit environment' (Todd Tuckner, CFO of UBS) but observing 'spread compression in the private credit book' (James von Moltke, CFO of Deutsche Bank).^{xvi} Research by Moody's Analytics and the SEC in June 2025 already pointed to the opaqueness of densely interconnected financial networks, with banks getting increasingly involved in private credit and non-bank financial institutions (specialty financial groups, insurers) through 'partnerships, fund financing and structured risk transfers' that allow to shift assets off balance sheet while still maintaining economic exposure to credit markets.^{xvii} Consequently, banks were extensively interrogated by analysts and investors about their private credit exposure during the Q3'2025 reporting season, highlighting their 'investment grade NBFI exposure, diversification and limited concentration risk' while, at the same time, pointing to 'diversified collateral pools and securitisation exposure' in their own private capital lending strategy (Mark Mason, CFO of Citigroup).^{xviii}

REINVIGORATING ANTI-TRUST ENFORCEMENT

The topic of anti-trust enforcement may not be a major theme in analyst conference calls, unless one follows some of the big US technology firms, but it has certainly got a new tweak in the wake of global trade tensions and a more assertive US and Chinese foreign policy agenda. While the new US government continues to be at loggerheads with European authorities about digital, AI and data protection regulation, it continues to clip the wings of its own big tech companies despite CEOs of Google, Apple, Amazon and others courting the President for favours. Bizarrely, while

Apple was promised tariff relief after announcing an additional \$100 billion investment in the US, the Department of Justice (DoJ) continues with its antitrust lawsuit accusing Apple of abusing a smartphone monopoly.^{xi} Similarly, despite a federal judge rejection to break up Google by forcing to sell its Chrome browser, the DoJ showed no signs of relenting, asking the federal judge in a second phase of the antitrust trial to implement a phased divestiture of the technology online publishers use to sell ad space.^{xx}

In turn, the EU fined Apple and Facebook owner Meta a total of EUR 700 million for breaching antitrust rules in April, which was largely seen as conciliatory to avoid escalating trade tensions with the new US administration.^{xxi} However, the growing clout of the European competition authorities has come more recently under scrutiny, not only because of a change in leadership, but also due to an internal overhaul of merger control and industrial policy, challenging the traditional consumer-first principles in merger decisions and deep institutional skepticism of European champions.^{xxii} More importantly, the rise of AI has undermined some of the recent antitrust trials against Google and others, with calls for growing a different web architecture given the fact that the web is increasingly flooded with machine-generated slop.^{xxiii}

CYBER (IN)SECURITY

Despite some recent high-profile and well-covered cyberattacks (Marks & Spencer, Qantas, Asahi Group), companies don't often get asked about their cyber security measures in analyst calls.^{xxiv} While there is naturally an element of companies trying to be shy about this topic in the public domain,^{xxv} perhaps, more importantly, analysts and investors have come to the conclusion that this is inevitable unless it reaches the scale of disruption and damages faced by M&S in early summer.^{xxvi} While hackers are typically portrayed by the media as highly sophisticated ransomware raiders, the reality is more complex as companies are often equally to be blamed, for using patched-together technology from past mergers or simply keeping software not updated and/or not deploying multi-factor authentication.

As One interesting new development, hacker groups increasingly began to target the supply chains of major corporates – as was the case with M&S – using weak links in third-party cyber security defences, with attacks on suppliers having reportedly doubled in 2024.^{xxvii} Given growing cyber crime in recent years, three main factors are being pointed to, which have naturally implications for investment decisions by professional fund managers: i) the internet was not built with security in mind, and this has been exacerbated by the lack of product liability laws, notably for vendors that build the technology and devices for the internet; ii) Bitcoin facilitates ransomware, providing criminals with a layer of protection despite its open blockchain technology; and iii) more players have come to the game over the last five years, notably through the outsourcing of data storage and software in the cloud, which has lowered the entry barriers.^{xxviii} Even more worrying are AI-enabled cyber-attacks, ranging from voice phishing to 'zero-day' vulnerabilities in browsers and the potential misuse of agentic AI.

CASE STUDY: SHIPPING INDUSTRY

We have closely followed the global shipping industry - both commercial and military - over the last few months, and often had to use alternative sources of information as China dominates the

shipbuilding industry (70 per cent of new-build orders globally in 2024 vs only seven per cent Japanese from a recent peak of 29 per cent in 2015)^{xxx} and many Asian and/or even European shipping companies are either not listed or simply provide limited information. Still, global trade tensions have brought the industry on the radar screen of professional fund managers, not only due to the new claim of the US administration to ‘make shipbuilding great again,’ but also for a variety of strategic geoeconomic reasons, ranging from the access to the frigid waters of the Arctic to infrastructure (ports, shipyards, underwater cable) and the passage through the South China Sea all the way to the control of its own commercial shipping (185 ocean-going commercial vessels currently owned by the US vs 5,500 by China).^{xxx}

Clearly, China has applied a long-term industrial strategy to its shipping industry and the US is now trying to combat China’s ringfencing of the global maritime, logistics and shipbuilding sectors by applying port fees on Chinese vessels, using the Maritime Security Trust Fund (utilising tax credits, grants and loans for building and workforce training) and enforcing trade sanctions to support the US shipping industry.^{xxxi} In turn, China responded by adding five US subsidiaries of South Korean shipbuilder Hanwha Ocean to its sanctions list after South Korea had promised to play a prominent role in reviving the US shipbuilding sector, pledging \$150 billion to the ‘make shipbuilding great again’ campaign.^{xxxi} Similarly, Japan recently announced plans to revitalise its shipbuilding industry through consolidation and a \$7 billion national fund, with Imabari Shipbuilding taking a 60 per cent stake in Japan Marine United to create a global number four.^{xxxiii}

Against this backdrop, container shipping companies reported higher costs due to port congestion (Mark Frese, CFO of Hapag-Lloyd),^{xxxiv} with spot rates being sequentially up by 37 per cent at the end of Q2’2025, a combination of higher tariffs and ‘Chinese companies going global’ (Vincent Clerc, CEO of Maersk).^{xxxv} Still, senior management of listed container shipping companies expect the outlook for the industry to improve as there was more demand outside North America and ‘more globalisation’ despite global trade tension.^{xxxvi}

LATIN AMERICA

Against the backdrop of the current shake-up of the international trading system emerging market equities have performed remarkably well, with the MSCI Emerging Market equities index being up by 23.9 per cent over the first nine months of 2025, which is largely explained by three main factors: i) the weakness of the US-dollar, which is the main invoicing currency for emerging market trade, while a large share of government debt is denominated in US-dollars; ii) being an alternative asset class investment to diversify away from US exposure and fiscal vulnerabilities in developed markets while, at the same time, offering exposure to real commodities such as precious and industrial metals and agricultural products, which is a hedge against inflation risk; and iii) a majority of emerging market economies have been very prudent in their monetary policy after 2021-22 and have been tightening their fiscal policy since 2024.^{xxxvii}

In this context, Latin America has been the best performing region in the world for most of this year, partly explained by the electorate favouring leaders with more traditional agendas, based on free markets and open economies, where nations representing 85 per cent of the region’s GDP are going to the polls this year and next.^{xxxviii} Argentina might be the one extreme, often seen as a

Latin copy of Trump policy, but its President, Javier Milei, is arguably pushing trade deals instead of tariff increases, downsizing government consistently and not erratically, which resulted in a dramatic turnaround of Argentina's economy and financial markets. Despite weeks of financial turmoil in the run-up to the mid-term legislative election in October, including a run on the peso which led to the US offering a financial lifeline,^{xxxix} President Milei's libertarian party won an overwhelming victory, which helped to calm down markets and strengthen the peso.^{xl}

Propping up the peso has clearly been of geostrategic interest for the new US administration, as China made further progress in developing trade relations with Latin American countries (Colombia, Panama, Brazil),^{xli} although there are several reasons for the region to abstain from deepening its ties with Beijing: i) fear of retaliation from the Trump administration, which Panama has already experienced over Chinese port concessions; ii) reluctance to depend on one big trade partner, particularly at times of unfair trade practices; iii) cultural affinity to the US and Europe; and iv) the US counting on Latin America's help in supplying critical minerals and providing low-cost factories.^{xlii} One example of this geopolitical tug-of-war is Mexico imposing a 50 per cent tariff on Chinese cars in September to preserve a free trade deal with the US.^{xliii}

BOARD-CEO TIES UNDER SCRUTINY

On the back of geopolitical upheaval, economic uncertainty and technological disruption, there was a disproportionately high amount of European-listed companies announcing the abrupt exit of their CEOs this year as tensions with their Boards came into the open. Dissatisfaction with strategy execution and the pace of performance improvement were apparently the main reasons.^{xliv} Under the surface, however, more fundamental changes to the Board's traditional approach seem to be under way, partly due to corporate scandals but also because of the intention to professionalise Boards further and move away from directors being bogged down in operational minutiae, disengaged from innovation and, even worse, not clear about their strategic mandate.^{xlv}

At the same time, there is a growing frustration about the extent to which Board directors are being drawn into operational crisis as existential risks multiply, implicitly increasing the temptation to intervene given greater liability and reputational hazard.^{xlvi} In turn, CEOs have long learned to master the fine art of massaging the message, reflected in Board papers being expertly curated, risks reframed and language carefully chosen. Ultimately, Boards are confronted with the need to respond to what they are being told and need to learn asking the right questions. As a result, there is a record number of CEOs being brought back for a second stint in the job, particularly in the US, as Boards are struggling with their long-term succession planning.^{xlvii}

The recent CEO replacement at Nestle, after Laurent Freixe had an undisclosed affair with a direct subordinate, illustrates the pressure for changes in the corporate culture, where Swiss consensus was previously prioritised over scrutiny, leading to lengthy Board tenures and a degree of inertia, together with challenges to improve performance of a conglomerate model with very different businesses across the globe.^{xlviii} Leaving aside the persistent denials by the previous CEO, it was the slow investigation and the reluctance by the Chairman, Paul Bulcke, to dismiss Laurent Freixe, which outraged institutional investors.^{xlix} Consequently, the new CEO, Philipp Navratil, insisted on

the need to develop a new 'performance culture' at Nestle while, at the same time, highlighting his CEO agenda in terms of 'transparency, accountability and a sense of urgency'.¹

Peter and Irina Kirkow
3 November 2025

APPENDIX

- MERCEDES-BENZ GROUP GUIDANCE 2025 -

MERCEDES-BENZ GROUP GUIDANCE 2025



	Actuals FY 2024	Actuals YTD 9M 2025	Guidance FY 2025
Revenue	EUR 145.6 bn.	EUR 98.5 bn.	Significantly below
EBIT	EUR 13.6 bn.	EUR 4.3 bn.	Significantly below
Free Cash Flow (industrial business)	EUR 9.2 bn.	EUR 5.6 bn.	Significantly below

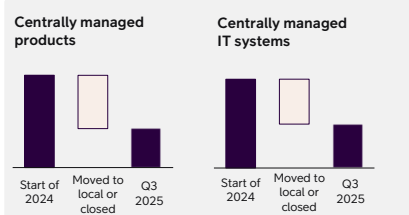
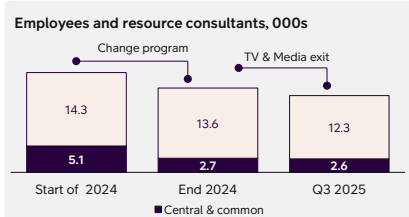
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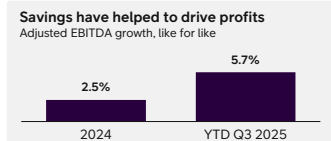
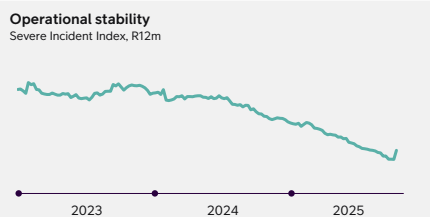
- CAPITAL MARKET PRESENTATION Q3 2025 -

Towards a simpler, faster and more efficient Telia

Significant changes made...

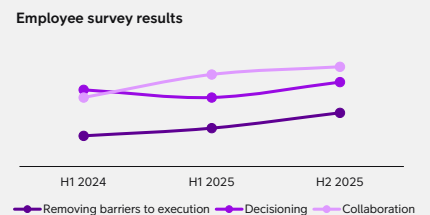


... progress is visible...



... with more to do across the agenda

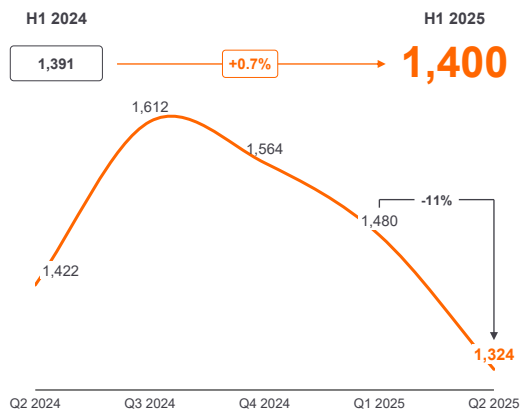
- Increased customer focus
- More relevant products with higher profitability
- Clear accountability between countries and common functions
- Removing barriers, for faster execution
- Simplified ways of working



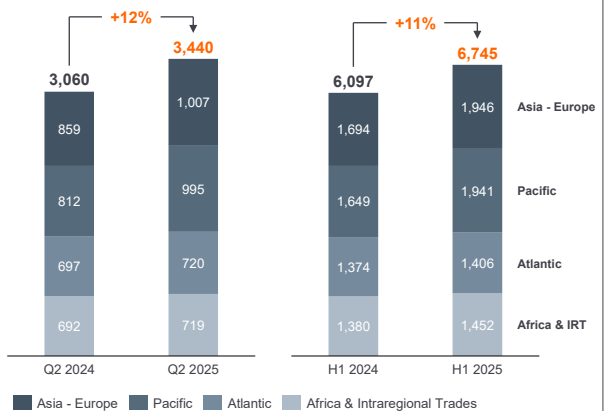


Volumes in the Liner Shipping segment increased by 11% in H1 2025, while the average freight rate was stable YoY

Freight Rate Development [USD/TEU]



Transport Volume Development by Trade [TTEU]



Note: Figures as stated in the Investor Report H1 2025. Rounding differences may occur.

3 Performance culture, where winning is rewarded



Performance culture

Speed over perfection, collaboration over consensus

Performance measurement

Group-wide leading KPIs

Performance-based rewards

Compensation driven by winning performance

ENDNOTES

ⁱ After meeting on the sidelines of the Asian-Pacific Economic Cooperation (APEC) summit in South Korea in late October, US President, Donald Trump, and his Chinese counterpart, Xi Jinping, may have agreed on a one-year trade truce but this needs to be turned into a comprehensive trade deal first before both countries sign the new agreement when Trump visits China, currently planned for April 2026. In the meantime, things could easily escalate again and both sides could reimpose punitive measures any moment, see: Demetris Sevastopulo and Joe Leahy, *'US and China agree one-year trade truce after Donald Trump-Xi Jinping talks'*, Financial Times, 30 October 2025.

ⁱⁱ Sam Fleming, *'Global economy defies Trump's trade war but 'cracks in the foundation' emerge'*, Financial Times, 13 October 2025. This more positive statement may have to be qualified, not only for Europe remaining in a 'low-growth cycle' and facing 'structural challenges' (Jane Fraser, CEO of Citigroup, at the Q3'2025 analyst call on 14 October 2025), but also US tariffs starting to impact US consumer prices (see: Gregory Meyer, *'Impact of Trump tariffs is beginning to show in US consumer prices'*, Financial Times, 6 October 2025) and employment growth in advanced economies being the main weak spot (see: Delphine Strauss and Claire Jones, *'Labour markets stuck in a 'low-hire, low-fire' cycle'*, Financial Times, 5 October 2025). In turn, China's economy remained in deflation despite the government's 'involution' campaign (to prevent self-harming competition), with consumer prices being down by 0.3 per cent in September 2025 and producer prices lower by 2.3 per cent year-on-year, see: Thomas Hale, *'China's consumer prices fall as deflation fears loom'*, Financial Times, 15 October 2025.

ⁱⁱⁱ Over the last few weeks, various CEOs expressed their frustration about politics becoming 'more important than economics' as a result of which more 'resilience is needed to face politics and short termism' (Patrick Pouyanne, CEO of TotalEnergies, at their 2025 Capital Markets Day in New York on 29 September 2025). Similarly, the CEO of Mercedes Benz Group, Ola Källenius, noted that 'current challenges need a lot of management attention' (Mercedes Benz Group Q3'2025 analyst call on 29 October 2025).

^{iv} For a good analysis of some of the latest developments of the US bond market and attempts by US government officials to make mortgages more affordable, being one of the main political objectives of the Trump administration, through the Treasury's liability management operations, see: Mohamed El-Erian, *'The influence of 'geoeconomics' is growing'*, Financial Times, 29 September 2025.

^v Andy Bounds, Ryan McMorrow and Demetri Sevastopulo, *'Dutch government takes control of Chinese-owned chipmaker Nexperia'*, Financial Times, 13 October 2025. The Dutch government was apparently faced with an ultimatum set by the US commerce department after putting the Chinese owner Wingtech under the US entity list designation, imposing controls on groups seen as acting against US national security or foreign policy interest which, in this case, was also applied to its Dutch subsidiary, see: Andy Bounds, Ben Hall and Ryan McMorrow, *'Dutch seizure of chipmaker followed US ultimatum over Chinese chief'*, Financial Times, 14 October 2025.

^{vi} Having followed close to 40 Capital Markets Days (CMDs) of very different European companies since early September 2025 and more than three dozen companies in North America, Europe and Asia since the start of the Q3'2025 reporting season in mid-October, this became most explicit at the TotalEnergies 2025 Capital Markets Day in New York on 29 September 2025, where the company had announced a \$1 billion capex reduction but maintained its mid-term targets, which immediately caused a lot of questions at the analyst Q&A. In a similar way, the CFO of Telia, Eric Hageman, emphasised that the company 'increasingly managed to do more with less' (Telia Q3'2025 analyst call on 23 October 2025). Nokia highlighted that they want to achieve 'organisational efficiency rather than [having to go through] frequent restructuring programmes' (Marco Wiren, CFO of Nokia, at the Q3'2025 analyst call on 23 October 2025). In turn, banks expressed a similar objective by saying that cost efficiency has to go 'straight through processes' (Christian Sewing, CEO of Deutsche Bank, at the Q3'2025 analyst call on 29 October 2025).

^{vii} Similarly, Shell claimed a 'winning performance culture', with a major focus on operational excellence, simplification and discipline (Sinead Gorman, CFO of Shell, at the Q3'2025 analyst call on 30 October 2025). In the airline industry, Lufthansa highlighted that they had massively invested in achieving higher punctuality, efficiency enhancement and fleet renewal (Carsten Spohr, CEO of Lufthansa, at the Q3'2025 analyst call on 30 October 2025). Still, an important element remained the claim for 'cultural change', with companies like Lufthansa increasingly pointing not only to customer net promoter scores (NPS) but also to employee surveys, providing an additional argument that pilote strikes might not happen after all.

^{viii} The paradox of lowering capex but claiming productivity gains through new AI investments became perhaps most clear at the TotalEnergies Q3'2025 analyst call, when the CEO, Patrick Pouyanne, maintained that 'lowering of capex is of utmost importance in weaker markets' while, at the same time, highlighting the need to 'scale AI tools for

additional revenues', with a current partnership investment of \$350 million together with Amazon (TotalEnergies Q3'2025 analyst call on 30 October 2025). Notably banks devoted more time to elaborate on their AI productivity efforts, highlighting 'early use cases in AI' such as data analysis and client engagement while pointing to first tangible impacts for coding/working faster as well as more benefits for advisory support (Sharon Yeshaya, CFO of Morgan Stanley, at the Q3'2025 analyst call on 15 October 2025). In turn, Citigroup highlighted their effort in 'embedding AI in how we work and automating routine work', pointing to their internal AI-driven code review and expansion of agentic AI (Jane Fraser, CEO of Citigroup, at the Q3'2025 analyst call on 14 October 2025).

^{ix} Analysts and investors were all too aware that orders could be easily postponed and even cancelled under current economic and geopolitical circumstances (ABB, Trelleborg, Intel). This sentiment was well expressed by the CEO of Morgan Stanley, Ted Pick, that there is a 'pent-up demand for new products and ideas but this against geopolitical uncertainty' (Morgan Stanley Q3'2025 analyst call on 15 October 2025). Among other banks, the CEO of Goldman Sachs, David Solomon, confirmed that 'CEOs are taking a more strategic long-term vision' and 'they are thinking that opportunities are possible' as a result of which he expects M&A activity in 2026 to be strong (Goldman Sachs Q3'2025 analyst call on 14 October 2025). For record M&A activity in 2025, see: Oliver Barnes, *'M&A deals top \$1tn in third quarter'*, Financial Times, 30 September 2025. Similarly, the CFO of JPMorgan, Jeremy Barnum, confirmed that the rate environment is 'good enough' to get deals done but he cautioned about the US labour market being weak and things like the 'low hire, low fire' policy not 'being great forever' (JPMorgan Q3'2025 analyst call on 14 October 2025). As a result, the CEO of Citigroup, Jane Fraser, maintained that they are running operations in a 'recession-ready mode' and are 'watching early signals' (Citigroup Q3'2025 analyst call on 14 October 2025).

^x This was a main theme in the oil services industry, with Baker Hughes aiming to become 'more industrial and less cyclical' through new technologies and through a broader and more versatile portfolio to achieve 'more resilient and sustainable earnings' (Lorenzo Simonelli, CEO of Baker Hughes, at the Q3'2025 analyst call on 24 October 2025). Similarly, SLB keeps growing its new Digital division, maintaining that 'AI is a transformative force in the industry' and, as a result, its Digital division will exceed growth rates of the core business (Olivier Le Peuch, CEO of SLB, at the Q3'2025 analyst call on 17 October 2025). When pressed hard by analysts to provide evidence for AI making a difference, Olivier le Peuch pointed to the current 1,500 customers they have in the Digital division, while the CFO of SLB, Stephane Biguet, claimed that eventually 'every equipment product receives its digital service' (SLB Q3'2025 analyst call on 17 October 2025).

^{xi} The extent to which companies had managed to reduce their net debt in recent months was a major feature of the Q3'2025 reporting season, often surprising the market when achieving earlier than expected leverage ratio targets, which in some cases was supported by divestments (Telia, ABB, Ericsson). This naturally raised questions about higher dividend payouts and/or additional share buy-backs, which was extensively discussed over the last three weeks of results reporting.

^{xii} Positive sentiment on M&A, particularly mega deals, may largely be driven by the US market, given a combination of 'triple easing' in monetary, fiscal and regulatory policy and massive pent-up demand from private equity, see: James Fontanella-Khan, *'Animal spirits have returned to M&A'*, Financial Times, 1 November 2025. The strong confidence in the M&A market conveyed by US banks, with Goldman Sachs highlighting its involvement in \$ 1 trillion M&A advisory year-to-date, being \$ 225 billion ahead of the next competitor (David Salomon, CEO of Goldman Sachs, at the Q3'2025 analyst call on 14 October 2025), was met with much more subdued sentiment by European banks pointing, among others, to the US government shutdown leading to delays in IPOs (Todd Tuckner, CFO of UBS, at the Q3'2025 analyst call on 20 October 2025).

^{xiii} Over the last few weeks, changes in dividend policy and higher payout ratios were typically announced a few days before (Hannover Re) or at Capital Markets Days (Aurubis, OMV), often seen as a sweetener as companies were not necessarily able to upgrade their mid-term guidance. In this context, we have followed about 40 CMDs of very different companies in Europe since early September 2025 and noticed that dividend policy became one of the major focus points for investors and analysts. As a substantial number of other CMDs will follow until mid-December, we plan to publish a separate research paper on this topic by year end.

^{xiv} Patrick Jenkins, *'Private capital: growth opportunity or minefield?'*, Financial Times, 19 May 2025. Research by economists at the Federal Reserve Bank of Boston published in May 2025 even raised the question whether private credit could pose a systemic risk by pointing to syndicated loans and high-yield bonds as two prominent forms of private credit, exposing banks to higher risk and, even worse, 'direct private credit lending [potentially] to replace banks as a key source of business credit', see: Jose L. Fillat, Mattia Landoni, John D. Levin and J. Christina Wang, *'Could the Growth of Private Credit Pose a Risk to Financial System Stability?'*, Current Policy Perspectives, 25-8, Federal

Reserve Bank of Boston, 21 May 2025.

^{xv} For a discussion of new financial risks in the leveraged loan market following the collapse of First Brands and Tricolor, with some investors pointing to credit problems becoming ‘dangerous to the overall economy’, see: Eric Platt, Kate Duguid and Amelia Pollard, ‘Investors warn on leveraged loan risks after First Brands collapse’, *Financial Times*, 17 October 2025. For risks of recent credit concerns driving up banks’ funding costs given lenders’ hidden exposure to private capital firms, see: Ortenca Aliaj and Robert Smith, ‘JPMorgan warns First Brands fallout driving up banks’ funding costs’, *Financial Times*, 20 October 2025.

^{xvi} On pitfalls of current investor trades potentially leading to a global financial crisis, including growing exposure to illiquidity through migration to unlisted private equity and credit as well as the repackaging of risky or illiquid assets via securitisation and synthetic risk transfer, see: Satayjit Das, ‘The trades that will shape a new financial crisis’, *Financial Times*, 3 July 2025. For an analysis of the link between IPO pipelines drying up in recent years and the fallen value of private equity exits in the UK, see: Katie Marin, ‘The strains on the private equity model are showing’, *Financial Times*, 13 September 2025. For H1’2025 statistics on private equity capital raising, see: Hannah Pedone and Antoine Gara, ‘Private equity fundraising slides as sector’s downturn deepens’, *Financial Times*, 25 August 2025.

^{xvii} Sujeet Indap and Eric Platt, ‘Private credit could ‘amplify’ next financial crisis, study finds’, *Financial Times*, 3 June 2025. For a fascinating study of the pitfalls of credit securitisation, notably mispricing, reduced capital buffers and hidden risks, see: Satayjit Das, ‘So much credit securitisation still relies on magical thinking’, *Financial Times*, 20 October 2025.

^{xviii} Mark Mason, the CFO of Citigroup, went even as far as claiming ‘transparency on a loan-by-loan level’ with ‘ample subordination’ (Citigroup Q3’2025 analyst call on 14 October 2025). The quotes from UBS are taken from their Q3’2025 analyst call on 29 October 2025 and from Deutsche Bank at the Q3’2025 analyst call on 29 October 2025. UBS management appeared remarkably relaxed given the fact that it had a \$500 million exposure to First Brands’ debt and invoice-linked financing, see: Robert Smith et al., ‘UBS fund holds 30% exposure linked to First Brands’, *Financial Times*, 8 October 2025. Jamie Dimon, the CEO of JPMorgan, shared his extensive insights in the private capital market at the JPMorgan Q3’2025 analyst call on 14 October 2025.

^{xix} Stefania Palma and Michael Acton, ‘Trump administration doubles down on Big Tech antitrust cases despite Google setback’, *Financial Times*, 4 September 2025. Interestingly, the more lenient ruling by the federal judge in the case of Google’s search engine and advertising business was explained by the threat of its monopoly power from general AI, see: Stefania Palma, Michael Acton and Stephen Morris, ‘Google spared break-up in US monopoly case’, *Financial Times*, 3 September 2025.

^{xx} Stefania Palma and Stephen Morris, ‘US prosecutors ask judge to order spin-off of Google ad businesses’, *Financial Times*, 23 September 2025. There were voices of support among top economists in the US, calling the EU to follow the US example and address Google’s dominance in the ad space, see: Daron Acemoglu, ‘The US ruled against Google’s monopoly – Europe should do the same’, *Financial Times*, 22 April 2025.

^{xxi} Barbara Moens, ‘EU fines Apple and Meta total of €700mn for antitrust violations’, *Financial Times*, 23 April 2025. This was followed by a more severe EUR 2.95 billion fine for Google’s search advertising practices in September, which was heavily criticised by US President Trump, threatening retaliatory tariffs, see: Barbara Moens and Aime Williams, ‘Donald Trump threatens retaliatory tariffs after EU hits Google with €2.95bn fine’, *Financial Times*, 6 September 2025.

^{xxii} Barbara Moens, ‘EU’s antitrust ‘ayatollahs’ face crisis of faith’, *Financial Times*, 3 July 2025.

^{xxiii} John Thornhill, ‘We need a new deal for the web’, *Financial Times*, 6 June 2025.

^{xxiv} Having followed more than four dozen companies in recent weeks, the only question on cyber security we can remember was raised by the Citi analyst at the Heineken 2025 CMD on 23 October 2025, following up on the company reporting an overhaul of its digital backbone system, although the CEO, Dolf van den Brink, was quick in admitting that there will never be a perfect protection.

^{xxv} Among UK companies, only about one quarter admit that they have been the target of successful ransomware attacks and prefer to pay the ransom to avoid reputational damage. As one expert put it, if cyber crime were a legitimate industry it would be the third largest economy in the world, twice the size of Germany and catching up fast with the US and China, with costs of global cyber crime estimated at \$10.5 trillion in 2025, see: Misha Glenn, ‘Cyber crime is surging. Will AI make it worse?’, *Financial Times*, 7 June 2025.

^{xxvi} A reported GBP300 million hit the operating profit of M&S and online clothes sales remained suspended over five weeks, see: John Gapper, ‘Welcome to the age of cyber insecurity in business’, *Financial Times*, 1 June 2025.

^{xxvii} About 30 per cent of the total of 7,965 cyber attacks in 2024 reportedly originated via a third party (compared with 14.9 per cent of 7,268 cyber attacks in 2023), according to the Verizon Data Breach Investigations Report in 2025,

with a wide range of possible entry points, including software providers, customer service helplines and those providing other technological solutions such as AI, see: Kieran Smith, *'Hackers target supply chains' weak links in growing threat to companies*, Financial Times, 22 September 2025.

^{xxviii} Misha Glenny, *'Cyber crime is surging. Will AI make it worse?'*, Financial Times, 7 June 2025.

^{xxix} Harry Dempsey, *'Trump's port fees will weaken China's shipbuilding dominance, says shipping boss'*, Financial Times, 25 September 2025.

^{xxx} Rana Foroohar, *'Why ships are the new chips'*, Financial Times, 24 March 2025.

^{xxxi} For US port levies on Chinese vessels, amounting up to \$1.5 million on any Chinese-build ship calling at its ports, see: Aime Williams, *'Trump administration set to impose steep fees on Chinese ships'*, Financial Times, 18 April 2025. This has resulted in shipping operators seeking alternative financing, independent from Chinese institutions currently dominating the \$100 billion in outstanding financing for shipping companies worldwide, see: Robert Wright, *'Shipping companies seek non-Chinese finance to dodge steep US port fees'*, Financial Times, 31 August 2025. On the US administration threatening to retaliate against international carbon levies imposed on their ships, see: Oliver Telling, *'US to retaliate against international carbon levies on ships'*, Financial Times, 9 April 2025.

^{xxxii} Joe Leahy and Christian Davies, *'China slaps sanctions on Korean shipbuilder accused of helping US'*, Financial Times, 14 October 2025.

^{xxxiii} Harry Dempsey and Leo Lewis, *'Japan's shipbuilders look to consolidation to take on China'*, Financial Times, 6 July 2025.

^{xxxiv} Hapag-Lloyd H1'2025 analyst call on 14 August 2025.

^{xxxv} Maersk Q2'2025 analyst call on 7 August 2025.

^{xxxvi} The latter was confirmed by the latest DHL Global Connectedness Tracker, with global trade in goods growing faster during the first half of 2025 than in any half-year since 2010 as China rushed to offset lower exports to the US with higher exports to other markets but also businesses resetting their global supply chains, becoming more regional and between friendly countries, see: DHL Group in partnership with NYU Stern School of Business, DHL Global Connectedness Tracker, October 2025.

^{xxxvii} Oliver Harvey, *'Emerging markets are finally rallying'*, Financial Times, 30 September 2025. For a more detailed insight into emerging market currencies and bond markets, see: Joseph Cotterill and Emily Herbert, *'Emerging markets defy investor gloom to outshine developed world'*, Financial Times, 24 June 2025. Arguably, the substantial valuation gap to US equities has also driven the stock rally in emerging markets, with South Korea's Kospi and Taiwan's Taiex stock index hitting record highs in October as both indices are dominated by large semiconductor companies, see: Joseph Cotterill, *'Emerging markets roar back with biggest stock rally in 15 years'*, Financial Times, 7 October 2025.

^{xxxviii} Ruchir Sharma, *'The one region where the traditional right is on the rise'*, Financial Times, 5 May 2025. For an investment strategy in combination of high-quality public and private credit in emerging markets, with a specific focus on small and medium-sized companies in countries like Mexico and Brazil, see: Robert Koenigsberger, *'Global volatility is a reason to lean into emerging markets, not flee them'*, Financial Times, 5 May 2025.

^{xxxix} Ciara Nugent and Joseph Cotterill, *'US offers financial lifeline to Argentina's Javier Milei'*, Financial Times, 22 September 2025.

^{xl} Ciara Nugent and Michael Stott, *'Argentina's Javier Milei hails 'historic' win in pivotal elections'*, Financial Times, 27 October 2025.

^{xli} Michael Stott, Joe Leahy and Christine Murray, *'Latin America wary of US trade backlash as it builds relations with China'*, Financial Times, 11 May 2025.

^{xlii} Michael Stott, *'China won't be a big winner from Trump's policies in Latin America'*, Financial Times, 6 May 2025.

^{xliii} Christine Murray, *'Mexico to slap 50% tariff on Chinese cars under US pressure'*, Financial Times, 11 September 2025. For a critical view on Mexico's effort to appease Trump, see: Eduardo Porter, *'Going back to the 1970s won't save Mexico'*, Financial Times, 2 October 2025.

^{xliv} Anjli Raval, *'Board-CEO ties are being put to the test'*, Financial Times, 7 July 2025.

^{xlvi} <https://www.spencerstuart.com/research-and-insight/closing-the-confidence-gap-why-the-board-ceo-relationship-needs-a-reset>

^{xlv} Anjli Raval, *'CEOs don't call the shots'*, Financial Times, 27 October 2025. For an interesting insight into discrepancies between strategic decisions and investment choices, human capital, the risk profile of new technologies and the complexities of ESG, see the results of the joint survey from IMD Global Board Center/Roy C. Hitchman, What's Top of Mind for Board and Executive Team Members, 2025.

^{xlvii} Stephen Foley and Alexandra White, *'Companies back boomerang CEOs as succession plans falter'*, Financial Times,

27 July 2025. For a great insight into the governance principles defined by one of Europe's major institutional investors, DWS, particularly their focus on proper independence, succession planning and premature changes at senior management level with all its implications for severance pay, see: Hendrik Schmidt, Head of Stewardship-Governance at DWS, Impuls – Aus der (Governance-) Perspektive eines institutionellen Investors, Presentation at the Vienna Stock Exchange, 11 September 2025.

^{xlvi} Madeleine Speed and Mercedes Ruehl, *'The meltdown at Nestle'*, *Financial Times*, 20 September 2025.

^{xlix} Paul Bulcke will now be replaced by Nestle's lead independent director, Pablo Isla, at next year's AGM, see: Mercedes Ruehl and Barney Jopson, *'Denials and defiance: Nestle's chief exit over relationship prompts investor unrest'*, *Financial Times*, 3 September 2025.

ⁱ According to Philipp Navratil, 'Nestle has not been the most efficient company' and they need to become faster, more agile and achieve a higher scale (Nestle 9-Month Sales 2025, analyst call on 16 October 2025), promising specific KPI measures, aligned compensation and the recognition of excellence to achieve the new 'performance culture'. The latter would be substantiated by 'bolder investing in scale and innovation'.