

Before diving into this week's edition of *The Weekly Market Brief*, I'd like to once again thank you for the continued feedback so far. The objective of this blog remains unchanged: to highlight and contextualize the developments in global markets that matter most. While M&A activity was somewhat lighter this week, markets themselves were anything but quiet. Key U.S. data releases, including CPI and unemployment figures, played an important role in shaping sentiment, prompting me to place slightly more emphasis on market movements and underlying positioning. As always, I've done my best to cut through the noise and focus on the themes and events I found most relevant and interesting.

With that said, let's take a closer look at what shaped markets this week.

M&A activity – Deal of the Week

Despite overall deal activity remaining somewhat selective, this week still delivered several strategically meaningful transactions across logistics, financial services, software and asset management. The deals announced underline a continued focus on scale, fee-based revenue, geographic expansion and long-term structural growth themes, even as market volatility keeps broader M&A volumes in check.

Key M&A Developments This Week

A consortium led by **Advent International** and **FedEx** agreed to **acquire** Polish parcel-locker provider **InPost** for approximately **\$9.2 billion**, strengthening FedEx's European last-mile capabilities at a time when cross-border trade dynamics are shifting. The transaction values InPost at a 50% premium to its pre-deal share price and reflects strong conviction in automated delivery infrastructure as e-commerce penetration continues to rise across Europe. The consortium is advised by Baker McKenzie and Weil, Gotshal & Manges LLP.

In the U.K., **NatWest** reached an agreement to **acquire** wealth manager **Evelyn Partners** for **\$3.7 billion**, accelerating its push into fee-generating, capital-light businesses as traditional banking margins come under pressure. The deal will more than double NatWest's assets under management and administration, materially boosting recurring fee income. NatWest was advised by Ardea Partners, Bank of America Securities and UBS, while the sellers were advised by Evercore and Goldman Sachs.

In private equity, **Vista Equity Partners** has begun exploring a potential **\$1 billion-plus** sale of emergency communications software provider **AlertMedia**, working with JPMorgan on the process. While still early-stage, the move highlights renewed sponsor appetite to crystallize value in resilient, mission-critical software assets, even as public-market volatility continues to complicate valuation expectations.

Deal of The Week: Nuveen to Acquire Schroders for \$13.5 Billion

Nuveen's agreement to **acquire** U.K.-based asset manager **Schroders** for **\$13.5 billion** marks one of the most consequential consolidation moves in global asset management in recent years and serves as a clear signal of where the industry is heading. Advised by BNP Paribas

on the buy side, with Wells Fargo and Barclays advising Schroders, the transaction would create a combined group overseeing close to \$2.5 trillion in assets, placing it among the ten largest asset managers globally.

At its core, this deal is about scale and strategic positioning in an industry facing sustained structural pressure. Active asset managers are grappling with fee compression, rising operating costs and relentless competition from both low-cost passive giants and private-market specialists. For Nuveen, which has historically been heavily concentrated in the Americas, acquiring Schroders provides immediate geographic diversification and access to deep client relationships across Europe, Asia, the Middle East and Africa. For Schroders, the transaction offers access to Nuveen's U.S. distribution network and the capital base of its parent, TIAA, at a time when remaining independent has become increasingly challenging.

A central pillar of the strategic rationale is the push toward private markets. Roughly 17% of the combined firm's assets are currently invested in private equity, private credit and real assets, a share management intends to grow meaningfully over time. Private assets offer higher and more stable fee streams, helping to offset pressure in traditional equity and fixed-income products. By pooling capital, distribution and investment expertise, Nuveen and Schroders aim to compete more effectively with U.S. peers that have already built scale in alternatives.

The transaction also reflects a broader transatlantic power shift in asset management. European mid-sized firms, particularly those without a dominant niche, have struggled to keep pace with larger U.S. competitors. Schroders' sale underscores the stark choice many European managers face: consolidate, sell, or risk gradual erosion through outflows and margin pressure.

That said, the deal is not without risks. Asset-management mergers are difficult to execute, as cost synergies are harder to realize in people-driven businesses and client loyalty can be fragile. There is also execution risk around integrating cultures, retaining key investment talent and preventing client outflows during the transition. History offers several examples where promised scale benefits failed to fully materialize.

Still, with Schroders' board and controlling shareholders backing the transaction, regulatory hurdles appear limited, and the strategic logic is compelling. In a consolidating industry where size increasingly determines resilience, the Nuveen-Schroders deal stands out as a defining move, one that encapsulates the "bulk up or bow out" dynamic reshaping global asset management.

Market Movements

Global markets experienced another volatile week as encouraging macro data collided with growing unease around valuations and structural shifts, particularly in technology. Softer U.S. inflation and resilient labor-market data initially supported risk appetite, but sentiment quickly deteriorated as investors reassessed the longer-term implications of aggressive AI investment and its potential to disrupt entire industries. As a result, price action across equities, rates, commodities, and alternative assets reflected a market struggling to reconcile near-term economic resilience with rising uncertainty beneath the surface.

Key Market Movements This Week

The week had all the ingredients for a clean risk-on rebound, most notably a softer inflation print, but sentiment stayed fragile as investors continued to grapple with the longer-term disruption narrative around AI. In index terms, it showed up as a clear split: the **Dow (-1.23%)** held up better than the software-heavy **NASDAQ (-2.10%)**, while the **S&P 500 (-1.39%)** also finished the week lower. Outside the U.S., the **Hang Seng (+1.78%)** and **FTSE 100 (+0.74%)** ended in positive territory, reinforcing that this wasn't a "global risk-off across everything" move so much as a very specific repricing of certain growth exposures.

Inflation cooler, but the market's focus stayed on AI-led repricing Friday's CPI release delivered a welcome downside surprise, with annual consumer-price growth easing to 2.4% in January. Together with still-robust labor data earlier in the week, that briefly supported the "soft landing + eventual rate cuts" narrative, i.e., a path where the Fed can ease without a recession. But as the session progressed, the rally faded, and the dominant force became positioning and fear: investors kept selling areas perceived as structurally threatened by AI, from software and legal data to parts of financial services and insurance. The tone felt less like a typical macro-driven week and more like a rapid reassessment of which business models remain defensible in an AI-saturated world.

Rotation and safe havens: utilities surged, yields fell, and defensives did their job One of the clearest signals this week was where capital *ran to* when volatility picked up. Utilities were the standout, with the S&P 500 **utilities sector** up roughly **7%** on the week and closing at a record, classic "hide in plain sight" behavior. At the same time, the bid for duration was real: the 10-year **Treasury yield fell** to around **4.055%**, its **lowest since late November**, as investors sought ballast. Gold also stayed firmly in the safe-haven conversation, pushing back above the psychologically important \$5,000/oz level, while silver followed with outsized moves, another reminder that when equity narratives get messy, hard-asset hedges tend to reassert themselves.

Under the surface: indiscriminate selling created pockets of opportunity Even within a rough tape, there were notable counter-moves. Applied Materials jumped after results pointed to strong AI-driven demand for semiconductor equipment, an important nuance: investors may be questioning *some* AI winners, but they're still willing to pay for the "picks-and-shovels" of compute. Crypto also bounced late week (Bitcoin up ~5% on Friday in the piece you shared), and Coinbase surged on the day despite choppy fundamentals, showing how quickly oversold risk can snap back when flows turn. At the same time, some of the week's damage looked flow-driven rather than purely fundamental, Amazon's extended losing streak and sharp market-cap drawdown being a good example of how quickly mega-cap sentiment can swing when the market decides to de-risk.

Cross-asset and sector headlines that mattered (and what they *really* signaled) In tech and internet, the Pinterest drawdown became a case study in what markets punish right now: tariff-related ad softness, questions around monetization efficiency, and the sense that AI-enabled ad tools at larger platforms are raising the competitive bar. Walmart, by contrast, was framed as a "pragmatic winner" scale, diversified profits, and a narrative of moving from building digital foundations to accelerating execution. In financials, European bank stocks gave back early-year gains amid the same AI "sell first, ask questions later" impulse, less about immediate earnings and more about fears around how distribution, customer acquisition, and productivity change in an AI-first environment. In commodities and industrials, the tariff story stayed relevant (steel and aluminum scope questions, graphite

duties as strategic industrial policy), while energy pricing remained tethered to geopolitics, U.S.-Iran tensions and Russia-Ukraine negotiations keeping a persistent premium in crude even with ample near-term supply.

Macro “sensory overload”: mixed U.S. data, but the Fed path stayed cloudy The U.S. had a rare combination of signals, retail sales stalling, jobs still adding at a solid clip, and CPI cooling modestly, making it hard to extract a single clean macro message (and January seasonality always complicates interpretation). The most important “tell,” though, might actually be corporate: the continued escalation in AI capex plans (your German piece captured the mood perfectly-massive investment despite market doubts). That matters because it can support growth via investment, but it also raises the risk of a confidence shock if monetization disappoints. Abroad, the dispersion theme remained central: uneven growth and inflation across Europe, a softer UK outlook after weak Q4 domestic demand, Japan balancing pragmatic fiscal moves with tolerance for BoJ hikes to counter yen weakness, and China facing continued disinflation pressure amid housing deflation and subdued services inflation. In EM, export strength in parts of Emerging Asia contrasted with idiosyncratic stories elsewhere, while Latin America continued to benefit from commodity dynamics and shifting trade patterns despite pockets of debt stress.

Focus Topic: Alternative Asset Managers Caught in the AI Crossfire

The most interesting second-order effect this week was how the software sell-off bled into alternative asset managers like Apollo, Ares, Blackstone, KKR, and Blue Owl. At first glance, that move looks counterintuitive: these firms are diversified, they invest across private equity, private credit, real estate, and infrastructure, and many of them have been seeing strong inflows and improved deal momentum. But the market’s logic was simple: if AI is truly disruptive enough to compress cash flows and valuations in software, then private portfolios, especially those financed through private credit structures, could face a tougher mark-to-market reality and more difficult exits.

Exposure math vs. narrative risk Executives leaned heavily on the numbers: Ares flagged roughly 6% exposure in software across overall assets; Apollo emphasized software as less than 2% of AUM and framed some categories as effectively “rounding to zero”; Blackstone acknowledged software as a meaningful slice in parts of its credit book; KKR cited about 7% exposure; Blue Owl said around 8%. On paper, those percentages don’t scream existential risk. Yet the market’s concern isn’t only *direct* exposure, it’s the combination of (1) valuation sensitivity in private marks when public comparables reset, (2) refinancing risk if spreads widen or underwriting standards tighten, and (3) the possibility that AI disruption changes not just growth rates, but *business durability*, which is harder to hedge or diversify away.

Private credit hangover meets AI disruption fears Another reason the market stayed skeptical is timing: investors were already uneasy about private credit late last year. Layering an AI-driven software repricing on top of that created a narrative “stack” that’s hard to shake, if software is under pressure and financing is under scrutiny, then the two together can amplify downside perceptions for private capital firms even when near-term fundamentals remain intact. That’s why comments like “the book is strong” or “we don’t see meaningful losses” helped stabilize shares briefly, but didn’t fully reverse the trend: investors want proof in the data over time, lower defaults, resilient cash flows, and successful realizations, rather than reassurance.

Dry powder as the strategic upside The bullish counterpoint is also important: volatility is often when the best private-market vintages are formed. KKR's point about having substantial dry powder, multiples of the exposure they're worried about, gets to the heart of the opportunity. If public markets are forcing a faster repricing than private marks reflect, large alternative managers with permanent capital, scale, and sourcing advantages may be positioned to buy quality assets at better entry points. In other words, the same AI fear that hits their stocks today could set up a more attractive deployment environment tomorrow, *if* financing conditions cooperate and disruption risk proves manageable rather than catastrophic.

Risks and Opportunities for Investors

Where the risks are building: This week's price action was a reminder that the biggest risk right now is not necessarily a single macro datapoint, it's the market's sensitivity to shifting assumptions. The AI narrative is still bullish structurally, but markets are increasingly willing to challenge, how durable competitive moats really are, how quickly AI spending translates into earnings, and whether "picks-and-shovels" winners are as protected as investors assumed. That creates an environment where correlations can jump and where valuation compression can happen even with decent fundamentals. Add to that a still-active geopolitical premium in energy and the reappearance of tariff uncertainty, and it's easy to see why positioning turned defensive quickly.

Where the opportunities are emerging: The flip side is that volatility creates entry points, especially when selling becomes indiscriminate. This week already showed that investors are still willing to pay for clean execution and visible demand (AI infrastructure names being the obvious example), while punishing anything that looks like "growth with questions." More broadly, rotation into defensives and lower-volatility exposures tends to work best when confidence is shaky; the key is to avoid confusing "boring" with "safe forever." The winners in this tape are likely to be the businesses with pricing power, earnings visibility, and balance sheet flexibility, because those are the attributes markets consistently return to when narratives are unstable.

Looking Ahead

Next week's focus shifts from CPI itself to what policymakers and markets *do* with it. Wednesday's Fed minutes will be parsed for how confident officials were about the inflation trajectory and how they discussed the trade-off between cooling prices and still-resilient activity. Friday then brings the PCE price index (the Fed's preferred inflation gauge) alongside an advance estimate of Q4 GDP, two releases that can either reinforce the "cut later, not soon" narrative or revive fears that inflation is sticky enough to keep policy restrictive longer. Beyond the data calendar, investors will also keep watching whether the AI-driven selloff stabilizes or broadens: if the market can hold rotation into defensives without cascading into forced selling, the week may end up being a reset rather than a regime change. But if growth-heavy indices keep breaking technical levels while defensives melt up, that's usually when "healthy rotation" starts to look more like "risk aversion with a pulse," and positioning becomes the story again.

Economic Policy Shifts & Other Key Developments

This week's policy and macro developments largely reinforced the market's cautious optimism around a soft-landing scenario, while simultaneously highlighting rising political,

fiscal, and geopolitical fault lines that could challenge that narrative over the coming months. In the U.S., January data surprised to the upside on growth and labor-market resilience. Nonfarm payrolls rose by 130,000, well above expectations, while the unemployment rate ticked down to 4.3%, underscoring that hiring has slowed but not collapsed. At the same time, inflation continued to cool, with headline CPI easing to 2.4% year over year and core inflation holding at 2.5%. Lower gasoline and used-car prices provided relief, though price pressures persisted across tariff-exposed goods and services, reinforcing the Federal Reserve's wait-and-see stance. Taken together, the data strengthened the soft-landing narrative without yet giving the Fed enough confidence to resume rate cuts, particularly as services inflation remains sticky and tariff pass-throughs are beginning to surface more clearly.

Against this macro backdrop, the Trump administration signaled a more aggressive turn in industrial and trade policy, floating a proposal that would effectively force semiconductor companies and their customers to match U.S. chip production with imported volumes or face tariffs. Framed as a national-security measure, the plan would go well beyond traditional tariffs and could significantly complicate global supply chains, especially for large technology firms whose products contain chips sourced and assembled across multiple countries. While companies expanding U.S. manufacturing capacity, such as TSMC, Micron, and GlobalFoundries, could gain leverage, the proposal underscores the administration's willingness to use tariffs as a structural policy tool rather than a temporary bargaining chip. Trade policy elsewhere was more selective, with the U.S. agreeing to exempt a defined volume of Bangladeshi apparel from tariffs in exchange for broader market access, highlighting a transactional approach that balances protectionism with targeted liberalization.

Fiscal pressures also came into sharper focus at the municipal level. New York City's projected multiyear budget gap, potentially reaching \$12 billion, illustrated how rising social spending, housing costs, and legacy budgeting practices are colliding with revenue constraints. While the issue is local, it reflects a broader theme of fiscal strain emerging beneath otherwise solid macro data, with potential implications for municipal credit and future tax policy debates.

Geopolitics stayed front and center this week and arguably deserves a higher weight in how investors frame 2026. Goldman analysts have been leaning into the view that geopolitical tensions are likely to be the single most influential macro force shaping markets this year, not because they reliably change growth or inflation in a linear way, but because they reprice risk quickly and can dominate cross-asset flows when positioning is crowded. That framing felt particularly relevant as the U.S. moved additional aircraft assets into the Middle East this week, keeping the risk of escalation "live" and reinforcing the market's tendency to seek insurance when headlines worsen. The most visible expression of that dynamic has been in precious metals: as Shawn Tuteja (Managing Director, Goldman Sachs) put it, the early move higher in gold was initially rooted in classic safe-haven demand, geopolitical anxiety layered on top of fears that the Fed might cut aggressively enough to weaken the dollar and reignite "fiat" concerns. But the story then shifted from fundamentals to flow. As the rally extended, leveraged and momentum-linked products were forced to add exposure, turning a hedge into a greed-driven chase, which helps explain why the reversal at the end of January was so sharp once the marginal buyer disappeared. The market takeaway is straightforward: in 2026, geopolitics may matter less as a steady "macro input" and more as a volatility engine, capable of triggering abrupt, nonlinear moves across rates, FX, commodities, and risk assets, especially when positioning is one-sided. For investors, that argues for treating geopolitical risk not as a forecastable narrative, but as a portfolio construction problem: owning assets that benefit from risk-off bursts, avoiding crowded exposures that can gap lower on headlines, and

staying disciplined about liquidity when markets transition from fundamental pricing to flow-driven swings.

Overall, this week's developments painted a picture of an economy that continues to defy recession calls, supported by resilient growth and easing inflation, but increasingly shaped by policy intervention, geopolitical risk, and structural transitions that could test market confidence as 2026 unfolds.

A Few Words

It's been an exciting week with a lot going on across markets, policy, and geopolitics, and if anything, it reinforces why the coming weeks and months will be just as important to watch. The macro backdrop remains fluid, narratives can shift quickly, and the interaction between economic data, policy decisions, and geopolitics continues to create both risks and opportunities for investors.

As always, thank you to everyone who reads *The Weekly Market Brief* and for the feedback so far, it's genuinely appreciated. If you have thoughts, criticism, or topics you'd like to see covered, feel free to leave a comment. And if you haven't subscribed yet, make sure to do so to get notified when next week's brief is out. Looking forward to continuing the conversation with you next week.

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