AACHEN INVESTMENT CLUB

Newsletter CW 33/34

News Recap

Anthropic Targets Record-Breaking IPO

Anthropic is preparing for a possible initial public offering and expects the size of its IPO to match or even exceed SpaceX's record-setting share sale. According to people familiar with the plans, the company could file publicly as soon as the end of August 2026. SpaceX previously raised $75 billion in its IPO, which later increased to $86.2 billion through an overallotment option.

Anthropic's ambitions reflect the rapid growth of the artificial intelligence industry. The company raised $65 billion in May 2026 at a valuation of $965 billion, making it more valuable than rival OpenAI, which was valued at $852 billion in March. Anthropic has also experienced very strong revenue growth. Its preliminary second-quarter revenue exceeded $11.5 billion, compared with only $787 million in the same period of 2025. By the end of July, its annualized revenue run rate had reached about $65 billion. However, Anthropic still faces extremely high costs. Although it reported positive adjusted operating income in the second quarter, the company recorded a net loss of almost $42 billion in 2025. These losses are mainly connected to the enormous computing power required to train advanced AI models. Anthropic has signed major agreements for computing infrastructure, including a deal with SpaceX that could be worth tens of billions of dollars over the next three years.

(Source: Yahoo Finance)

El Niño Threatens Global Trade as Panama Canal Faces Renewed Drought

A strengthening El Niño is emerging as a new risk to global trade, commodity markets and economic growth. The weather phenomenon is expected to bring severe droughts to parts of Asia, Africa and Central America while increasing rainfall elsewhere, disrupting agricultural production, shipping routes and supply chains. Previous strong El Niño events have caused economic damage lasting well beyond the weather event itself.

One of the most immediate effects is visible at the Panama Canal. Below-average rainfall has reduced water availability in the canal's watershed, prompting the Panama Canal Authority to cut daily vessel transits from 36 to 34 from early September and further to 32 from September 15. Rainfall between May and August was around 34% below the historical average, while water inflows were 44% lower. As the canal handles roughly 5% of global maritime trade, prolonged restrictions could increase waiting times, freight rates and the use of longer alternative routes.
Commodity markets face an additional risk. El Niño can reduce crop yields through drought, heat and irregular rainfall, particularly affecting coffee, cocoa, rice, sugar and palm oil. Concerns over future supply have already contributed to higher prices in several agricultural markets, while the FAO has warned that adverse weather could reinforce renewed food inflation.
The broader economic consequences could be substantial. A Dartmouth study estimates that the strong 1997–98 El Niño caused approximately $5.7 trillion in cumulative global income losses over the following five years, as weaker agricultural output, infrastructure damage and lower productivity continued to weigh on growth. The current El Niño could become similarly strong or even stronger, making its development increasingly relevant for inflation, corporate margins and monetary policy.
However, improved agricultural technology, more diversified exporters and relatively high global grain inventories could provide greater resilience than during previous extreme events. The ultimate economic impact will therefore depend on both the strength of El Niño and the ability of global supply chains and commodity producers to adapt.
(Sources: Dartmouth College, Financial Times, Panama Canal Authority, Reuters)

ECB Economists Warn AI Correction Could Hit Europe's €440bn US-Tech Exposure

Five economists at the European Central Bank set out on 17 August why a correction in stock market valuations should be expected, and why the euro area would not be spared. Valuations on the US market, measured by the cyclically adjusted price-to-earnings ratio, currently sit close to their historical peak, while euro area valuations have risen far less. The assessment, published on the ECB's blog by Malin Andersson, Johannes Breckenfelder, Stefano Corradin, Kalin Nikolov and Maria Antonietta Viola, represents the views of its authors rather than the official position of the ECB or the Eurosystem.

The argument rests on historical precedent. The railway boom of the 19th century, the spread of electricity and radio in the 1920s and the dot-com era of the 1990s each saw a genuinely transformative technology attract heavy investment before the valuations of its early adopters fell sharply. Two explanations sit behind that pattern. Under the rational view, extreme uncertainty about a new technology's productivity justifies elevated valuations. Nvidia's roughly twentyfold share price gain since 2022 reflects an option value on a very large potential upside. As adoption spreads, however, firm-specific risk becomes economy-wide and can no longer be diversified away, so investors demand a higher risk premium. Under the behavioural view, overconfident investors push prices beyond fundamentals, making the eventual pullback sharper still.

For Europe, the decisive figure is an estimated €440 billion of euro area household exposure to US technology equities, based on look-through data on fund investors for the third quarter of 2025. Most of that exposure is held indirectly through mutual funds and low-cost exchange-traded products rather than through direct shareholdings, often without savers being aware of the concentration risk involved. Insurance companies and pension funds carry substantial positions in the Magnificent Seven as well, the group comprising Alphabet, Amazon, Apple, Meta Platforms, Microsoft, Nvidia and Tesla.

That fund-based structure is itself a transmission channel. A sharp correction can force funds to sell holdings to meet redemptions, first liquid assets and later distressed ones, pushing valuations lower and triggering further outflows. This turns a Magnificent Seven correction into a financial stability question for the euro area rather than a purely private one. The more severe scenario combines an equity correction with broader market instability at a starting point that leaves markedly less room to cut interest rates or deploy fiscal policy than during the dot-com episode.

A home-grown European crash appears less likely. Price-to-earnings ratios in the euro area remain considerably below US levels, productivity and margins in the information and communication technology sector are rising, corporate AI adoption is increasing, and digital investment over the past decade grew by more than three times the cumulative rise in GDP. European indices also remain dominated by "old economy" names. Yet the two markets have historically been very highly correlated, and the effects of a US correction could extend beyond financial markets to euro area sentiment, financing conditions and hiring.

The timing of any such correction is unknowable in advance, and boom-bust patterns tend to be identifiable only with hindsight. Valuations could equally move higher still if AI proves sufficiently transformative. For European investors, the concentration built up through global index trackers will remain under close scrutiny, without implying any particular outcome for markets in the months ahead.
(Sources: European Central Bank, Reuters)

European Gas Price Climbs to March High as German Storage Stalls at Half

European gas prices have risen to their highest level since March, just as Germany enters the final weeks before the heating season with its storage sites only half full. The benchmark TTF front-month contract traded at 64.60 euros per megawatt hour in Amsterdam, more than 20% above its level two weeks earlier and roughly double the price of a year ago.
The rally traces back to the Iran war, which began in late February and briefly pushed European gas towards 70 euros in March. Before the conflict, the contract had traded near 30 euros. Traders now doubt that energy flows from the Persian Gulf will normalise soon, with Tehran linking the reopening of the Strait of Hormuz to the implementation of a framework agreement signed with Washington in June.
That price level has broken the economics of storage. German facilities were filled to just over 50% on 19 August, far below the levels of recent years, while European sites averaged close to 62%. Traders normally buy cheap summer gas and sell it at a profit in winter, a calculation that no longer works at current prices. Klaus Müller, president of the Federal Network Agency, argues that supply is available on world markets and that traders are obliged to buy and inject. Kerstin Andreae of the utility association BDEW counters that loss risks impose real commercial limits, while insisting that delivery contracts will be honoured.
Under German rules, most storage sites should reach 80% by 1 November, although no penalties apply if they miss the target. Analysts frame the situation less as a supply question than a cost question. Tobias Federico of data firm Montel describes it as a price risk rather than a volume risk, since missing molecules can be sourced on the global LNG market, where Europe competes directly with Asian buyers. A long cold winter would decide how expensive that competition becomes.
(Sources: onvista, ZDFheute)

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Samsung Electronics Plans Record Shareholder Returns of Up to $80bn

Samsung Electronics plans to return KRW90tn-110tn (about $65bn-$80bn) to shareholders in 2026, which would be the largest annual capital return by a South Korean company. The amount is approximately 4.4-5.4 times its previous record of KRW20.3tn, set in 2020.

The package is expected to include roughly KRW30tn in cash dividends, with details to be finalised in October. The board will decide how to distribute the remaining KRW60tn-KRW80tn in January 2027, after confirming the full-year results. The options include additional dividends, share buybacks and cancellations.

Separately, Samsung approved a KRW15tn share repurchase for employee compensation. Because the shares are intended for staff awards rather than cancellation, the transaction should mainly offset dilution. It will not permanently reduce the share count in the way that a buyback followed by cancellation would.

The programme completes Samsung’s 2024-2026 policy of returning 50% of cumulative free cash flow. Total returns over the three years are expected to reach KRW120tn-140tn, supported by strong earnings and demand for AI-related memory chips.

Expectations had risen after SK Hynix announced a KRW40tn buyback-and-cancellation programme and raised its return target to more than 50% of cumulative free cash flow for 2025-2027. Samsung, by contrast, retained its existing target and did not specify how the remaining funds would be divided.

Samsung shares gained 3.5% when the plan was announced on Friday, 21 August, but fell more than 8% in early trading the following Monday, compared with a 3.1% decline in the Kospi. Analysts attributed the sharper fall partly to the absence of firm buyback or cancellation commitments. Large repurchases may also be constrained by Samsung’s ownership structure, as they could push affiliated insurers above regulatory ownership limits.

The plan highlights Samsung’s financial strength, but its effect on per-share value will depend on how much of the remaining capital is allocated to dividends, buybacks and permanent share cancellations.

(Sources: Reuters, Samsung)

M&A/VC News

Monte dei Paschi launches $39.8 billion bid for Banco BPM and Banca Generali

Italy's Monte dei Paschi di Siena has launched two separate all-share takeover bids worth a combined $39.8 billion for Banco BPM and Banca Generali, escalating the country's banking consolidation. The move is designed to counter Intesa Sanpaolo's $42 billion hostile bid for MPS launched in June. MPS is offering around $29.6 billion for Banco BPM and $10.2 billion for Banca Generali, with the combined transactions expected to create Italy's third-largest banking group. The proposed deals could generate approximately $3.0 billion in annual pre-tax synergies. MPS shareholders are scheduled to vote on the plan on October 29, with completion targeted for February 2027.

(Source: Reuters)

WSP presses ahead with $6.3 billion Arcadis takeover despite resistance

Canada's WSP Global is moving forward with its proposed acquisition of Dutch engineering and consulting group Arcadis after two unsolicited approaches were rejected. WSP's latest proposal of €51.50 per share values Arcadis at approximately $6.3 billion, including debt. The Canadian company plans to prepare an offer memorandum and submit it to Dutch regulators by October 15, although it has not indicated whether it will raise its proposal. Arcadis has argued that WSP's offers significantly undervalue the business and has expressed confidence in its standalone strategy. The attempted takeover has already pushed Arcadis shares substantially higher, while Dutch takeover protections could complicate WSP's efforts to proceed without board support.

(Source: Reuters)

KKR-backed consortium agrees to acquire Steadfast in $5.5 billion deal

Australian insurance broker Steadfast Group has agreed to a $5.52 billion takeover by a consortium backed by private equity firm KKR. Under the transaction, specialty insurance distributor Amwins Group will acquire Steadfast's underwriting agency operations, while Dragoneer Investment Group will take control of its broking business.

Steadfast shareholders will receive A$6 per share, representing a premium of nearly 52% to the company's June 9 closing price. The board has unanimously recommended the transaction, subject to an independent expert finding it to be in shareholders' best interests. The deal is expected to be completed in December and highlights continued interest in Australian listed companies from private-market investors.
(Source: Reuters)

Databricks raises $5 billion at $190 billion valuation to expand its AI agent platform

Data and AI company Databricks closed a $5 billion financing round on 13 August, valuing the San Francisco-based firm at $190 billion. Coatue led the round, joined by Blackstone, MGX, T. Rowe Price and new investor Sixth Street Growth, alongside existing backers including Andreessen Horowitz and Thrive Capital. The figure marks a rise of roughly 42% from the $134 billion valuation the company reached in February. Databricks said it crossed a $7 billion annualised revenue run rate in its second quarter, reflecting more than 80% year-on-year growth, and will direct the proceeds toward products that help enterprises build and manage AI agents.
(Source: Reuters)

Etched raises $700 million at $21 billion valuation as Jane Street backs its AI inference chips

US chip startup Etched announced on 18 August that it had raised $700 million at a $21 billion valuation, led by quantitative trading firm Jane Street, with Kleiner Perkins, Sequoia Capital, Andreessen Horowitz, Tiger Global, Bain Capital Ventures and Blackstone also participating. The round came roughly a month after Etched closed a $300 million Series C at a $10.3 billion valuation, effectively doubling its worth within weeks. Jane Street had become the company's first paying customer before leading the financing and is deploying Etched hardware in its own workloads. Etched designs inference chips built to run AI models faster and more efficiently than general-purpose hardware.
(Source: Reuters)

Lovable raises $400 million at $13.3 billion valuation, doubling its worth in eight months

Swedish software startup Lovable secured $400 million in Series C funding on 12 August at a valuation of $13.3 billion, double the level it reached in December. Menlo Ventures and the EQT-managed Scaleup Europe Fund jointly led the round, with Tencent, Balderton Capital and further investors from Europe, Latin America and Asia joining. The Stockholm-based company lets users create software through natural-language prompts and had previously raised $330 million at a $6.6 billion valuation. Management said annualised recurring revenue is tracking toward $600 million by the end of August, up from $200 million. The capital is earmarked for product, infrastructure and headcount.
(Source: Reuters)

Outlook

Earnings and key events

- 25.08.: German GDP Q2
- 26.08.: Nvidia, U.S. GDP Q2
- 28.08.: BYD
- 31.08.: G20 Finance Ministers Meeting, German CPI (flash)
- 01.09.: Eurozone CPI (flash)
- 02.09.: Broadcom
- 03.09.: Dell Technologies
- 04.09.: U.S. Jobs Report

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