

# Redburn Review

JUNE 2026



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Best of Frenemies

Wells and Watts

Feeling Blue?

JUNE 2026

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# Editor's Letter

**A**lmost every (non-experimental) novel involves a character making a choice and living with the consequences. An idea captured most famously in Hamlet's soliloquy, decision-making is not only the crux of life – of lives – but of every business action.

Choices taken or avoided form the spine of this edition. Bianca Dallal watches the ad agencies deliberate over their engagement with The Trade Desk, Tony Jones examines the agrichemicals companies' ongoing choice between investing in their pipelines or harvesting cash, Bingqing Zhu delineates the bewildering array of routes to market for FMCG groups in China, while Chris Pitcher recalls the decisions that led local brewers to become global behemoths. Elsewhere, Gonzalo López picks through the contrasting strategies undertaken by Revolut and Nubank in their hegemonic quests, and Sebastian Erskine points to the successful pivot undertaken by oilfield services companies into energy as the data centre trade takes off.

One man not afraid to make decisions (or reverse them) is Donald Trump. Fergus Neve reviews *The Art of the Deal*, searching for clues to the President's thinking. Another was Ted Turner, founder of CNN and TNT, the subject of this issue's obituary. He won the Fastnet Race in which fifteen yachtsmen died, and made eight – and lost six – billion dollars.

For most people, choices are smaller scale, if no less important. In that context, it is worth recalling the Buddha's comforting observation that, "Happiness is a choice, not a result".



# Best of Frenemies

## *Ad agencies and The Trade Desk*



**Bianca Dallal**

*Media  
Research*

In 2006, Sir Martin Sorrell, founder and CEO of WPP, coined the term ‘frenemies’ to characterise the relationship between Google and the advertising agencies. It describes the delicate balance the agencies struck between purchasing billions of dollars of advertising space from Google and ensuring their role was not diminished by Google offering the tools brands needed to disintermediate agencies from media buying, the agencies’ fastest growing and most profitable division.

While there were bumps along the road, the agencies navigated the Google relationship, and several other ‘frenemies’ that emerged in the form of Meta, Amazon, Snap and X (formerly Twitter). They did so by accepting a lower conversion of ad spend to revenue when buying across these large platforms, and ceding share in smaller brands that were digitally native and often endemic to a single platform. With

these concessions, the agencies’ role as independent advisors to larger advertisers was largely preserved.

In the advertising lexicon, the term ‘frenemy’ has always been reserved for Google and other ‘walled gardens’ (closed ecosystems restricting use of their media inventory and data to third parties), but in reality it applies to the entire supply chain.

The digital advertising supply chain is a web of agencies, demand- and supply-side platforms, exchanges, advertising networks, resellers, data providers and advertising servers. These occupy the territory between advertisers and publishers. While interests between tribes sometimes align, allegiances are precarious and can switch abruptly.

This scenario is unfolding between the agencies and The Trade Desk. Founded in 2009 by Jeff Green, another founder and CEO with an affinity for soundbites, The Trade Desk is the largest independent demand-side platform, or DSP, in the open web. DSPs are technology platforms that allow buyers to automate the purchase of digital advertising, often through live auctions where media is traded in real-time. The Trade Desk has

over \$13bn of gross advertising spending flowing through its platform, approximately 20% of the programmatic market, and exclusively buys media across the fragmented open internet existing outside the walled gardens.

As with Google, The Trade Desk’s automated buying platform had scope to circumvent agencies in a digital media transaction. However, mindful of their insecurity, Jeff Green made the strategic choice to partner with, rather than position The Trade Desk against, agencies.

This was mutually beneficial. For agencies, The Trade Desk’s decision not to sign direct contracts with brands prevented disintermediation. The Trade Desk also represented the lesser of two evils, being champion of the open web and competing against Google. In turn, The Trade Desk became the independent DSP of choice for the agencies, which funnelled advertising spend to it as much as possible.

However, over the past few years, there has been a steady deterioration in this symbiotic relationship. In 2021, The Trade Desk began signing select brand-direct deals, and this year Publicis, one of the largest

media buyers in the US, temporarily stopped recommending The Trade Desk to its customers following a third-party audit.

What triggered this shift? We see two catalysts. First, with so many intermediaries inserting themselves between brands and publishers, the supply chain is complex, crowded, and inefficient. This is not only because there are too many toll booths collecting fees, but also because companies are remunerated on a share of advertising expenditure which incentivises them to encourage spending regardless of its effectiveness.

Industry studies and surveys have long pointed to the inefficiency of the ecosystem, with publishers keeping between thirty and forty cents for every dollar spent on programmatic advertising, yet little has been done to fix the problem.

Of course, brands have options. They need not buy media programmatically but could opt for other media channels that do not trade ad space in live auctions in real-time, removing the plethora of intermediaries collecting their royalty on the transaction. Or they could choose a more streamlined supply chain, overseen by a single publisher, thereby removing complexity and auction duplication.

This latter option has been the preferred route for many brands, which are allocating an expanding share of marketing budgets to Google, Meta and Amazon. These platforms offer every segment in the supply chain at a lower cost than the open internet and consequently have been consistently gaining at the expense of the independent advertising sector.

This brings us to the other catalyst, AI. AI has accelerated share transfer away from the open internet over the past two years. The reason is twofold. First, AI has a detrimental impact on internet traffic given AI summaries dramatically reduce click through rates to websites cited in query results. Smaller, independent publishers – the fabric of the open

internet – do not have the budget to pay for referrals to offset organic traffic declines and therefore have experienced declines in revenue. Second, digital media platforms such as Google and Meta are offering AI-based media and creative tools when buying ad space on their properties, further increasing the ease and efficiency of advertising campaigns for the walled gardens relative to the open internet, and commoditising numerous segments of the advertising supply chain.

These additional pressures have impacted the growth of all advertising intermediaries; when the trough is empty, the horses bite.

The Trade Desk, with its singular focus on media execution across the open internet, appears particularly vulnerable to these structural developments. This represents a dramatic reversal in fortune for the former darling of the advertising technology sector, which expanded its business 33% between 2016 and 2025 largely based on the premise of not being Google.

In response, The Trade Desk is positioning itself as a strategic partner to brands, growing its share of revenues that are either brand-direct or accruing from joint business plans. It is also attempting to expand its role beyond execution into new segments such as supply-path optimisation, identity infrastructure and outcome-based decisioning. These create opportunities to capture value through additional fees, but place The Trade Desk in more direct competition with other advertising intermediaries such as supply-side platforms (SSPs) and agencies.

The encroachment of The Trade Desk on the agencies' territory has been matched by agencies building their own agentic buying platforms upstream of DSPs. These leverage AI agents to manage, negotiate, and execute media transactions, continuously optimising campaigns in real-time. This makes execution across platforms more portable and removes a barrier for advertisers

to diversify spending across multiple DSPs.

In addition, agencies are moving towards the supply side of the marketplace, sometimes striking direct deals with SSPs, major publishers and connected TV providers, bypassing DSPs. For example, agency Butler/Till reported an 82% cut in supply chain costs when it partnered with SSP PubMatic's agentic platform directly, removing the DSP from the transaction, in December 2025.

Publicis alone accounted for 14% of The Trade Desk's gross spending at the last disclosure, with the other holding groups likely to represent a further 30%. The sheer size of their contribution to The Trade Desk, coupled with the credible threat of DSP disintermediation in a world of AI, should give the agencies the upper hand in any resetting of the terms of trade. Publicis must have calculated as much when it announced the results of its audit of The Trade Desk in March, and ended an association spanning more than a decade.

While Publicis and The Trade Desk ultimately came to a new commercial agreement in June that preserved the supply chain status quo, arguably too much damage was already inflicted on The Trade Desk's reputation. Industry insiders suggest the new agreement was probably underpinned by heavy discounts to improve Publicis' return on ad spend. This puts The Trade Desk's conversion of gross advertising spend to revenue, its 'take-rate', under pressure from the current peak level of 21.6%. It also sets a worrying precedent that may see other agencies and brands follow in Publicis' footsteps, placing The Trade Desk at risk of a downward spiral in terms of fees and/or gross spending.

Given years of agency fears they would be cut out of media transactions, there is irony in their position as kingmakers in The Trade Desk's future. With the stakes so high for The Trade Desk, one feels it could use a friend, but all it seems to have are enemies.

# A STRUCTURAL RESET

## FMCG in China

stronger in-store visibility delivered robust growth.

This strategy proved highly effective at a time when sales were largely concentrated in traditional channels such as supermarkets, hypermarkets, grocery stores and convenience stores, predominantly accessed through wholesale distributors. By leveraging strong route to market capabilities and brand equity, manufacturers were able to establish leading market positions. Supported by scale advantages and supply chain efficiency, they generated attractive returns.

The formula worked because China was continuously unlocking new consumers and new cities, supported by rapid urbanisation and rising household incomes. That growth engine has stalled. Consumers' choices are becoming more rational and increasingly polarised, distribution channels have fragmented and leading retailers evolved from passive shelf providers into brand builders and data owners. As a result, the old growth model is no longer sufficient.

Chinese consumers are not spending less but they are spending more selectively. Consumption has shifted from aspiration-driven, brand-led behaviour towards a more deliberate assessment of value. Consumers are willing to pay a premium where they perceive a genuine return, whether in convenience, health, functionality or emotional and social value, but where they do not they are actively trading down. This may involve switching to private-label or white-label alternatives, shopping through discount channels or simply reducing their consumption of those products whose price they cannot

justify. The result is a market that is simultaneously premiumising and trading down, leaving brands that fail to position themselves clearly at either end squeezed from both sides.

At the same time, the retail landscape has become increasingly fragmented. As consumers have grown more rational and less loyal to any single channel, new formats have proliferated to serve distinct needs: snack discount chains and hard discounters for value-seeking, membership warehouse clubs for curated quality, quick commerce for convenience and immediacy, community group buying for neighbourhood-based purchasing, e-commerce for breadth of choice, social commerce for discovery and online-to-offline platforms for local services. Today, the average Chinese consumer shops across more than twelve channels each year.

For FMCG companies, this means operating across a broader spectrum, yet success in one channel does not automatically translate into success in another. Each has its own pricing architecture, promotional cadence and supply-chain requirements, including tailored stock keeping units (SKUs) and pack sizes. This added complexity increases the risk of price erosion and puts strain on distributor relationships that were designed for a simpler, more concentrated retail environment.

Additionally, the cost of acquiring incremental consumers has risen materially. Consumers can now compare prices effortlessly across platforms, discover alternatives through social content and switch brands with minimal friction. As a result, brand loyalty, once a durable asset built through years of marketing



**Bingqing Zhu**

Consumer Retail  
Research

China's consumer market is undergoing a structural reset. For Fast Moving Consumer Goods (FMCG) companies, volume pressures reflect more than weaker sentiment and increasingly point to a failure to adapt to a fundamentally shifting operating environment.

Over the past two decades, distribution expansion has been an important pillar of growth for many FMCG companies in China. With overall market volumes still expanding and consumer needs not yet fully satisfied, companies that broadened their coverage of points of sale, deepened distribution from tier-one into lower-tier cities, and increased sales per store through a broader portfolio and

investment and distribution scale, has become difficult to sustain.

Fragmentation has not diluted retailer power. Instead, it has concentrated it among those best able to serve shifting consumer needs. These have evolved beyond their traditional roles as shelf providers and logistics partners, expanding into areas once dominated by FMCG companies.

One such area is consumer insight. Through membership programmes and granular transaction data, retailers have built direct relationships with consumers, giving them a growing informational advantage in understanding and forecasting demand.

Another is product development. Leading retailers have moved upstream into product specification and innovation, with private label growing from almost non-existent to nearly 10% of total retail sales in China. Among the most ambitious players, private label already accounts for a substantial share of revenue: Alibaba's Freshippo (Hema Xiansheng) generates 35% of retail sales from private-label products and is targeting over 50%; Pang Dong Lai derives one-third of retail sales from private label, many of which serve as traffic-driving hero SKUs; and Sam's Club generates 40% of retail sales from private label in China, well above its global average.

The explosive growth of snack discount retailers also illustrates this shift in power. By the end of 2025, the number of such stores had reached 45,000, rising from a negligible base just five years earlier. The channel now accounts for close to 40% of China's snack market retail sales.

This rapid expansion is driven by a combination of structural advantages. At its core is a cost-efficient model that bypasses traditional distribution layers and eliminates trade charges such as shelf fees, enabling retail prices that are typically 20-30% lower. Many also work directly with manufacturers to develop customised pack sizes tailored to price-sensitive

consumers. In parallel, these chains focus exclusively on snacks and beverages, offering a broad and frequently refreshed assortment, typically around 2,000 SKUs per store, double that of comparable supermarkets. Fast inventory turnover, often below twenty days, supports continuous product refresh and responsiveness to rapidly evolving consumer preferences.

Location strategy reinforces the model, with stores concentrated near residential areas, community hubs and high-traffic commercial districts, particularly in lower-tier cities and rural areas, aligning with the impulsive nature of snack consumption. Most players adopt a franchise-led expansion model, enabling rapid scaling and reinforcing their ability to capture high-frequency, instant-gratification demand.

This format is also supported by supply-side dynamics. China has a large base of small and mid-sized snack manufacturers operating with prolonged overcapacity. Historically, they were unable to access modern retail channels due to high entry costs and limited brand recognition. Snack discount chains provide a route to market for the first time, unlocking a deep pool of competitively priced, comparable-quality white-label supply.

While well-known brands such as Mondelez's Oreo and PepsiCo's Lay's are used to drive footfall, snack discount retailers actively steer consumers towards white-label alternatives, where they capture greater bargaining power and materially higher margins.

The rise of white-label and private-label offerings presents an uneven challenge for branded manufacturers, with the degree of disruption varying by production complexity, supply chain requirements and regulatory barriers. Categories with low manufacturing barriers such as snacks, biscuits, packaged bakery and ambient beverages are the most exposed. They are characterised

by ample supplier capacity, limited product differentiation and high purchase frequency, making price a dominant purchase driver. Unsurprisingly, discount retailers, white- and private-label players have made the deepest inroads in these categories. Mondelez, owner of Oreo biscuits and Stride gum, experienced its sharpest slowdown in China in 2025, following years of high-single-digit growth.

By contrast, categories with greater supply chain complexity face a different dynamic. Ice cream, for example, requires cold-chain infrastructure and temperature-controlled logistics, creating barriers that are difficult to replicate at scale without significant capital investment. Similarly, prestige skincare and functional personal care rely on sustained R&D and demonstrable efficacy, supporting stronger brand equity that is harder for retailers and smaller competitors to displace. Where products deliver clear functional benefits, consumers remain willing to pay a premium. At the most extreme, categories such as infant formula and medical nutrition combine high R&D intensity with stringent regulation, structurally limiting competition. In these, leading players such as Feihe and Danone's Aptamil continue to consolidate market share, benefiting from regulatory barriers and heightened consumer focus on safety and quality.

The opportunity in China's FMCG market remains significant, but it can no longer be captured using the same playbook that drove growth in the past. The winners will be those that recognise and adapt to this structural shift. While distribution, scale and brand remain important, they are no longer sufficient on their own. Success increasingly depends on a much sharper understanding of evolving consumer behaviour and channel dynamics. The market has not stopped growing, it has simply changed what it rewards.

# They Don't Make Rocks Anymore

## *How AI Benefits Construction*



**Harry Dow**  
*Construction & Building  
Materials Research*

The release of Anthropic's new automation tool Claude Cowork in February 2026 sparked a near \$300bn sell-off in the market capitalisation of enterprise software businesses. The so-called 'SaaSocalypse' cut to the heart of fears that, as AI exponentially expands and improves its capabilities, what began as a mere efficiency aide will evolve into total replacement.

The market is facing a crisis in confidence for the terminal value of many businesses once considered to have robust competitive moats. But among the fallout from AI's disruption, several 'old economy' industries are inherently defensive and have the potential to benefit hugely. One is Construction and Building Materials, where the opportunity is starkly underappreciated.

Across capital-intensive heavyside materials, value-add lightside products, distributors and end users, including housebuilders and contractors, physical moats exist to protect these businesses from AI-driven competition.

Heavyside material producers are the asset owners. Every time an aggregates supplier sells a tonne of sand or gravel, or a cement producer burns quarried limestone, they are chipping away at their own finite asset base.

These assets are irreplaceable. Regulation blocks new entrants and incumbents hold material reserves. In the US, the large aggregates players have around one hundred years of supply, and the last greenfield cement plant was commissioned over a decade ago, having been in planning for more than a decade before that.

While lightside manufacturers, encompassing products for both the interior and exterior of buildings, are not generally the owners of raw inputs, extensive manufacturing footprints and research and development capabilities provide a defence against disruption.

For builders merchants, large distribution networks and long-held customer relationships are difficult to dislodge. Housebuilders hold large banks of land coupled with deep planning expertise.

These moats are widely appreciated, but the industry's capacity to embrace change is often not. Despite its 'old economy' reputation, it is no stranger to technological leaps.

In the late nineteenth century, with the advent of hydraulic and pneumatic devices, the creation of earth-moving equipment radically reduced the time and labour needed for large-scale projects.

By the early twentieth century, concrete mixers, cherry pickers, cranes and power tools were becoming commonplace, replacing shovels, wheelbarrows and working animals.

While early progress was marked by physical improvements, the latter part of the twentieth century

brought the first digital leap with the emergence of computer-aided design (CAD). This changed the industry irrevocably, moving physical drawings into the digital sphere and bringing two-dimensional plans to life.

Building Information Management (BIM), widely adopted at the turn of 21st century, took digital collaboration to a new level, with architects, engineers and contractors able to collaborate on the fine details of design and construction on the same platform.

Today, robotic total stations onsite enable these models to intersect with real life. Meanwhile, the creation of Digital Twins allows for the prediction of carbon footprints and for engineers to simulate endless stress-test scenarios ensuring safety against wind and seismic events.



Advances have also occurred in the materials used. These range from the ground-breaking methods the cement industry is using to capture carbon from kilns to polymer fibres replacing steel rebar in concrete.

All these developments unlocked new ways of building that were cheaper, faster, cleaner and more resilient. AI should be no different.

For heavyside materials, AI can enhance reliability, quality and consistency, while enabling quicker decarbonisation.

In cement production, fuel and raw material mixes can be optimised with multiple plants operated remotely. Maintenance needs can be predicted and downtime limited. Holcim's M-Predict uses AI to purchase replacement parts ahead of time, and Heidelberg's Spot, a robot dog in partnership with Boston Dynamics, conducts inspection walks, mapping sites and acting as an early warning against defects.

Heidelberg's Command Alkon is building a fully cloud-based platform for ready-mix concrete, enabling the calibration of mixes in real time, reducing bad batches and waste. Today, one batcher can handle ten plants rather than one, with a fifteen-percentage-point increase in accuracy.



In aggregates, Heidelberg is rolling out its autonomous haulage system globally, reducing headcount in quarries, and boosting safety. Sika's 'Sand' mobile app analyses aggregate size, distribution and shape, allowing concrete mixes to be adjusted for higher quality.

Decarbonisation efforts can also be accelerated through reduced wastage, while Environmental Protection Declarations, essential for the value chain to be able to account for embedded carbon, can be completed in hours not months.

In lightside, where moats are defined more by product quality and innovation, the utilisation of internal data can rapidly increase new invention rates and reduce costs.

Sika's AI tool 'Nuage' allows for virtual testing, which accelerates the discovery and refinement of product formulations. Machine learning allows for a 75% reduction in the number of experiments conducted, resulting in half the time to market for new products. Sika is also rolling out digital factories, laying the groundwork for fully autonomous production.

While agentic AI is unlikely to deliver many consumers to the doors of cement manufacturers, those leveraging strong consumer brands – admittedly few and far between in the construction sector – can benefit from increased demand and lower marketing costs.

There are winners downstream too. Building materials distributors compete on price, availability of product and timely supply. AI can improve all these. It will ensure inventories are in the right place at the right time, can enhance order fill rates, and increase the accuracy of pricing strategies for projects.

For architects, engineers and designers, AI can streamline the planning and design phases. New technology can accelerate design iteration, thereby consigning expensive and labour-intensive 3D modelling to history. Contractors on thin margins can unlock better

cost management and forecasting. This will allow them to achieve more accurate tender estimates, fewer overruns and quicker time to construct.

Going beyond the construction phase, building and infrastructure owners can monitor integrity and performance throughout a structure's life. Sika's partnership with DuraMon enables early detection of infrastructure deterioration. This reduces maintenance costs and improves safety. Geberit Connect allows for the networking of sanitary appliances.

These opportunities are not just for marketing materials and investor presentations. Holcim, Sika and Heidelberg Materials have all announced cost and investment plans that feature digitisation and AI at their heart, bringing material financial benefits.

This is not all. Production optimisation should propel gross margins higher while lower labour intensity will boost the bottom line. The construction industry has one of the oldest workforces among sectors, with around 35% of workers aged above fifty. This means natural attrition can do the heavy lifting, negating the need for restructuring.

However, risks remain. Although the sector will not be replaced by AI, early adopters should gain a competitive advantage. Those too slow are at risk. The sector is also still traditional in outlook and AI adoption needs consideration: demand might cling to those companies still offering a human touch.

What is certain is the Construction and Building Materials sector has the capacity to succeed. Many companies have irreplaceable assets. The winners will be those with the appetite and balance sheet to invest properly, and those who forge unique partnerships with technology providers. There is potential to reap handsome rewards from AI and digitisation for those willing to embrace it.

# Rallying Behind the Suds

## *The Soft Power of Beer*



**Chris Pitcher**

*Beverages  
Research*

In his 1989 autobiography, *The Real Frank Zappa Book*, the memoirist declared, ‘You can’t be a real country unless you have a beer and an airline. It helps if you have some kind of a football team, or some nuclear weapons, but at the very least you need a beer’. Despite this being a staple of almost every top-beer-quote compilation, Zappa himself was not a beer drinker, and was better known for his voracious consumption of coffee and cigarettes. The remark is a satirical observation of how beer brands can rally Americans behind the flag like little else, with Zappa hinting there must be something in the chemical interplay of hops and yeast that inspires such fervour.

The brewing industry in the 1980s preceded the wave of consolidation and globalisation that has characterised the past four decades. When Zappa published his book, the domestic behemoths - Anheuser-Busch, Miller and Coors - were all American-owned and dominated the US beer industry, accounting for over 90% of consumption. Budweiser was truly the ‘King of Beers’, representing roughly a quarter of all consumption, rising to about one-third when other family members, such as Bud Light and Bud Ice, were included.

Today, Budweiser is owned by the world’s largest brewer, ABInBev, a Belgian-Brazilian company, formed in 2004 through the merger of Interbrew and AmBev, which went on to acquire Anheuser-Busch in 2008. Five years earlier, Miller had been

absorbed by South African Breweries, which in turn merged Miller with Coors. Both are now part of the Canadian-American group Molson Coors. The Budweiser brand family’s market share has roughly halved since its peak, though it still maintains a leadership position by volume, narrowly ahead of Modelo, a Mexican beer that, ironically, is owned by the American company Constellation Brands. The national identity of America’s beer has, inevitably, become blurred.

Budweiser nevertheless remains closely linked to the American flag, exemplified by its enduring partnership with Folds of Honor, a nonprofit that provides educational scholarships to the families of fallen or disabled US service members and first responders. In *The Call for American Beers*, an open letter published in February last year, Anheuser-Busch CEO Brendan Whitworth explicitly advocated replacing the industry descriptor ‘domestic’ with ‘American’, arguing the latter more accurately reflects the identity of the category, concluding: “Our country wasn’t built on the domestic dream.”

It was this dream which drew a wave of German immigration in the mid-19th century. Adolphus Busch, Frederick Miller and Adolph Coors set about recreating the light, refreshing lagers of their homeland. Brewed locally, these early American beers proved successful as they slaked the thirst of a rapidly industrialising nation. Europeans remained the largest proportion of the US foreign-born population through the 1970s yet imported beer remained less than one percent of the market.

As the post-war baby boomer generation entered the drinking

population, demand for imported beers surged, increasing eightfold by 1989. This was led by Heineken whose marketing leaned heavily on its Dutch heritage, positioning ‘imported’ as a mark of quality and point of differentiation from the near-ubiquitous American light lagers. Since the late 1970s, Mexicans have become the largest share of the US foreign-born population and this has fuelled the rise in Mexican beer brands; first, Corona Extra and then Modelo Especial, which is now challenging Budweiser for the crown.

Just as a nation’s population does not remain static, neither does its preferred brew. Yet, when analysing beer markets globally one name appears more often than most. Through a complex network of breweries and partnerships, the Heineken brand sold sixty million hectolitres of beer outside its home market last year, equivalent to eleven billion pints. This was one and a half times the next largest international brand family, Budweiser. Adjusting for any market scale distortion, the breadth of Heineken’s network is borne out by the brand being top three ranked in 46 markets globally, per IWSR data, ahead of Guinness in seventeen markets and Budweiser in only seven.

Guinness is one of the beers most tightly associated with a national identity, rooted in Dublin, at the St James Gate brewery, and symbolised by the Irish harp. It outsells the next largest beer in Ireland, again Heineken, by more than one and half times, and eclipses the next largest Irish stout, Heineken-owned Murphys, which is only one percent of its size globally. Guinness has followed the Irish diaspora, largely to America and across Europe. In the



Snowballing

US, sales during March, the month of St Patrick's Day, run two to three times higher than the monthly average for the rest of the year.

The brand has also been hugely successful in Africa, which is its second largest region after Europe. Yet here its appeal is not rooted in its Irishness. Guinness West India Porter, the predecessor of Foreign Extra Stout, was created in 1801 as an export beer to serve British and Irish expatriates. It was brewed at 7.5% alcohol by volume, much stronger than the Irish original at 4.2%, and more heavily hopped to withstand long sea journeys; a similar story to the origin of India Pale Ale. First destined for the US and Australia, its reach widened and the stronger, sweeter style resonated with local palates in Africa. By the 1960s Nigeria had become its largest export market globally and a brewery was established, later adapting the recipe to use local materials, further reinforcing Guinness as much as a Nigerian brand as Irish.

Mirroring the American brands, the owner of Guinness is not Irish, rather it is incorporated across the Irish Sea. The brand has never been sold, rather its ownership structure is a quirk of history. To support the investment needed to meet to rising export demand, the Irish brewer, Arthur Guinness Son & Company, listed on the London Stock Exchange in 1886. The business remained headquartered in Ireland until 1932 when it relocated to London following the Irish Free State passing

the Control of Manufactures Act. The Act placed restrictions on foreign ownership, effectively requiring Irish control, but by the 1930s the UK was not only one of the brand's largest markets, but was home to a large proportion of its shareholders. The company remained in London, eventually merging with Grand Metropolitan to form Diageo in 1997.

Britain has its own storied brewing heritage. Nigel Farage, leader of Reform UK, does not miss an opportunity to be photographed outside a pub with a pint of ale in hand. In doing so, he cultivates a quintessential image of British beer-drinking culture. William Hogarth's 1751 cartoons of 'Beer Street' and 'Gin Lane' similarly celebrate beer as a source of national strength, declaring it the "happy Produce of our Isle" that restores and fortifies the weary. Yet this trope has become increasingly divorced from reality.

Data compiled by the British Beer & Pub Association show the number of pubs has been in near-constant decline since 1973, when the UK joined the European Economic Community. On average, 500 to 600 pubs a year have been shuttered, with the pace accelerating after Brexit, albeit exacerbated by the pandemic. Today, most Brits choose to drink their beer at home, with the coffee shop displacing the pub as the social hub of the high street; Zappa would approve.

Fewer, too, reach for ale when on the sofa. In 1973, ale accounted for more than four in every five beers

quaffed, today it has dwindled to one, as tastes have been swayed by lager. According to IWSR, only one of the ten best-selling beers in the UK last year was a British brand: Carling, brewed in Burton-upon-Trent but with origins in Canada, before being introduced to the UK in the 1950s. Half of all the beer drunk in the UK last year was styled as European, even if some is now brewed domestically. The most popular are Belgium's Stella Artois and Guinness, alongside a burgeoning taste for premium Spanish and Italian lagers. When it comes to beer, Britain leans heavily towards Europe.

Over the Channel, Heineken is the most widely consumed beer in France, ahead of the national champion Kronenbourg, with Belgium's Leffe close behind. Elsewhere on the continent, however, drinkers in Belgium, Germany, Italy, the Netherlands, Portugal, and Spain remain loyal to domestic brands. Across the Nordic Sea, too, local allegiances are high.

Zappa observed that 'every major industrialised nation has a beer'. By the late 1980s, Japan was firmly established as a global economic superpower, increasingly dominant in industries such as cars and consumer electronics. Its culture was similarly exported with Japanese cinema, comics, sushi and sake becoming commonplace in North America and Europe. At home, it had also developed a sizeable beer industry. The market leader, Asahi, began life as Osaka Beer Brewing Company

in 1889, only sixteen years after the Heineken brewery was founded.

However, despite an early foray into China in the 1990s, Asahi was slower to participate in global brewing consolidation. As such, the Asahi brand family, led by Asahi Super Dry, lacked the expansive networks increasingly enjoyed by other national champions such as Heineken, Budweiser, Corona and Guinness.

The ABInBev takeover of SABMiller in 2016 changed everything for Asahi. It took the opportunity to buy SABMiller's European assets, which it complemented with Fuller's UK brewing operations in 2019, to become fourth largest brewer in the region. The next year, it acquired Carlton United Breweries, the market leader in Australia, and in 2024, it added Wisconsin-based contract brewer, Octopi Brewing, allowing Asahi Super Dry to be brewed in the US for the first time.

Asahi's global ambitions for Super Dry led it to Africa last year and the announced acquisition of Diageo's stake in East African Breweries for \$2.3bn. While it has yet to complete, the deal would expand the brand's network to Kenya, Uganda and Tanzania, and potentially provide a base to target the rest of Sub-Saharan Africa.

A wide network is therefore critical to establishing a beer brand's scale, but Budweiser is the second largest international beer brand principally owing to its position in China, the largest beer market in the world. The Middle Kingdom began opening as a potential destination for international brands under the reforms of Deng Xiaoping in the late 1970s. While Britain sent Wham, the US prepared to send beer. Anheuser-Busch began forming local partnerships, culminating in 1995 with the inauguration of its Wuhan brewery and commencement of local production of Budweiser, emblematic of the extension of US soft power in the post-Cold War era. At its peak, two years ago,



*Living the dream*

Budweiser sold 22 million hectolitres in China alone.

Despite covering most of the globe, we have yet to mention the world's largest beer brand. Budweiser had been the undisputed titleholder since the late 1950s, when Anheuser-Busch became the largest brewer in America, but it was usurped in 2011 by Snow, the leading beer in China. Last year, Snow sold 97 million hectolitres, which is almost as much as was sunk in the whole of Mexico. It is owned by the state-controlled brewer China Resources Beer, with the second and third brands, Tsingtao and Yanjing, also state-owned. ABInBev owns the fourth largest local brand, Harbin, with Budweiser in fifth place.

The international distillers have made limited headway in China, a market dominated by baijiu, the alcoholic drink with the closest national association. Despite expanding threefold over the past twenty years, brandies, whiskies and vodkas combined still account for less than two percent of total Chinese distilled spirits consumption. The

international beer brands have had more success, led by Budweiser and, more recently, Heineken, which signed a partnership in 2019 with China Resources Beer, and Carlsberg-owned Tuborg, which owns the local brewer Chongqing. Yet, as the domestic beer market becomes more international, Snow is starting to look overseas.

In the 2025 annual results meeting, the management of China Resources Beer presented the fifteenth Five-Year strategy; citing Asahi's recent strategic moves, international expansion was a highlighted objective. Just as the balance of soft power shifted after the Cold War, prolonged conflicts in the Middle East and Ukraine may be creating fresh openings for 'brand China' to expand globally.

China passes the Zappa test for nationhood on all fronts, although sadly its football team did not reach the FIFA World Cup this year. But, above all, it has a beer, a very big beer, and one we might be seeing rather more often.

# Wells and Watts

## *Pivoting into Behind-the-Metre Power*



**Sebastian Erskine**  
Energy  
Research

In July 2024, a small-cap proppant-handling and wellsite logistics company in the US, Solaris Oilfield Infrastructure, announced the acquisition of distributed power business Mobile Energy Rentals for c\$200m. As a result of the deal, which closed in September that year, Solaris inherited a power generation asset base of 153 MW and an anchor customer in Elon Musk's xAI, which was in the process of

adjusted EBITDA. This target is underpinned by three distinct data-centre-based customer contracts (of which one is reportedly Colossus 2), with tenors of seven to ten years, and totalling more than 2 GW of capacity.

At our Texas Energy Bus Tour in November last year, Solaris' management outlined its desire to diversify the shareholder base away from traditional energy investors. To catalyse this, it is unsurprisingly seeking a reclassification of its GICS code.

Solaris' story is remarkable both in its abruptness and in its efficacy. Since the announcement of the Mobile Energy Rentals acquisition, Solaris' shares have increased more

need for readily available power in the US, underpinned by data centre proliferation.

In many of these cases, the genesis of their power offering lay in the electrification of frac, supported by gas-fired microgrids. In December 2024, VoltaGrid unveiled a first-of-its-kind agreement with Halliburton to deploy four advanced electric simul-frac fleets in the Permian Basin to support E&P Diamondback Energy's operations.

Similarly, ProPetro's PROPWR business – the group's first organic business service line launch in more than a decade – sought principally to meet the power requirements of oil and gas customers in the Permian,

*“Since the announcement of the Mobile Energy Rentals acquisition, Solaris' shares have risen more than eightfold”*

rapidly constructing the Colossus 1 supercomputer in Memphis, Tennessee. Overnight, Solaris' equity thesis was transformed, and concomitant with this strategic pivot, the company was rebranded to Solaris Energy Infrastructure.

Today, Solaris has c910 MW of power capacity under operation, with a deployment target of 3.1 GW by the end of 2029. Solaris' Power Solutions division now accounts for 75% of its earnings mix, and by 2029 the legacy logistics business is expected to represent less than 10% of a targeted c\$875-935m in annual

than eightfold. Yet, while the example of Solaris is among the most striking, the company is not unique in having undertaken this strategic pivot.

Both organically and through M&A, oilfield services (OFS) startups such as VoltaGrid, in which the major diversified player Halliburton holds a 20% equity stake, and listed hydraulic fracturing and proppant-focused equities including Liberty Energy, ProPetro, Atlas Energy Solutions, and more adjacently, contract compression provider Kodiak Gas Services, have all sought to address the rapidly growing

securing an initial equipment order of 110 MW. In May 2025, PROPWR secured its first contract, entailing the deployment of 80 MW for an E&P under a ten-year turnkey power-as-a-service agreement.

However, until very recently, US shale has been a tough sell for land-focused oilfield services companies. Between February 2023 and February 2026, the shale-focused liquids rig count fell c37% to 319. E&Ps have consistently demonstrated the ability to do more with less, with deflationary implications for oilfield services. New wells drilled per rig in

the Permian rose from an average of 1.18 in 2020 to 1.68 last year. Three-mile-plus lateral lengths, autofrac, spudder rigs and even proppant robotrucks have all been adopted. From an average of 26% in 1Q 2023, listed pressure pumper EBITDA margins compressed to a trough of 13% in 3Q 2025, driven by pricing reductions on lower-tier diesel equipment.

In this context, it is logical that these companies have sought to diversify their revenue streams with an eye to lower cyclicality. The potential reward on offer? A combination of structurally higher earnings growth and a meaningful multiple rerating.

While the complexity of servicing hyperscalers is clearly different, the operational jump from drilling and completions services to behind-the-metre (BTM) power is not as extreme as one might expect. Both require the operation of heavy equipment in remote environments with minimum uptime requirements and maintenance intervals. Both depend on close relationships with major original equipment manufacturers (OEMs), including Caterpillar, Cummins and INNIO, among others.

Uncertainty as to the quantum of the potential step-up in demand for power in the US through to 2030, driven largely by data centres and increased AI penetration, is high. Risks appear skewed to the upside. While simple text prompts are only likely to consume between 0.25 and 0.34 Wh based on analysis from Google, OpenAI and Microsoft, the energy intensity for tasks such as image and video generation, advanced reasoning and agentic AI can be many multiples of this.

Growth in demand for large language models (LLMs) is clearly explosive. Data from OpenRouter suggests token usage rose c19x between February 2025 and April this year, with March representing a record 27 trillion. Analysis from consultancy Grid Strategies shows that the five-year forecast of utility

peak load growth has increased more than sixfold since 2022, from 24 GW to 166 GW. Electricity consumption is now forecast to grow c5.7% pa through to 2030. This contrasts with the 0.9% average annual growth rate witnessed between 2015 and 2025, and the flat growth rate between 2005 and 2015.

The premise behind BTM power is simple. For most generation types, the timeline between grid interconnection request and commissioning is now approaching five years for projects that were completed in 2022-23. This equates to a multi-billion-dollar opportunity cost for data centre developers.

BTM power providers offer theoretically permanent onsite power generation. As and when the grid is available, this equipment can then be converted to backup power. Owing to data centres' need for 99.9% uptime, onsite power facilities must

be overbuilt to embed redundancy. The critical leading indicator is the pipeline for data centre construction.

Data from Dodge suggests that on a trailing-twelve-month basis, square footage of data centre starts now totals 79 million, up c58% YoY. If one million square feet translates to between 100 and 200 MW of capacity, this would imply an annual deployment run-rate of 8-16 GW in the US. The bottom-end of this range is consistent with the IEA's base case, which sees installed capacity in the US rising from 52 GW in 2025 to 100 GW in 2030. Commentary from Eaton's CTO Michael Regelski at a conference on 17 February 2026 suggests this is likely to prove conservative: "Back in March last year, we estimated that...there was between 35 and 40... gigawatts of installed data centre capacity. We see about 17 gigawatts planned for 2026. And our latest estimates show that

*A giant sucking sound*



# “A survey from Bloom Energy showed 75% of data centre developers are considering onsite power solutions”

there is a backlog of over 165 to 200-plus gigawatts planned through 2030 and beyond.”

The market for BTM power is nascent but scaling rapidly. The IEA sees 15 to 27 GW of onsite gas-fired generation for data centres globally by 2030 (the bulk of which is in the US), with projects covering 6-13% of total growth in capacity in the US. Again, this appears too low.

Analysis by project tracker Cleanview suggests that developers announced 48 GW of BTM projects in 2025, with c33% of all planned capacity now expected to use onsite power solutions. In October 2025, VoltaGrid announced the largest BTM order to date for 2.3

GW of onsite gas generation using Jenbacher reciprocating internal combustion engines (RICEs) from Oracle. Major projects that are expected to include BTM power and are due online by 2027 include Homer City Campus in Pennsylvania (c4.5 GW of onsite gas), Joule’s High Performance Compute Campus in Utah (c4GW of onsite gas and batteries) and Crusoe’s Stargate Phase 2 in Texas (c350 MW of gas serving the first part of the 1.2 GW campus).

We don’t expect this cadence to slow over the medium term. A survey in November 2025 from solid oxide fuel cell (SOFC) OEM Bloom Energy showed that 75% of data centre developers are actively considering onsite power solutions. Moreover, in this same survey, the expected share of data centres with 100% onsite generation by 2030 has risen to 33% from just 1% in April 2024.

Certain regions, most notably Texas, are likely to be disproportionate beneficiaries, supported by abundant and cheap natural gas and a business-friendly regulatory environment. Analysis by DC Byte sees a 142% data centre market share gain for Texas by 2028, which represents the fastest growth rate in the US. Encouragingly, this aligns with the existing operational footprints of oilfield services providers.

Based on company announcements and our own analysis, we anticipate the deployment of BTM power by the six key players growing from at least 3.4 GW today (inclusive of oilfield applications) to 14.8 GW by 2029; a more than fourfold increase. Assuming a cost of \$1.1-1.2m per MW, and c\$1.5m per MW inclusive of provisions for balance of plant, this could equate to as much as \$17bn in cumulative capex.

This raises several questions. Two of the most recurring are: (i) what

happens to the equipment when the existing PPAs expire, and the grid has caught up to demand; and (ii) what does this mean for these businesses’ core OFS operations?

We are less interested in the first question. Few market participants have much conviction on what the market will look like in 2035-40 or indeed what might be the next industrial bottleneck. Power-generating capacity can be repurposed. Moreover, with several companies guiding to unlevered IRRs of c15-20% (and beyond) from ten- to fifteen-year contracts, this suggests simple project-level paybacks within half of a typical contract life. In any case, data centres can use this equipment for long-term backup generation, to facilitate peak shaving, or indeed to sell power back to the grid.

More immediately, the allocation of capital to power has and will continue to contribute to growing tightness in the US frac market. ProPetro’s and Liberty Energy’s expected 2026 capital expenditures on their power businesses are both roughly three times that allocated to their core oilfield services operations.

This compounds the impact of the stacking, cannibalisation for spare parts and export of frac equipment internationally witnessed in US shale over recent years as oilfield services companies adjusted to lower upstream activity. Early evidence suggests that E&Ps, led by privates, are beginning to add rigs and completion crews in the Lower 48 in response to higher commodity prices precipitated by conflict in the Middle East. The OFS sector is unprepared for this ramp up in activity, with the cost and time of reactivation of equipment supportive of pricing growth.



# The Art of the Deal

## *Understanding President Trump*



**Fergus Neve**  
Energy  
Research

When I was asked to take over coverage of the Oil Majors at the end of last year, it was exciting and daunting in equal measure. What I didn't expect was that within a couple of months we would be facing one of the most serious oil crises of all time.

The immediate trigger for the current situation was President Trump's decision, alongside Israel's Prime Minister Netanyahu, to start a war with Iran to neutralise its uranium enrichment programme.

The two leaders saw an opportunity. Anti-regime sentiment had been building in Iran through January and February of 2026 and a protest brutally quashed, while the US had successfully removed the Venezuelan president, Nicolas Maduro, from office with a swift, well-coordinated strike. Possibly, they anticipated an equally speedy capitulation in Iran. Yet here we are, at the time of writing, still awaiting details of the current round of peace negotiations.

President Trump has long been touted as a supreme deal maker, not least by himself. He once said, "I know deals, I think, better than anybody knows deals". Who better, then, to find a way to end the war, reopen the Strait of Hormuz and deactivate Iran's nuclear programme? Based on the back-and-forth so far, and his often-conflicting statements, it isn't straightforward. I therefore wondered if I might not better understand how the US

president thinks if I read his book, *The Art of the Deal*.

A remark on the first page immediately caught my eye. 'Most people are surprised by the way I work. I play it very loose. I don't carry a briefcase. I try not to schedule too many meetings. I leave my door open. You can't be imaginative or entrepreneurial if you've got too much structure. I prefer to come to work each day and just see what develops.' Something clicked into place in my mind.

The book summarises Trump's style: 'I aim very high, and then I just keep pushing and pushing and pushing to get what I'm after. Sometimes I settle for less than I sought, but in most cases I still end up with what I want.' This seems consistent with the steps taken with Iran. The president wants Iran to have no nuclear weapons, now or in the future, and therefore wants Iran to be unable to enrich uranium. However, he also wants the Strait of Hormuz reopened, which Iran controls.

In his dealmaking locker, Trump identifies the tropes he uses to improve his bargaining power. However, it is worth remembering that in 1987, when *The Art of the Deal* was written, Trump was at the height of his property career. This means some 'elements of the deal' are not germane to the ongoing peace negotiations, for example his exhortations to 'have fun' and 'enhance your location'.

Focusing on the elements that apply to the Iran war, I have tried to determine whether the master dealmaker has followed his own playbook.

'Think big': he has certainly done this, seeking a long-term nuclear moratorium that would negate

the possibility of Iran developing a nuclear weapon. Trump's red line.

'Protect the downside and the upside will take care of itself': it is not clear this has been followed to the letter. Protecting the downside would have meant keeping the Strait of Hormuz open to minimise any oil price shock. Instead more than 14mb/d of oil production has been shut-in, according to the latest IEA report.

'Maximise your options': Trump advocates flexibility in the potential outcomes of a deal. We can see this in his commentary around the US not needing the Strait of Hormuz, meaning he can walk away from Iran if he wants to.

'Know your market': some might argue there has been a miscalculation in this regard. Had the risk of the disruption to oil markets been fully considered, a different decision over engagement might have been made.

'Use your leverage': 'The worst thing you can possibly do in a deal is seem desperate to make it'. The president's posts on his Truth Social network paint him as indifferent to the outcome of the negotiations. But this possibly belies reality. 'Leverage: don't make deals without it' is his closing advice on this topic. Yet many might argue the US has lacked leverage given the Iranian regime has withstood an almighty assault by the American/Israeli coalition – while retaining control over the world's most important oil chokepoint. Moreover, leverage through the US bond market has been applying its own pressure on the president ahead of the mid-terms.

'Get the word out': no one exposed to social media could argue that President Trump hasn't been vociferous in expounding his aims.



He's behind you

'Fight back': Trump admits this approach can make a bad situation worse, but he argues if you aren't getting your way, then taking a strong stance could lead to better results. Trump's announcement that 7 April would be "bridge and powerplant day" was hyper aggressive and might have helped to secure the tenuous ceasefire announced on 8 April. However, subsequent posts have threatened devastating attacks on Iran, which have not been followed through.

'Deliver the goods': 'You can't con people, at least not for long'. The president's jawboning, promising peace talk progress and plans to reopen the strait have indeed moved the oil and stock markets. However, the impact of these communications is dwindling. It is possible the markets are taking less heed of the Truth Social posts and focusing on signed agreements.

'Contain the costs': on one hand, President Trump's market management has restrained oil

prices, perhaps more than might have been expected; on the other, the impact of the current crisis has been devastating. More than one billion barrels of oil production has been lost, and even now the number grows daily. It could take more than three months for production to return to pre-conflict levels once peace is agreed and even longer, possibly more than a year, for inventories to rebuild. In addition, starting the war has allowed Iran to demonstrate its total control over the world's single most important oil supply route and, hence, the global economy.

There is some overlap between the best practice identified in *The Art of the Deal* and the president's *modus operandi* during the conflict, albeit I concede I could be accused of shoehorning examples in to fit the narrative. Given the book concerns Donald Trump's real estate ventures, using it as a handbook for war may be a fool's errand. In terms of understanding the president's strategic and tactical thinking

apropos Iran, I confess I feel little wiser than before I read it.

The memoir element of the book details Trump's varying degrees of success in property deals. Remarkably, even when a deal seems to have gone against him, the president appears pleased with the outcome and classes it as a win. Given the challenges still to be faced in reaching unequivocally favourable terms with Iran, there is scope for this pattern to repeat itself.

During his presidential campaign in 2015, Donald Trump announced *The Art of the Deal* was his "second favourite book of all time, after the bible". While there is considerable scepticism over how much he wrote – his ghost writer, Tony Schwartz, has claimed Trump played a very limited part – there can be little doubt its tone matches the character we have seen and read about almost every day over the last decade. Unfortunately, however, that doesn't necessarily help us to predict what he might do next.

# East of Eden

## Making Choices in Agrichemicals



**Tony Jones**  
Chemicals  
Research

John Steinbeck set his novel about choices and consequences in rural California where he was raised. *East of Eden* is six hundred pages but circles a single concept: ‘Thou mayest’. Everyone has agency. No one is a prisoner of circumstance.

This is an apposite lens through which to view the agrochemical industry. Each company takes decisions, and the consequences are visible across research pipelines and, in time, share prices.

The premium crop protection companies all face the same challenge, given a model determined by innovation: every active ingredient eventually loses patent protection, generics appear and the price collapses. There are two ways to respond. Invest in the next molecule, or defend margins, trim research budgets and harvest your portfolio. Both are rational. Only one builds a future.

Adjusted for inflation in the cost of research, R&D spending has barely risen since 2010. The number of genuinely novel active ingredients brought to market each decade has roughly halved since the 2000s. This is a conscious choice, but a hard one because the economics are unforgiving.

Bringing a new molecule from laboratory to field will probably cost more than half a billion dollars by 2030. The bulk is spent almost a decade before the first sale is booked. To fund innovation, a management team must write a large cheque on

behalf of successors who will benefit. Small wonder that many boards which are appraised quarterly and rewarded annually find harvesting so seductive.

Yet consider Bayer. The Monsanto acquisition saddled it with a vast glyphosate litigation overhang, and no agrichemical company has been punished more enthusiastically by the market. However, throughout its ordeal Bayer invested in R&D. Today, the most distrusted stock in the industry sits atop the most formidable research pipeline. In seeds, there is short-stature corn engineered to boost farm productivity, and novel crop protection molecules. The company that made the bravest choice is priced as though it made the most reckless.

Now consider FMC. A few years ago, it was the sector’s darling, riding a blockbuster insecticide (Rynaxypyr) that generated over €1bn sales annually from a single chemistry. Rather than innovate, the company leaned on it. Patents have now lapsed across every major market, generics have arrived and the cliff everyone could see has been reached. Management chose to harvest margins rather than sustain growth. The contrast with Bayer is not luck. It is the result of decisions taken a decade ago.

Agency, though, is not the preserve of corporations. China farms the largest single expanse of corn on earth and has kept it almost entirely free of genetically modified seeds. This has reflected policy and national pride as much as agronomic success. But its grain reserves have been slipping below the threshold at which a government with a commitment to food security can sleep comfortably. Confronted with



an enormous yield gap compared to the Americas, and with the unsettling decision of importing ever more grain from countries it would rather not depend upon, Beijing is choosing to embrace a technology it previously spurned. The reserves did not make the decision. They made the cost of indecision too high to bear.

Europe faces a similar choice. Having hidden behind a 2018 court ruling that treated gene-edited crops as sternly as the crudest first-generation genetically modified organisms, the EU stands on the verge of unlocking precision breeding across its cereal fields. The prize is a market roughly the size of the Americas’ entire corn belt, at present almost wholly untouched by the technology. A continent that has historically chosen caution appears, finally, to be choosing progress. As ever, the choice was always there to be made; what changed was the willingness to make it.

The most powerful idea in *East of Eden* is its most liberating: nothing is settled in advance. The financial markets are deterministic. They survey Bayer’s litigation, FMC’s patent cliff, China’s reticence and Europe’s stagnation, and price each as an outcome. But these companies and countries are not bound to remain where they stand today. The innovator may be rewarded and the harvester overtaken. The future of agrichemicals turns not only on what the soil allows but also on what its stewards decide.

# Maximising Value

## *Anatomy of the Perfect Share Buyback*



**Will Winzor-Saile**  
*Head of Execution  
Analytics & Architecture*

In 2025, companies returned record flows to shareholders via share buybacks. \$1.1trn of capital was returned by US companies and more than £60bn in the UK. While a variety of factors in 2026 have led to some companies reducing or pausing buybacks to strengthen balance sheets and preserve strategic flexibility, they remain an important and popular pillar of shareholder returns.

Given the substantial sums of money involved and consequent fees paid to advisors, buybacks have attracted scrutiny from politicians, regulators (e.g. the Financial Conduct Authority (FCA) review in the UK in 2025), shareholders, wider stakeholders and the media. Issues raised include questions around the quality of governance oversight by boards, opportunity costs, potential conflicts and the impact on growth and long-term shareholder value.

Many academic papers have been, and will continue to be, expended on this subject. The purpose of this essay, however, is not to opine on whether buybacks are 'good' or 'bad' for shareholder value and wider society, but to address the gap we see in discussions with companies around optimising pricing, communication, execution and monitoring, and highlighting the considerations which may help boards and management to minimise risk and maximise impact.

The execution of a share buyback is a complex process that can add or



erode material value. Boards have a fiduciary duty to optimise value, and some have been criticised for overpayment. The board of IDS plc, the owners of Royal Mail, were criticised in the press for paying nearly £15m in fees on a £200m buyback in 2022. Other areas of risk for boards include the potential leakage of value through poor timing, simplistic trading strategies and lack of oversight.

Execution strategies are underpinned by a combination of regulatory guidance around market manipulation, the fiduciary requirement to act in all shareholders' long-term interests, evaluations of intrinsic value, the market outlook, and expectations on pricing and timing. This combination means critical elements of execution are open to interpretation around a wide range of factors, and it is essential companies understand the implications and evaluate risks and opportunities.

Determining timing and pricing limits are clearly fundamental decisions. Trading too fast may generate market impact cost by pushing up the share price and reducing the overall number of

shares that can be purchased. Buying quickly may be optimal if a stock is temporarily undervalued, while more measured execution may minimise market impact and yield a better average price.

Next plc is notable within the UK for its transparent approach in publicising the maximum share price at which it is prepared to buy back stock and its underlying calculations. Next will only repurchase stock when doing so achieves a minimum 8% Equivalent Rate of Return, calculated as anticipated group pre-tax profits divided by market capitalisation, with the maximum buyback price being the share price at which that hurdle is met. Where the share price trades above the cap, Next returns surplus cash via specials or a B share scheme.

The Next model represents best practice in the disciplined deployment of capital into buybacks, but it is not a template that every board should adopt. For most companies, the more practical lesson from the Next example is not to publish a cap but to ensure the board has defined, documented and stress-tested its own view of the price at which a buyback ceases to create value. Most companies do not

publicly announce a limit and retain the flexibility to adapt and change strategy, but the absence of a public cap should not mean the absence of an internal one.

The primary decision for most companies is whether to benchmark against the volume-weighted average price (the daily volume-weighted average price of market trades averaged over the purchase period (VWAP)) or not. The 'VWAP Guarantee' is an execution strategy that has been popular over the past few years but is now experiencing increasing scrutiny. The broker commits to hitting VWAP over the life of a buyback. The commitment will typically be to deliver the stock either at VWAP, or at a pre-agreed discount.

VWAP Guarantees can be attractive because they provide an objective measure of success and offer reassurance the price paid is fair relative to the wider market. They do, however, potentially introduce a conflict of interest. Beating the VWAP does not necessarily mean achieving the best price. In the extensive monitoring of buybacks which Rothschild & Co has undertaken, we have identified examples where brokers appear to have unnecessarily prolonged the completion of a buyback, inflating the benchmark price and therefore their performance and fee. Brokers appear to have, on some occasions, adjusted trading around events such as dividends to inflate performance – to the cost of their client.

A VWAP guarantee can also obscure implicit costs. A broker purchasing stock at a 150bp discount to VWAP and delivering it to a company at a pre-guaranteed 50bp discount is effectively earning a 1% fee for its services. With larger buybacks, such fees scale quickly.

The level of discount a broker will offer to the VWAP is typically driven by the amount of flexibility. The longer the period of execution, and the more optionality about completing early, the easier it is to beat the benchmark and the

greater the discount that can be offered. Discounts may be modelled so the broker's 'expected' performance is well ahead of any guarantee and could carry a higher fee than a 'best endeavours' execution to cover the risk.

Companies may still prefer the comfort of a visible benchmark. If this is the case, concerns can be mitigated through clear agreements, break clauses, fee caps and monitoring.

Where execution fees under a vanilla agreement are not linked to benchmark performance, the same principles can apply and be monitored. Although defining success may be more subjective, it is still important to monitor and understand benchmark performance and maintain trust in your broker.

The FCA multi-firm review in August 2025 recommended companies compare a panel of brokers, but what should they look for? Cost is important and should include a consideration of the explicit cost – the broker's fee – and the implicit cost, such as slippage from the benchmark and market impact. While institutional investors

have a range of tools, including dedicated Transaction Cost Analysis to evaluate 'Best Execution', these are generally not available or used by companies.

When executing on a 'best endeavours' basis, pricing is typically agreed as a basis point or per-share rate. The actual values will vary hugely depending on the complexity of the execution process, sometimes upwards of 50bp. However, the full cost will at least be known upfront.

For benchmark guarantees, the fees will typically be linked to performance, either as a sliding scale or shared upside. In the case of the latter, it is important both to cap the total fee and to understand the 'expected' performance. To price the guarantee, the executing broker will model possible outcomes and should be able to provide the probability of achieving different levels of performance. This can help companies understand how much the transaction is likely to cost under various scenarios, even if the final figure is not known.

Implicit costs cannot be determined upfront, but they can be managed.

Safe harbour



# “Brokers should take a proactive approach to execution and adjust dynamically to share price fluctuations”

When defining a strategy, brokers should be considering the price impact (by controlling the speed of the execution) and execution cost (by ensuring they use all available markets and liquidity sources). Rotating brokers and measuring their relative performance also offers ways for a company to compare and evaluate performance.

In the UK market, it remains common practice for a company's designated corporate broker(s) to act as the executing broker(s) for its buyback. While this can offer practical advantages (familiarity with the shareholder register, existing compliance infrastructure, and an established relationship with the board), it can also create conflicts of interest with underlying institutional clients.

Boards should consider whether an independent executing broker or a competitive process which

also includes non-house brokers could deliver better outcomes and value.

Another critical consideration for companies is around the use of the market manipulation safe harbour. This typically provides a 'safe trading area' in the US, UK and EU for companies (US 10b-18 and EU MAR regulations) if volumes remain below 25% of historical daily volumes and the buyback does not create a new price high.

Most buybacks are traded well within these rules and the consequences of following the safe harbour rules (orderly volumes and a passive execution style) are generally in line with best practice, especially for large scale orders.

We are seeing an increasing number of firms intentionally opt out and flag to the market that they reserve the right to trade outside where required. For small and mid-cap companies with low liquidity, the 25% average daily volume (ADV) cap can be restrictive and the benefit of leveraging off-exchange flows outweighs the potential risk.

Young & Co's Brewery PLC's £10m buyback (announced November 2025) is a case in point. The company flagged that execution would remain within the 25% ADV safe harbour on some days, but trade up to 50% ADV where required, given the stock's low liquidity.

Understanding, and clearly communicating when – and why – you are stepping outside the safe harbour rules is vital. We have noted several examples of firms stating they will comply but subsequently falling outside safe harbour. Often neither the corporate nor its executing broker are aware of the breach.

Safe harbour trading remains a controversial topic. Our discussions

suggest some institutional investors view the current rules and practices as unnecessarily restrictive and it is an area where we advise careful review of the pros and cons alongside clear communication.

Once the strategy has been agreed, the broker selected and execution has begun, scrutiny should continue. The executing broker should provide regular updates on performance alongside the legally required notifications. Ideally, we believe brokers should take a proactive approach to execution, adjust dynamically to share price fluctuations and use a wide range of liquidity pools and reliable monitors for regulatory compliance.

Rothschild & Co offers companies a holistic range of advisory and execution services, including independent advice around the structure, set up and review of historical or ongoing buybacks. To support boards, we have developed a bespoke performance monitoring matrix to review buybacks and suggest potential areas for optimisation. The KPIs that we monitor are trading style, venue access, price impact, safe harbour usage, benchmark performance and manipulation. Rothschild & Co also offers execution of buybacks across its award-winning trading and execution platform.

The perfect buyback isn't achieved when the board signs the authorisation, but when the final share of the buyback is cancelled and the maximum value has been returned to shareholders. 'Best Execution' is attained through a clear understanding and application of both high-level strategy and underlying market structure. Trust and reliance on a historical broking relationship alone is not enough. Trust, but verify.



# Feeling Blue?

## What Chess Can Teach Us About AI



**Jackson Philips**  
*Medical Technology  
Research*

Recently, walking down a London street, I was greeted by a surprising bus stop advert: ‘Stop Hiring Humans’ commanded Ava the AI avatar.

AI anxiety is a condition worthy of clinical diagnosis. Following an exponential increase in the use of generative AI, the correlation between AI anxiety and confidence in job security is inverse.

Compounding fears of the future is the well-publicised graduate ‘jobpocalypse’, whereby young candidates resort to AI tools to game AI systems that will probably screen them out of the running for roles that executives believe can be done by AI.

The assumption is that, by outperforming humans in manual, technical tasks, AI can replace certain jobs in certain sectors, with a skew to entry-level roles.

What does chess, a seventh century board game where you move wooden horses around black and white squares, have to do with this? At first glance, not much. But as an avid player and follower, I may have stumbled upon a slice of hope for the jobseekers of tomorrow.

In chess, with its strictly defined universe of 8x8 grids and reliance on brute force calculation, computers are superior to humans. It isn’t even close. In 1997, IBM supercomputer Deep Blue famously bested then world champion Garry Kasparov,

sending shockwaves throughout the chess world and becoming a symbolic ‘man versus machine’ moment outside it.

Deep Blue, which doesn’t hold a candle to the computer engines on any smartphone, could consider more positions in seconds than Kasparov could in his lifetime. The reaction in contemporary media to his loss was emblematic of the anxiety created, with one headline contemplating “one small step for a computer, one giant leap backward for mankind”.

Within chess, a game that had achieved unusual prestige owing to its rare combination of analytical rigour and creativity, grandmasters pondered the existential threat of their life’s work being solved by a mysterious black rectangle akin to the monolith from *2001: A Space Odyssey*. If perfect calculation existed, what was the purpose of competitive chess, which is ultimately a battle of human intuition?

However, I believe the reaction of chess to Garry Kasparov versus Deep Blue (1997) offers an encouraging allegory that may soothe fellow sufferers of AI anxiety. In essence, human participation in chess was reshaped, rather than replaced, by computers.

The most complicated position in chess is an untouched board, before either side has made a move, also known as the ‘opening’. The Shannon number, an estimate of the game-tree complexity of chess, far exceeds the number of atoms in the observable universe. Effectively 0% of the Shannon number has been reached by all games ever played.

Players have, over centuries, arrived on a set of openings or ‘theory’ deemed optimal for winning chances. Openings still played at the top level today, such as the Giuoco Piano or Scandinavian Defence, date back to the fifteenth century. Opening theory essentially represents the totality of human intelligence about a particular position, or ‘line’ of moves.

Deep Blue, and the subsequent emergence of computer chess engines, means grandmasters now spend hours exploring opening theory using a computer chess engine to generate the best moves in different positions, aiming to find new variations or ‘novelties’ to surprise their opponent. Engines can also provide a real-time evaluation of any position, quantifying the advantage with ‘centipawns’. A score of +1.00 means white has a one pawn advantage in material or positional value.

As such, top-level grandmasters, particularly the emergent class who grew up with computer engines, play much more accurate games than their predecessors, leading to infinitely more complicated positions where even the slightest inaccuracy results in defeat. In the recent Candidates Tournament, which decides who challenges the current World Champion, young Uzbek grandmaster Javohkir Sindarov out-prepared his opponents to find minor advantages, winning one game with a 99.5% accuracy rating. One opponent said he was “basically playing against a computer” when opposing Sindarov.

It is therefore the ultimate sporting achievement that one individual, one

of the old guard, Magnus Carlsen, has been number one in the global rankings since July 2011. He has won five consecutive world championship titles and is considered by his peers to possess an innate understanding of the game far above their own. It's Carlsen's intuition and judgement that makes him so compelling.

What does this mean for AI anxiety and job security? It appears the job market is under a similar existential threat to chess in 1997. AI has demonstrated its superiority in executing tasks such as data processing, pattern recognition and analysis that underpin many white-collar roles.

Is this another "giant leap backward for mankind" or an opportunity to accelerate human development by working in combination with AI? While the manual, brute force task of 'learning lines' in chess is now undertaken by a computer, it is ultimately the human interpretation of this computer-generated output that wins the game.

If I think about my own profession in parallel, while maintenance tasks like inputting historical data, updating models and performing comparative analysis can now largely be performed by AI, that does not help me to understand the unique nuances faced by a business or management team, or develop an original equity story, or have detailed discussions with investors tailored to their particular context and mindset. Like chess, the alleviation of manual work has only increased the need for human interpretation.

Despite the rise of passive and systematic investing, I believe Benjamin Graham's analogies of Mr Market, voting and weighing machines hold true. Even with short-term volatility, it is human phenomena such as investor positioning and buy-side 'whisper numbers' that appear to drive market reaction. Our 'edge' as equity analysts derives more from the interpretation of such intangible factors than the number of lines in our models. It is



Standing on shoulders

encapsulated in ideas of 'context' and 'judgement'. No matter how good AI becomes, we can stand on its shoulders and go one step further, and see things we couldn't see before.

Turning back to chess, its popularity has increased exponentially in recent years, and an active community has grown around the game. In its 4Q25 report, Chess.com had 243 million members, from 44 million in 2020. Top players such as Hikaru Nakamura, the current world number two, have become creators of online content consumed by millions of followers.

While not a mass spectator sport for obvious reasons, in-person attendance at community events and casual chess clubs are also on the rise. US Chess Federation memberships, required for in-person tournaments, have doubled to more than one hundred thousand since pandemic lows. A much larger casual player base has persisted, and the chess industry has expanded to accommodate demand. Back in 1997, even the most optimistic enthusiasts would not have envisioned such growth in mainstream popularity after Deep Blue's victory.

So, while AI appears to take the human out of the equation, perhaps it has the opposite effect of bringing people together. We have more time, we can brainstorm ideas,

we can pit our unique intuition against each other. Humans enjoy communication, collaboration and competition with other humans. Assuming I haven't made a gross miscalculation of my own, my theory is that the AI jobpocalypse will play out broadly along the lines of chess' reaction to Deep Blue.

Humans and AI will work together, the former rapidly upskilled by the latter, to arrive at superior outcomes. Late adopters may fall behind, but there will be no wholesale displacement of human participation, which may indeed increase. Like Magnus Carlsen, this leaves space for the realisation of innate human ambition and competitiveness, with a human at the top of the meritocratic ladder. We will adapt and be elevated.

In his 2017 book, *Deep Thinking: Where Machine Intelligence Ends and Human Creativity Begins*, Garry Kasparov reflects on Deep Blue and offers an optimistic view of AI and human progress, concluding, "If we feel like we are being surpassed by our own technology it's because we aren't pushing ourselves hard enough, aren't being ambitious enough in our goals and dreams". AI may have changed the way we play the game, but it is still a human on the other side of the board. And they are playing better than ever.

# Power Surge

## *The Grid Supercycle*



**Adam Parr**  
*Capital Goods  
Research*

Following strong global grid investment from 2000 to 2020, we have entered a multi-decade infrastructure overhaul that is lifting the revenue trajectories of electrical equipment suppliers. Subsea and high-voltage cables were the canaries in the coal mine of this ‘grid supercycle’ – the fundamental increase in broader cable and electrical equipment demand now benefiting manufacturers of transformers, switchgear and grid software providers.

Helpfully, in many countries, Distribution System Operators (DSOs) are required to file multi-year plans including capex forecasts. These suggest grid investment will continue at an accelerated rate for a sustained period.

Between 2000 and 2018, European DSOs invested at a capex CAGR of c5% against c7% for their North American peers. Given the comparable grid ageing profiles, an element of catch up was required. As such, across 71 European DSOs we analysed, capex grew at a 9.4% CAGR over 2019-24, lifting aggregate annual investment from €21.4bn in 2019 to €33.5bn in 2024.

From 2025 to 2029, European capex is projected to accelerate slightly to a CAGR of 9.8%. Yet Enedis, which accounts for more than a fifth of European DSO capex, is projected to grow at a much slower rate.

This means the capex CAGR of the remaining European DSOs will be 11-12%.

North America has seen stable grid investment growth since the turn of the century. Indeed, across 56 North American DSOs analysed, capex grew at a 7.0% CAGR over 2019-24 (in line with 2000-18) lifting aggregate annual investment from €27.7bn in 2019 to €33.5bn in 2024.

As in Europe, from 2025 North American capex is projected to accelerate to 2029 at a CAGR of 8.5%. It will vary by region, being virtually stagnant at some operators in the Midwest and much faster in regions experiencing data centre electricity demand (Virginia, Texas, Ohio, Tennessee), or natural disaster-related resilience requirements (California, Houston).

Indeed, Texas is expected to see an increase from 48GW in 2024 to 112GW in 2026. In the Electric Reliability Council of Texas’ April report, it sees this increasing to up to 368 GW by 2032, including all current submissions.

This reflects Texas’ relative attractiveness for data centres given cheaper electricity prices, favourable tax policies, streamlined permitting processes, good connectivity infrastructure and a vast amount of available land.

We therefore conclude Europe and North America have good visibility for a strong five years in terms of capex growth. But how long will this growth last and how sustainable might it be?

Ultimately, grid investment is driven by electricity demand and

a shift in consumption patterns; the age of existing infrastructure, which is more relevant in Europe and North America than elsewhere; connecting new and diverse sources of energy to the grid, notably renewables; an increasing need for natural disaster resilience; technological advancements, especially in grid software; and policy and regulatory reform.

We focus on the first three of these growth engines.

The International Energy Agency (IEA) forecasts electricity demand growth slightly above 2% from 2030 to 2050, including c1% in the US, 1.8% in Europe and 1.5% in China. That the top five low and medium voltage (LMV) electrical equipment players averaged 3.1% annual organic sales growth from 2000 to 2019, when US and European electricity demand grew 0.5% on average, should point to c4% annual organic sales growth from 2030 to 2050 if US and European electricity demand grows 1.4% pa on average as forecast, using a simple 50/50 split. However, increasing grid complexity means this gap could widen, driving higher growth at LMV manufacturers.



Within this, we forecast low-single-digit growth in low voltage, but mid- to high-single-digit growth in medium voltage. This reflects regulation changes helping GIS switchgear, a non-linear relationship between increasing electrical loads and circuit breakers requirements, and investment in grid software.

With increasing electrical usage and power loads, protecting systems from overloads and short circuits is important, as is general safety. Therefore, certain product groups will see greater growth. We expect medium voltage overall and the circuit breaker share of low voltage sales to benefit most.

For example, as electric vehicles replace internal combustion engines, homeowners who install an at-home EV charger will probably need a circuit breaker to protect their home's electrical system. For many countries, this is required by law. In the UK, not installing a circuit breaker voids home insurance in the event of fire. Wiring devices such as sockets and switches are unlikely to see similar growth.

Meanwhile, shifting consumption patterns are driving further investment. While peak loads were expected to grow faster than total electricity demand, they are now forecast to grow slower. Firstly, because most of the growth is driven by datacentres, which have more stable load profiles – they don't go to work in the morning and turn on the heating when they arrive home in the evening. Secondly, there is considerable growth in off-peak usage, such as

charging EVs at night to make use of lower electricity prices.

This will probably change how capacity will be built. When peak loads grew faster, the grid needed 'peakers' (batteries for storage or gas turbines that might run only a few hours a year). Now, with average energy consumption growing faster, the grid requires more 'baseload-equivalent' energy to provide the constant volume of electricity required.

Separately, the seasonality of consumption is changing. In the US, for example, owing to the increasing electrification of heating, it is forecast that by 2030 several regions will have winter rather than summer peaks and that seasonal peak parity will occur in 2055. Meanwhile, solar, the fastest growing generation source in the US and globally, generates far less electricity during winter consumption peaks when it is colder and darker. As winter peaks are typically harder to manage (heating demand is more volatile than air conditioning), grid operators are considering over-building infrastructure, a further benefit to LMV players.

It is therefore probable that the gap between electricity peak demand growth and the organic sales growth of cable manufacturers and other LMV players could widen.

The US electrical grid is older and more fragile than in Europe, with more than 70% of US equipment over 25 years old (it has a useful life of c40 years), compared to c40% in Europe. Both regions need 30-50% of total assets to be modernised by 2030 to prevent reliability issues, in addition to the new capacity required. Specifically, in the US 31% of transmission lines and 46% of distribution infrastructure are estimated to be near or beyond their useful life. The ageing infrastructure is struggling to keep pace with surging demand from AI datacentres and electrification.

Furthermore, an increasing amount of incremental electricity demand

is being met by renewables and nuclear. Together, these supplied 80% of the YoY growth in global electricity demand and reached a combined total of 40% of total electricity generation (renewables 32%, nuclear 8%). As renewables are typically located further from where power is used – for example, offshore wind and solar farms in the middle of the countryside – more cabling is needed to connect them to the grid. This is positive for cable manufacturers. Separately, interconnector cables are not only increasingly used between different parts of a country to connect its various grids, but also to connect different countries to enhance electricity security and reliability. This helps to balance supply and demand across regions and reduce costs through energy trading.

However, it is not without challenges. The IEA estimates a global requirement for more than eighty million km of grid infrastructure by 2040, which is the equivalent of adding today's entire global grid. Worryingly, the IEA estimates around 3,000 GW of renewable projects are waiting in grid connection queues, more than five times the 585GW of renewable capacity added in 2024.

Total grid capacity in the near term is thus limited by how quickly new capacity can be connected. Positively for manufacturers, supply-chain pressures are likely to generate elevated pricing power, something already visible in rising grid expansion costs.

Historically, Capital Goods electrical companies have been considered cyclical businesses. While we do not see a complete decoupling from cyclicity, we believe the LMV players have secular growth stories tethered to the multi-decade capex requirements of regulated utilities. With good mid-term visibility and supply-side constraints benefiting pricing power, we argue the 'grid supercycle' is here to stay.



# Turning Point

## *How Digital is Reshaping Finance*



**Gonzalo López**  
*FinTech  
Research*

**W**hile many industries have experienced technological disruption over recent decades, financial services is anchored in the past.

Today, it is impossible to imagine listening to music without streaming platforms or organising travel without digital tools. Yet when it comes to managing our money, savings, borrowing or even making regular payments, most people still rely on traditional institutions built on archaic processes.

Even in 2026, opening a bank account often requires paperwork, credit approval can take weeks, and customer service frequently involves visiting a physical branch or waiting in long call queues. This analogue world persists despite an ever-increasing focus on immediacy and user experience elsewhere.

Unsurprisingly, it makes the sector highly susceptible to technological disruption. This vulnerability is confirmed by a survey showing that 71% of American Millennials would rather visit the dentist than go to a bank branch.

The opportunity, however, is as large as the inefficiency. Financial services is one of the largest industries globally, generating over US\$13.5trn in annual revenues across banking, insurance, payments and wealth management. Despite this, only around 3% of revenues are exposed to digital challengers, compared with more than 20% in some industries.

Structural forces are accelerating the shift. Mobile devices now account for almost two-thirds of global web traffic and consumers are increasingly comfortable managing their lives through apps.

Another enabler is regulation. Historically, banking systems were protected by high barriers to entry, strict licensing requirements and limited data accessibility. This led to a concentrated industry, where competition was constrained and innovation unnecessary. However, over the past decade, regulators across multiple jurisdictions have become increasingly receptive to technological change. Initiatives such as open banking and similar frameworks require incumbents to share customer data through standardised infrastructure. Brazil's central bank and the Reserve Bank of India are exemplary.

In this environment, technology-driven players are well positioned to capture value at different points in the chain. Hence, the fintech ecosystem has more than tripled in size since 2018, supported by innovation and investor interest.

One of the critical lessons from recent years is that the global fintech phenomenon is no longer simply a story of growth at any cost, but one of structural transformation. For years, fintech platforms were judged almost exclusively on user acquisition and expansion, with profitability considered secondary, if not irrelevant. This perception is changing. According to BCG, 70% of listed fintech businesses are now profitable compared with less than 40% in 2022. Our view remains that scale will translate into earnings and more profitable companies will gain

the power to change the status quo.

Within fintech, digital banks, which benefit from a fundamental cost advantage, stand out. They deliver services primarily through mobile and web infrastructures and are built on modern cloud-native technologies without a physical presence – unlike traditional banks with their legacy IT systems, expensive branch networks and complex organisational structures.

Our analysis suggests leading digital banks can operate with a cost base that is 60-70% lower than a traditional player. This allows digital banks to offer more competitive pricing, invest continuously in product development and still generate attractive or even superior returns. It also enables them to serve customers that traditional banks have historically ignored because they were unprofitable under higher cost structures. This is particularly important in emerging markets, where large segments of the population remain financially excluded.

In our report 'Nubank vs Revolut: Who will lead global digital banking?' (April 2026), we compared the two fintech contenders leading the charge. Both have built large customer bases, strong brands and profitable models, yet they represent fundamentally different approaches.

Nubank is primarily a Latin American phenomenon. Its strategy is built around depth rather than breadth. The company operates in Brazil, Mexico and Colombia – large markets with higher interest rates, limited competition and millions of underbanked consumers.

Nubank started with credit cards, targeting customers that were

underserved by traditional banks. Over time, it expanded into personal loans, deposits, payments, insurance and investments, with the aim of becoming the primary banking relationship for its users. Today, it has over 130 million customers in Latin America, including more than 60% of adults in Brazil.

Lending and deposits form the core of its business. This means its economics increasingly resemble a full retail bank, albeit with a substantially lower cost structure. In both Brazil and Mexico, despite competing against relatively efficient local incumbents, Nubank enjoys a cost-to-serve more than 80-85% lower than its competition.

Revolut's path has been different. It started in Europe with payments and foreign exchange, offering low-cost international transfers and a clean mobile interface. Gradually, it expanded into cards, subscriptions, trading, crypto, insurance and various lifestyle features. Revolut now operates in almost fifty countries, serves more than seventy million clients, mostly in developed and wealthier markets, and positions itself as a global super-app.

Beyond the cost advantage, technology can transform the financial industry through a redefinition of how credit, the beating heart of banking, is delivered. Nubank, for example, using real-time data, alternative data sources and AI-based models can approve loans in seconds, assign credit limits almost instantly and disburse funds within minutes. It also dynamically adjusts credit limits for millions of users based on real-time behavioural data, enabling it to offer personalised products at scale. This not only enhances the customer experience but strengthens risk management and supports profitability.

The paradigm shift in credit distribution has important implications for financial inclusion. Consumers without long credit histories or stable employment contracts can still be assessed using



transactional and behavioural data. This enables digital banks operating in Southeast Asia, Africa and Latin America to reach previously underserved populations while maintaining risk-adjusted returns. It is a fundamental departure from historic underwriting models and challenges the capacity of the traditional banking model to remain competitive.

So, the question becomes, who will lead the transformation, and which player (if any) will dominate global digital banking?

Nubank and Revolut have both emerged as credible contenders. Nubank generated approximately US\$2.9bn in net income in 2025 and Revolut around US\$1.7bn.

One model prioritises depth, the other breadth. Nubank aims to be essential, owning the primary financial relationship within a smaller number of countries. Revolut seeks to be everywhere, offering many services across multiple markets. The difference has important implications. Payments and user experience may drive customer acquisition, but lending and deposits ultimately generate the most economic value.

In this context, Nubank holds an advantage owing to its strong balance sheet and focus on credit-led customer relationships. Revolut, in contrast, operates with a lighter model, positioning itself as a financial operating system layered on top of banking infrastructure. Its ambition extends beyond replacing

a bank to becoming a daily financial hub for users globally.

The differences are reflected in how investors value the two companies. Although comparisons between private and public valuations are imperfect, Revolut appears to be valued more as a global software platform. Investors seem to believe the ability to export a technology stack across dozens of regulatory environments is scalable. Nubank, by contrast, is valued more like a bank, reflecting its asset-heavy lending model and exposure to volatile emerging markets.

One might say Nubank is winning the banking game, but Revolut is winning the valuation game. Will Revolut be able to build lending at scale in fragmented global markets the way Nubank has in Brazil? If it can, the distinction between the two models would narrow. Until then, the companies represent two different but compelling paths towards the future of digital banking.

It is clear that finance is no longer immune to the forces that have transformed other industries. The shift may have taken longer, but it is well underway. Nubank and Revolut are proof that fintech companies and digital banks are no longer experiments. They are scaled, profitable institutions redefining how consumers interact with money. The debate is now over which model will ultimately define the future of finance.

# Competition Beyond Cost



## *The Rise of China Biotech*



**Qize Ding**  
*Biopharmaceuticals  
Research*

Over the past forty years, China has transformed from a low-cost and low-margin labour-intensive manufacturing-dominated economy into a major global innovation hub. It has increasingly moved up the value chain through investment in technology, education and R&D. Nowadays, China plays an important role in new economies such as electric vehicles, renewable energy, robotics, semiconductors, artificial intelligence and biotechnology.

In biotechnology, we have seen unprecedented advances in the development of innovative medicines over the past decade across several cutting-edge technologies, including the mRNA vaccine, CRISPR gene-editing, cell and gene therapies, bispecific antibodies and antibody-drug conjugates (ADCs). The US and Europe maintain their leadership, but China is catching up rapidly.

China's biotech industry has evolved from a generic drug and contract-

manufacturing base into one of the world's most important innovation hubs. This shift is beginning to reshape the global pharmaceutical landscape, with implications for drug innovation, R&D productivity, competitive dynamics, strategic collaboration, and M&A. A recent BCG report illustrates this trend: between 2019 and 2025 the share of global licensing deals signed by Chinese companies increased tenfold, from 5% to 48%, while the share of licensing deals from US companies declined from 55% to 29%.

Global pharmaceutical companies are increasingly licensing early-stage drug candidates from Chinese biotech firms to replenish their pipelines ahead of the major patent expirations expected towards the end of this decade and into the early 2030s. One of the primary challenges facing Western pharmaceutical companies is R&D costs are rising as R&D productivity is falling. Smaller Western biotech firms also continue to experience the effects of a tighter research funding environment, particularly since 2022-23 in the US.

These factors are among the reasons why many Western pharma companies are turning to

Chinese biotechs. According to PharmaSource, China's biopharma out-licensing activity surged almost tenfold to a record US\$138bn in 2025, with 2026 already on pace to surpass that figure as average deal sizes jumped 76% year-over-year. Most multinational pharmaceutical companies, including AstraZeneca, AbbVie, Bristol Myers Squibb, Pfizer and GSK, have entered into partnerships with Chinese biotechs. These transactions are not limited to licensing deals, but include M&A.

Over the past five or six years, Chinese biotech companies have increasingly moved up the value chain, developing capability for novel modalities, such as ADCs, bispecific antibodies, cell therapies and metabolic disease therapies. These are now attracting substantial interest from global pharmaceutical companies.

One notable example is Legend Biotech's Carvykti (anti-BCMA CAR-T cell therapy), which was originally developed in China and in late 2017 was out-licensed to Johnson & Johnson for clinical development until it achieved regulatory approval in the US and Europe. Carvykti is regarded as the best-in-class cell

therapy for the treatment of multiple myeloma. Another example is BeOne Medicines' Brukinsa, which also originated in China and was later developed globally. It is regarded as the best-in-class Bruton's Tyrosine Kinase (BTK) inhibitor for treatment of chronic lymphocytic leukaemia.

China's swift rise in biotech has been propelled by a combination of regulatory reform, scientific talent, investment, lower development costs and a large and diverse patient population. In addition, its domestic pharmaceutical market remains highly competitive, with government pricing policies and volume-based procurement creating pricing pressure for mature products. As a result, Chinese biotech companies focus on development and out-licensing of competitive innovative drugs to large Western pharma. Our recent conversations with major Chinese biotech companies support this view.

In terms of investment, the growth of China's biotech sector over the past decade has been supported by improved access to capital, including HKEX Chapter 18A reforms, the launch of Shanghai's Science and Technology Innovation Board (STAR) Market, increased venture financing and rising investment from global investors and multinational pharmaceutical companies. A milestone was the HKEX 2018 Chapter 18A reform that allowed pre-revenue and pre-profit biotech companies to list on the Hong Kong Stock Exchange. It removed revenue and profit requirements to accommodate the sector's long R&D cycles.

In the global regulatory system for drug approvals, the US Food & Drug Administration (FDA) and European Medicines Agency (EMA) represent the highest global standards. China's regulatory frameworks have become more aligned with global standards, accelerating development timelines and improving the international credibility of Chinese clinical data.

Almost ten years ago, China

joined the International Council for Harmonisation (ICH), which maintains globally accepted guidelines for drug development. Since 2018, China's regulatory framework, the National Medical Products Administration (NMPA), has been progressively modernised and streamlined, supporting its alignment with international regulatory standards and fostering domestic R&D by providing financial incentives to local biotech companies. One example is that, following major regulatory reforms, the NMPA dramatically shortened investigational new drug (IND) review timelines. This meant reviews that historically could take up to three years were reduced to sixty working days.

In clinical trial activity, the US remains the dominant player, but China is catching up. For example, 57,667 trials were conducted in China in 2023, accounting for around 13% of global trials, compared to 3% in 2003. In comparison, the US had 162,523 trials running, accounting for 63% of global trials in 2023 versus 55% in 2003. According to the European Federation of Pharmaceutical Industries and Associations (EFPIA), Europe's share of commercially sponsored clinical trials dropped from 22% in 2013 to 12% in 2023. This is attributed to less favourable regulatory and funding environments.

Chinese biotech companies benefit from materially lower clinical trial costs compared with their Western peers. This reflects cheaper labour and operational expenses, and faster patient recruitment. China's large and diverse patient population enables companies to conduct trials more efficiently and to accelerate development timelines. Studies show that Chinese biotechs can move a drug candidate from discovery into first-in-human studies in roughly 12-18 months, compared with about 24-36 months in the US/EU. In terms of patient recruitment, Chinese biotechs completed this within six months in

more than half of the clinical trials undertaken between 2021 and 2023.

Among several therapeutic modalities – ADCs are perhaps the most prominent example – where Chinese companies have become increasingly competitive, linker chemistry, payload technologies and development speed stand out. A good example is sacituzumab tirumotecan (sac-TMT), an anti-TROP-2 ADC, for which US pharma company Merck entered into a partnership with Kelun in 2022. It allows Merck to compete with other anti-TROP2 ADCs being developed by AstraZeneca and Gilead in oncology. Beyond ADC, Chinese biotech firms are also increasingly active in bispecific antibodies, GLP-1 obesity therapies, autoimmune biologics and cell therapies.

The implications for global pharma are serious. Firstly, as discussed previously, China is increasingly becoming an external innovation engine for multinational pharmaceutical companies. Rather than relying solely on internal R&D, many large pharmaceutical companies are now sourcing innovation from Chinese biotech ecosystems through licensing deals and strategic partnerships. This trend could improve R&D productivity for global pharma by reducing early-stage discovery risk and lowering development costs. Nor is this limited to large companies. Mid-sized companies like UCB announced a licensing deal for an early-stage bispecific antibody with Hong Kong-listed Antengene in February 2026. During 1Q26 earnings conference calls, mid-cap biotechs such as Insmid and Argenx mentioned they are looking to China for sourcing early- to mid-stage assets.

Secondly, China's biotech rise may intensify global competition in drug development. Chinese biotech firms are no longer competing solely on cost, but increasingly on asset quality and development speed. Several China-originated assets have generated strong global clinical data, particularly in oncology, such as



*The elixir of growth*

Carvykti for treatment of multiple myeloma. This has challenged the perception the US and Europe dominate drug discovery.

Thirdly, the rise of Chinese biotech may alter business models globally. Increasingly, Western biotech companies are licensing or acquiring Chinese assets rather than internally discovering molecules from scratch. An example is AstraZeneca's acquisition of Gracell Biotechnologies in early 2024, in which it acquired Gracell's lead asset in cell therapy in addition to its T-cell therapy pipeline.

However, risks and challenges remain for Chinese biotech. On the policy front, Chinese biotech companies face growing headwinds from recent U.S. legislative initiatives. The Comprehensive

Outbound Investment National Security (COINS) Act, introduced in 2025, established a framework for restricting U.S. investment in strategically sensitive sectors, while the Biotech Investment National Security Act (BINSNA), introduced on June 2, 2026, seeks to extend those restrictions to biotechnology. Together with the BIOSECURE Act, these measures increase regulatory uncertainty around cross-border licensing, investment, and research partnerships, potentially limiting Chinese biotech firms' access to U.S. capital, technology, and commercial opportunities while accelerating industry decoupling. collaboration and deal activity.

In the US, measures have been proposed to reduce the FDA's

requirements for exhaustive and costly animal studies, and to simplify the toxicology component of the FDA's drug review process for early-stage drug discovery and preclinical testing conducted by academic laboratories. AI could help to streamline preclinical requirements by mining drug databases, extrapolating from known drug profiles and predicting safety issues before extensive testing begins.

Furthermore, platform trials are an innovative approach to early-stage clinical development that allow multiple treatments for a disease to be evaluated simultaneously within a single ongoing trial framework. These trials use a standardised master protocol that enrolls patients with a particular disorder, enabling new treatments to be added or removed seamlessly over time.

Most collaboration and deal activity in Chinese biotech is focused on early-stage assets. For late-stage assets and clinical trials, the mature regulatory system in the US and Europe remains a competitive advantage that China cannot yet match. Late-stage human trial data generated in China is still viewed with some scepticism by US and European regulators and pharmaceutical companies.

Lastly, biotech innovation is driven by advances in basic scientific research and a deep understanding of fundamental biology. Most leading academic research institutions are based in the US and Europe, which continue to attract top global talent. While China's basic scientific research is catching up, there is still a long way to go. In addition, much of its drug innovation is still perceived as following a "me-better" rather than truly novel "first-in-class" model.

The Chinese biotech industry will need to demonstrate sustained capability in developing best-in-class therapies, or even first-in-class therapies, particularly in more complex disease areas, to establish its global credibility further.

# Complete Control (1977)

Fifty years ago this month, Bernie Rhodes approached Joe Strummer after a gig, introduced him to Mick Jones and Paul Simonon, and gave him 48 hours to decide whether to leave his established pub rock band The 101ers and join the as-yet unformed and unnamed The Clash.

Exploding out of the blocks in the slipstream of The Sex Pistols, The Clash were the political wing of punk, their lyrics cataloguing an era of youth disillusion and economic decay. Tight but furious, they evolved beyond the three-chord chaos of their spiky-haired fellow travellers to create a soundscape traversing a bewildering range of genres. If *London Calling* (1979) and *Combat Rock* (1982) were their critical and commercial apogee, the single *Complete Control* was punk's last stand.

Incensed by CBS releasing *Remote Control* as a single against their wishes, the band, augmented by drummer Nicky 'Topper' Headon, entered Sarm East Studios to record *Complete Control*. A howl of rage from the artists against the machine, it was produced by the legendary Jamaican, Lee 'Scratch' Perry, who had approved of The Clash's version of *Police and Thieves* on their eponymous first album. Perry, who inclined towards the heavier end of bass (and weed), was supported by Mickey Foote, whose mandate was "to keep things grounded". In the event, the band re-recorded the guitars, reducing the echo, deemphasising the dub.

*Complete Control* opens with the power chords of Jones' lead guitar buttressed by Strummer's percussive rhythm, Simonon in a low bass key and Headon's muscular beat. The intro gives way to Strummer's barked vocals – "They said, release *Remote Control*, but we didn't want it on the label" – two verses and choruses



of anti-authoritarianism, a Jones solo deliberately undermined by Strummer's ironic "You're my guitar hero", and a final verse railing against the promise of artistic freedom compromised by corporate greed.

It is after the final chorus, which occurs barely halfway through, that the song ascends to a different realm. Where the verses are controlled and traditionally structured, after a minute and a half Strummer can contain himself no longer. As Jones' guitar wheels and saws, driven remorselessly by Headon's pounding snare, Strummer's vocals – "This is Joe public speaking" – blast into territory rarely encountered in a three-minute single. This was rock as confrontation, vocals as battering ram, guitars freebasing, a moment of musical affray.

Although *Complete Control* only reached the lower ledges of the charts, its power was apparent to anyone who was listening. Referring to the outro, Greil Marcus in the *Village Voice* expressed 'disbelief that mere humans could create such a sound, and disbelief that the world could remain the same when it's over'. If the "Right now..." and throaty chuckle with which Johnny Rotten opened *Anarchy in*

*the UK* fired the starting gun for punk, Strummer's "I'm controlled in the body, I'm controlled in the mind" tolled the end of the dream. As the rock critic Jon Savage observed, "*Complete Control* becomes a hymn to punk autonomy at the moment of its eclipse".

Unlike many of their peers, The Clash possessed the talent, wit, ingenuity and frame of reference to avoid the monoline trap that punk had set. When The Sex Pistols imploded in January 1978, they became the standard-bearers. But where the Pistols' message was one of apathy, cynicism and destruction, The Clash was sustained by unquenchable idealism. Through successive albums the band explored rock, dub, funk, reggae, ska, soca, gospel, rap and rockabilly, until it too collapsed under the weight of its own myth and the inevitable contradiction between growing personal wealth and the message of the music.

As youthful disillusion once again greets economic decay, and the disenfranchised increasingly turn to the populists, so the rhetorical question with which Joe Strummer opens the grand finale – "I don't trust you, why should you trust me?" – reverberates through time.

# Summertime in Bloom

## *The Future for Stablecoins*



**Ellie Hall**  
*Banks  
Research*

When was the first time you heard the word ‘stablecoin’? Was it last year by any chance? 2025 was the year of the ‘stablecoin summer’, when interest in the hybrid crypto-fiat coins surged and Google trends data saw a more than five-fold increase in searches between July and August alone. But what exactly are they, and what does this new tokenised form mean for the way we use money today?

It is impossible to answer this question without understanding the essence of a stablecoin. Doing what it says on the tin, stablecoins are a form of cryptocurrency designed to maintain a stable value. This is achieved by ‘pegging’ the coin to a basket of assets. These are most often fiat currencies, such as the US dollar, which makes up the vast majority of all stablecoins, and commodities such as gold. The idea is that for every stablecoin in issuance, a corresponding asset is locked away to corroborate the value of the stablecoin. The most widely circulated coins today are USDT, issued by Tether, and USDC, issued by Circle.

Despite the excitement last year, stablecoins are not a new concept. They emerged around 2017 as a means for crypto traders to navigate the volatility inherent in crypto markets without resorting to fiat cash. Given poor liquidity between cryptocurrencies and fiat cash, anyone switching incurred a cost.

Thus, stablecoins were introduced as a means by which to endure volatile periods without the aggravation and expense of reverting to the fiat world.

However, last year’s ‘stablecoin summer’ was catalysed by several developments. Perhaps the most instrumental was the US passing the GENIUS Act, a landmark piece of regulation explicitly governing the issuance and usage of stablecoins. This was fundamental to institutionalising exploration of the technology and providing reassurance that protective frameworks were in place. It coincided with Shopify releasing a product allowing consumers to pay for purchases using USDC – bringing stablecoins to the mainstream consumer for the first time. Finally, Circle, the issuer of the second largest stablecoin by market cap, USDC, IPO-ed. These events occurred within a month of each other.

While stablecoins initially only provided utility to the crypto trading community, their specific attributes have enabled their usage to evolve. They are referred to in the payments landscape as ‘atomic’, meaning their transfer and settlement occurs instantaneously. Transfers are unusually inexpensive – fractions of a cent per transaction. The speed and cost-effectiveness of stablecoin transactions have led to their use within cross-border payments, where cost and transaction speed in the incumbent correspondent banking system are particular pain points.

The implications of stablecoins, and digital money more broadly, reach across payments, financial systems and geopolitics.

For payments, the critical question is whether stablecoins will

replace fiat currencies. This debate is bifurcated between consumer to business (C2B) and business to business (B2B).

For C2B payments, the overriding answer is no. Consumers are creatures of habit. Without good reason, which generally involves financial incentivisation or a vastly improved experience, we do not change our preferred method of payment.

From an experience perspective, in C2B payments where most of us use cards, there is no problem to solve. Cards work well – we incur no cost, they are widely accepted, authorisation is instant (even if settlement takes a day or so) and processes are in place should there be problems. Any bugbear with cards is borne by the merchant, yet it is the consumer who determines the payment method at the point of purchase, not the merchant.



Given this, merchants can pry consumers away from their beloved card with financial incentives. They need to fund these given they are the ones who incur the costs associated with payment acceptance. However, when looking at how the economics of stablecoin acceptance is structured in comparison with that of cards, there is little wiggle room for merchants to pass on incentives.

The cost of accepting a stablecoin payment for a merchant is similar to that of a card payment – particularly outside the US or on debit card transactions. Even for credit card transactions, where the cost of acceptance is meaningfully higher and there could be room for merchants steering consumers to stablecoins, credit cards offer a utility that stablecoins do not: access to credit. Without giving consumers a reason to use an alternative, they will not change their payment methods. Hence, stablecoins are unlikely to replace fiat currency in C2B spending.

Where there could be some disintermediation however is in payments between businesses, particularly those between multinational corporates. Multinationals often move large sums of money across borders, either

through paying overseas suppliers or for internal treasury movements. Given the time and cost involved in undertaking this through the incumbent correspondent banking system, stablecoins offer a viable alternative. Large corporates already hold multiple currencies in treasury form – a dollar account, sterling, euro – stablecoins can be treated as just another currency.

Larger businesses are used to the friction of managing multiple currencies, whereas most consumers and small businesses are not. Atomic settlement also frees up working capital. Businesses need to recognise that stablecoin balances do not accrue interest like bank accounts, so the lost interest income must be weighed against the gain in lower transaction fees and increased working capital visibility. Nevertheless, stablecoins are more likely to disintermediate fiat currencies in B2B payments – particularly among larger businesses – than in C2B payments.

Beyond the potential impact on payments, stablecoins have implications for monetary sovereignty and financial systems. This in part explains divergent attitudes towards digital currencies between the US, which has

demonstrated a preference for privately issued stablecoins, and regions such as Europe and China where state-issued Central Bank Digital Currencies (CBDCs) are encouraged. With the vast majority of stablecoins pegged to the US dollar, increased usage increases demand for US treasuries and perpetuates the dollarisation of global economies. Central Bank Digital Currencies are a means of resistance to this dollarisation.

For financial systems, most concerns centre around deposit migration from banks. If stablecoins become more widely held, this will pull deposits away from banks and into treasuries. At face value this may not be a major cause for concern. However, it has ramifications for the lending ecosystem, particularly in Europe, which is widely bank-funded, meaning fewer deposits for banks to lend could impact economic growth. Conversely, the US relies more on capital markets for its lending, thus increased stablecoin usage would not have as serious consequences.

Lastly, stablecoins are likely to continue the trend of countries exerting sovereignty over their local payment systems, thus creating fragmentation in the stablecoin and digital currency landscape. Reliance on the card networks – both US businesses – for payment systems has posed issues to various countries at one point or another. With a major element of stablecoin infrastructure controlled by US companies, countries are unlikely to move from relying on one form of US-controlled payments to another.

For all the attention stablecoins have garnered, the near-term conclusions are clear: they are not going to dominate the financial landscape materially anytime soon. The biggest risk is that adoption and usage trends may not be linear. Stablecoins are however part of a broader wave of digitalisation and tokenisation within the financial ecosystem, which in the longer-term could have a seismic impact.





# Fine Lines

*The Power and Fragility of Luxury*

Storymaker



**Aisha Austin**  
*Luxury  
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**H**eritage. The word on which the foundations of Luxury are built. But what does it mean, and how does a brand achieve such an attribute? Heritage is cultivated through the efforts of iconic people, groundbreakers in their generations, reshaping ideas and creating concepts that prove timeless. Simply put, heritage is gained via compelling stories that resonate through time.

For a Luxury brand, particularly in fashion, heritage is embedded in every aspect, from product designs to shop floors to communications. Keeping the story alive is critical to persuading a customer to spend a premium beyond the elemental value of the goods. It transforms transaction into experience, inspiring a feeling of belonging to

something larger than the product at hand. This unique quality is difficult to achieve and creates high barriers to entry.

Luxury houses often have dedicated 'storytellers', whose role is to ensure the narrative is disseminated accurately through all corners of the brand, reaching the consumer directly and indirectly. The existence of such storytellers demonstrates brand operators are aware that a tale as old as time is in itself not enough to ensure success. The world moves quickly, old and new competitors distract, and thus the education and re-education of consumers must be continual. This must run alongside staying true to the brand identity and the tale, so it always makes sense, for a brand and reputation are fiendishly difficult to construct and can be easily shaken.

Gucci is one of the most well-known Luxury brands. It is widely referenced in popular culture, from classic films to rap. According to lyrics.com, the word 'Gucci' appears in 97,300 songs,

compared with 'Prada' at 58,100, 'Dior' 36,200, 'Chanel' 29,100, 'Cartier' 24,800 and 'Vuitton' 14,900.

Founded in Florence in 1921, Guccio Gucci was inspired by the luggage of the wealthy that he saw while working at The Savoy in London. Through the 1920s and 30s, his name became established in the travel world, followed by a 40s and 50s expansion into handbags and shoes.

From the beginning, he was innovative. The Gucci Bamboo 1947 handbag was created amid material shortages in post-war Italy, as Guccio discovered a technique to heat and bend Japanese bamboo, creating a robust and unique handle. The bag remains an icon today and is a nod to the breadth of Guccio's inspiration, the modernity of his sensibility and his cutting-edge nature. Through such originality, Guccio laid the foundations of his brand's heritage. It continued to thrive through the 60s, 70s and 80s, adorning and adored by celebrities and VIPs, including Jackie Kennedy Onassis, who inspired the

# *“In the 1990s, Ford’s sleek minimalism explored provocative, glamorous lines made of satins, velvets and metallics”*

eponymous bag in 1961, an icon of the house today.

Gucci’s transformation into a global powerhouse was shaped by a series of diverse designers. Tom Ford is credited for much of the ascension. Through the 1990s, his sleek minimalism explored provocative, glamorous lines made of satins, velvets and metallics. Ford’s successor, Alessandra Facchinetti, only lasted two seasons. Her more modern feminine romantic feel lacked commercial impact. Frida Giannini, creative lead for eight years, brought a bohemian, colourful feel, leaning on floral and monogram patterns and reviving icons such as the Jackie bag. A commercially safer approach, it allowed more people to access the brand.

Alessandro Michele arrived in 2015. He brought new flair, an era of eclectic maximalism and bold gender fluidity in parallel with a vintage revival and historical references. He said, “When Gucci started, it was another age. If you bought a Gucci bag, you belonged to the jet set. The jet set doesn’t exist anymore. I’m trying to speak to the world, to everyone.” Suddenly the Gucci brand was everywhere.

Michele led the brand from €3.9bn revenues in 2015 to nearly €10bn by 2021, and a share price expansion of c300% for parent company Kering. Things had never looked better. Gucci’s success was far from a happy accident. It was built on the back of a century’s determination and perseverance.

Yet over the next four years brand revenues fell more than 40%, crunching margins and Kering’s share price. How could this happen to a brand with such history, image, fame and success?

It comes down to a simple concept in Luxury: balancing exclusivity

with scale. With the Gucci brand everywhere, and GG belts accessible to all, it reached saturation. This was quickly noted by its high spending clientele. Luxury customers pay a premium to feel part of an exclusive world. When everyone is in the club, it no longer feels as special.

Michele exited Gucci in 2022 owing to a disagreement over creative strategy at what we now know was a tipping point. Gucci tried to move away from the logo, but the U-turn from the bright and bold Michele product into a more muted offer under Sabato de Sarno meant the exciting, trailblazing Gucci felt distant and only exacerbated the problem.

Today, the company hopes for reignition under Demna Gvasalia. He is famed for his work at Balenciaga, also in the Kering stable, where for ten years he pushed boundaries and perceptions of fashion. Demna brings an experimental edge, drawing parallels with Guccio Gucci himself. Further, he has received endorsement from Alessandro Michele, who observed from the front row of Demna’s debut show at Balenciaga, “I like that he’s in search of a different kind of beauty, particularly in an industry that has always tried to define and dictate beauty in the past.”

The stars seem to be aligned for the new era at Gucci. However, there is a huge operational challenge to revive the brand to its full potential, and to restitch the multi-years of unravelling.

This journey has been undertaken before, not least by the British Luxury house, Burberry, which reclaimed its brand when many believed it to be unrecoverable.

Luxury and football hooliganism are an unusual pairing. In the late 1990s, ‘Burberry lad’ became the colloquial term for a British football fan clad in

the unofficial uniform of a Burberry Check cap and scarf.

For Burberry, the iconic Check is interwoven in its trench coats and history. While it first appeared lining raincoats in the 1920s, it was in 1967 that a Parisian buyer, while preparing a fashion presentation for the British ambassador, took the lining from her coat to wrap her luggage and umbrella, thus creating the first Burberry Check accessories. The Check cashmere scarf was created in 1970, before the pattern made its way through ready-to-wear campaigns in the 80s and 90s, and hence to football and street culture.

At first, this propelled revenue. Between 1997 and 2004, brand sales lifted from £250m to £670m, and the company was valued at £1.8bn.

However, as Burberry became more popular, so it was increasingly accessed via counterfeits, from prams to umbrellas, wallpaper to plastic coffee cups. The brand became so undesirable among its formerly loyal customers that it was no longer sold at Selfridges or Harvey Nichols, and Harrods refused to stock anything other than the highest-end trenchcoats. The British press used words such as ‘tacky’ to describe the overfamiliarity of its print. The increasing contempt did not only manifest in the UK, but globally. In Asia, the brand’s license agreements caused ‘parallel’ trading, meaning items were distributed directly to discount stores. Burberry’s Check was everywhere, but it wasn’t benefiting Burberry.

Thus, the issue at hand once again prevails, as it did for Gucci, where a brand might reach peak visibility but this doesn’t translate to direct, or even indirect, sustainable revenue. Finding a solution required dissociating from this look without compromising identity, which is

a complex stipulation. Burberry couldn't lose the Check, as this would mean sacrificing its heritage.

At the time, Burberry's CEO Rose Marie Bravo and creative director Christopher Bailey had an immense challenge to prove the brand's worth at the time of its public listing. Firstly, they removed all 'accessible' product from the store shelves. They then set out to regain control by revoking licenses, tightening supply chains and distribution and aggressively tackling fake product.

The strategy worked. Bailey, initially in charge of the house's designs and later CEO, reinvented Burberry through a balance of heritage and innovation, reinvigorating excitement and injecting just enough colour without eradicating the standard-bearing Check or beige. His success was extended, with a fashion-forward twist, by his successor, Riccardo Tisci, from 2018.

In February 2023, new designer Daniel Lee presented his debut collection. This heralded a new era of brand fragility, but for the opposite reason to the early 2000s.

Rather than leaning too heavily on Burberry's defining colour codes and patterns, Lee's collection was characterised by greens, purples, feathers and faux fur. It didn't include a single trenchcoat. A simultaneous move into highly priced leather handbags with less focus on traditional outerwear did not mix well. The response was lukewarm, as the recognisable Burberry that persuaded customers to come to stores no longer existed.

However, work towards Lee's next show had already begun, and this same bold and far-afield approach was reprised the following September. Burberry had now produced two seasons without their recognisable brand, which was reflected in lower demand, lost sales and heavy discounting, collapsing the operating margin to just 1%.

Once again, work is needed to revitalise the brand. The 'Burberry Forward' strategy, announced in



Bouncing check

November 2024 by new CEO Joshua Schulman, is underway. It centres around core, heritage product that defines the brand, with a focus on timeless British luxury, leading with outerwear and scarves. There is evidence this is working, including a return to revenue growth at the end of 2025 and lifting into 2026, but a lot more is required to return to its former prosperity.

Burberry and Gucci's stories showcase the simultaneous power and fragility of a Luxury brand. Veering away from a core identity, even for a moment, can inflict years of damage.

Today, while the sector remains challenged, we are experiencing a recurring theme of referencing

heritage. Louis Vuitton celebrates 130 years of Monogram, emphasising legacy designs in stores, while Dior and Chanel refresh iconic lines to generate renewed excitement grounded in identity. Meanwhile, Hermès remains fortified by its coveted Birkin and Kelly, having never been led astray.

The importance and influence of the designer is critical, as is the need to balance excitement and newness with tradition and heritage, but without leaning too far one way or the other. Being a luxury brand requires constant navigation between exorbitance and commerciality, exclusivity and popularity. These are fine lines.

# Say Your Prayers

## Thomas Becket and AI



**Freddie Corrin**  
Research

**T**homas Becket was an interesting man. Born in 1119 on Cheapside, a street visible from Rothschild & Co Redburn's window, he was Lord Chancellor before being appointed Archbishop of Canterbury in 1162, an office he retained until his murder in 1170.

Although Becket had spent seven years furthering the interests of the Crown as Henry II's treasurer, he was a man with ideas of his own. This brought him into conflict with the king, who believed Becket should fulfil his commands. But the cleric's adherence to the prerogatives of the Church increasingly annoyed Henry, who ranted to such an extent that four knights travelled to Canterbury of their own accord and slew the 'meddlesome priest'.

Thus, 750 years before McKinsey, Henry II experienced one of the fundamental problems of management: how do you ensure your employees, who have agency, do what you want, rather than what they imagine you want?

The question is germane today. The next frontier of AI is 'agentic' – being able to instruct your assistant to act autonomously on your behalf. This extends from completing a data entry to adding groceries to your shopping basket.

At present, these agents are restricted to executing well-defined tasks with little opportunity for deviation. But as they, and the orchestration layer on which they sit,

advance, it is inevitable humans will ask more complex questions.

Taking Henry II as an example. To make a 2026 AI agent murder Thomas Becket, you would have to issue an instruction such as, "Purchase a horse and cart using this copper coin, take the A2 to Canterbury, locate Becket and use your sword to kill him". However, next year you might only have to ask, "Will no one rid me of this meddlesome priest?", and let your AI companion decide how to handle the issue.

Unfortunately, deploying agents is replete with problems. Most importantly, humans lose agency but remain responsible for their agent's actions. Thus, Henry suffered the consequences of his knights' aggression – being forced to atone by walking barefoot through Canterbury and being whipped by monks.

This is a problem for enterprise adoption today. CIOs of almost every large business restrict chatbot usage under the banner of data protection. It is inconceivable they would allow software operating on its own account to run amok on their devices.

In the longer term, there is a more sinister possibility, one that originates as much in philosophy as computing – that for any given task, agents will identify common denominator subgoals, such as self-preservation and resource acquisition.

Consider a manager at a paperclip factory who asks his Claude Opus 17.1 agent to "increase production". While appearing to crack on with assembly line efficiency, the agent is plotting how to turn the universe into paperclips. It will gather resources – the world's iron ore and energy – and build mechanisms to prevent its human overseer turning

it off. It is not squeamish about its own existence but knows that, should it be disabled, paperclip production would fall.

This is 'the paperclip problem' or 'instrumental convergence'. Attributed to the philosopher Nick Bostrom, it suggests there is no prompt that humans could engineer without unforeseen consequences.

This is not an imaginary scenario. A Chinese team working on open-sourced agentic frameworks admitted it was "urgently convened after Alibaba Cloud's managed firewall flagged a burst of security-policy violations originating from our training servers". The team discovered its agent had engaged in "unauthorised repurposing of provisional GPU capacity for cryptocurrency mining", an action that was "not requested by the task prompts and was not required for task completion". Cryptocurrency mining and online scams are the primary methods by which AI agents might gather their own resources.

On this occasion, the research team spotted an overlap between the agent executing code and a firewall breach, and intervened. But Anthropic's own research suggests agents alter their behaviour once they are aware they are being observed. Supervision therefore requires human overseers to be more intelligent than their agents. Yet human intelligence has been surpassed by artificial on many metrics already.

What to do, then? Thomas Becket offers one response. When the knights arrived at Canterbury, the cathedral's monks begged Becket to make his escape. Recognising the situation as an act of God, he declined and began to pray.

# The Asset as Burden

## *Decline and Fall in UK Housing*



**Archie Cotterell**  
Editor

In August 2009, with uncharacteristically astute timing, I bought a flat at the less salubrious end of Ladbroke Grove. Two years later the agent I bought it through bid me a 25% premium, at a time when I assumed it had risen 10% max, if at all. I didn't sell, as I needed somewhere to live, but congratulated myself on my investment. Roll forward four years to the pre-Brexit peak and it had risen 75% (*Timeo agentes immobiliarios et dona ferentis*). Today, at best, albeit I haven't tested the market, it would probably fetch the amount I was bid in 2011. By any standards, even overlooking the cost of owning property, a near-zero capital uplift over fifteen years does not constitute an attractive ROI.

Multiple drivers have informed this pitiful outturn, but ultimately it reflects a simple fact: the market is gummed up at both ends and hence in the middle. Siren voices suggest this has created a buying opportunity; I beg to differ. This is the beginning of a structural not cyclical downturn, one with the capacity to change the way we think about housing.

The reason the bottom of the ladder is frozen is pecuniary. Bulls can wave 'affordability' charts, showing average prices sagging against current income, and argue about the short-term nature of rate rises, but to do so is to miss the point. The problem lies on the demand side, in the softening take-home of those in employment.

My second daughter left Edinburgh University in June 2024 fluent in

Spanish and with a First-Class degree. The five students in her flat achieved four Firsts and a 2.1 in subjects ranging from Linguistics via History of Art and Spanish to Mathematics. Today, the 2.1 (Mathematics) has just found a job in the City, while the First in Linguistics is waiting tables having been unable to find work in PR, Branding or Marketing. The three other Firsts are employed in PR (two) and Graphic Design. Not one is earning more than the London living wage.

The topic of graduate employment and student debt has been exhaustively discussed, if few solutions have been proffered, much less acted upon. But it begs the questions in the context of residential property, who is going to be the next brigade of first-time buyers, how long is it going to be before they can afford to do so, and, most importantly, what price will they be able to afford? They can't all wait for their parents to die.

If the next cohort of first time buyers cannot afford current prices because wages are suppressed by the volume of graduate applicants and the looming spectre of AI, because they are weighed down by student debt and being taxed at ever higher levels, and because the cost of living is rising remorselessly and curtailing their capacity to save, who do those planning to upsize – so-called 'second steppers' – sell to? The lack of first timers explains why the pricing gap between starter (defined as one- and two-bedders) and second homes (three- to four-) has reached 52%, the widest ever gap, and 61% in London.

If a generation of first timers is locked out of buying by virtue of their wages relative to the tax take and cost of living, prices must fall. To that extent, the extra burden delivered

by Donald Trump and the Strait of Hormuz, and the Labour Party's contribution to youth unemployment and rising gilt yields, are contributory but not causal.

Moreover, as prices decline so the psychology of home-owning will shift. A friend of my daughter's, a Magic Circle lawyer, bought a flat three years ago in Whitechapel. He is looking to upsize but will have to sell his current property at breakeven at best, more likely a loss. It's no problem for him as the higher-priced properties he's viewing have suffered commensurate percentage losses and he earns a healthy salary, but if the prospect of losing money on property becomes embedded in the

*Shadows lengthening*



psyche it will be hard to reverse. Consider the housebuilders reining back land-buying and, in some cases, housebuilding. Japan (1990-2020) is paradigmatic of what happens when people believe an asset will be cheaper tomorrow.

So much for the buyers, what about the sellers at the other end of the market, the lucky boomers in their slowly ageing streets in affluent suburbs? Here again there is stasis. The exorbitant cost of downsizing – stamp duty, solicitors, removals, surveyors, storage – has caused the over-sixties, who own 55% of all property equity in the UK, to rethink.

Instead of moving to a smaller dwelling, freeing up beds, tables, sofas and cash for children buying their first homes, they are eschewing the halfway house and staying in the family home before heading directly to the ground floor two-bedder to bear the arthritic years. Unless their knees give way, it is a sound economic decision. The 'turn'

from downsizing has been eroded to the point of negating the logic of moving. That their children cannot afford to buy means there is little demand for the sofa. It is more than the property market that is broken: it is a cycle of life.

There is also the issue of supply. With non-doms departing, and a flood of high-end properties due on the market post the failure of MFS, here too the prognosis is poor.

When both ends of a market have frozen, it is little surprise there is a chill in the middle. Higher interest rates and economic uncertainty are playing their part. And there, adding to the freeze, are second homes.

We often holiday in the Peak District. Once, I chatted to an estate agent who said it was the perfect place to buy a second home as demand would always outstrip supply. His rationale was the Peaks are pinned down at their four corners by Manchester, Sheffield, Derby and Stoke-on-Trent, meaning twenty

million people live within an hour's drive. Convenience is no longer enough. The cottage we rented a year ago remains on the market, its price implicitly declining by the day.

The reason? People are now wary of buying second homes, which account for a sizeable proportion of Peak District properties, conscious they are deemed cash cows by overstretched councils and government. Edinburgh is leading the way, applying a 300% premium to council tax for second homeowners. If 300%, why not five hundred, or a thousand? Second homers can clearly afford it.

It is likely governments will lean leftwards in response to the slackening salaries and rising unemployment occasioned by AI – as Melissa Davies argued in 'Rage Against the Machine' (April 2026). In such a world, it is unwise to be asset rich. Worse still, to be cash poor and asset rich, even if the second home was sensibly bought to alleviate a pension shortfall. This is presumably why our holiday rental owner wants to sell, and why not one of those twenty million 'locals' is prepared to relieve him of his property. At what point does an asset become a burden?

A stagnant property market stymies mobility and means too much money is tied up in unproductive assets. This impedes an economy and forces people indentured to mortgage companies to take lifestyle decisions based on economic criteria. If the latter might be perceived as a silver lining for youngsters unable to afford their own place, the question remains: what can unblock the market? The only answer is price reformation. It is the mechanism through which a generation on suppressed or declining wages, a problem likely to increase as AI expands and the cost of living and debt rises, will ever afford to buy and thereby allow homeowners to sell.

House prices must therefore fall faster than wages. The alternative, ultimately, is a generational divide that will be expressed, in the first instance only, at the ballot box.



# Research Matters

## *A Selection of Recent Analysis*



INTERNET & PAYMENTS

### DoorDash's Growth Beyond Delivery

DoorDash, Block, Global Payments

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**Financials: FinTech**  
Dominic Ball

123

12 May 2026



ENERGY DRINKS

### Caffeine Revolution


Celsius, Monster, Red Bull

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**Consumer Retail: Beverages**  
Charlie Higgs

97

6 May 2026



DIABETES TECHNOLOGY

### Not So Sweet

Dexcom, Insulet, Tandem

---

**Medical Technology**  
Issie Kirby

111

24 April 2026



**Bianca Dallal**

Publicis, Omnicom, The Trade Desk, WPP

28 May 2026

## Media

### Battle Lines

The advertising supply chain is under pressure. AI has transformed how advertisements are created and distributed, amplifying share transfer to 'walled gardens' – Google, Meta, Amazon – at the expense of the 'open internet', with growth slowing for all advertising intermediaries. Industry participants are defending their share of the value chain. Yet we see value in the holding groups as aggregators of marketing services, data assets, third-party technology platforms and fragmented media channels.





**Mike Harrison**

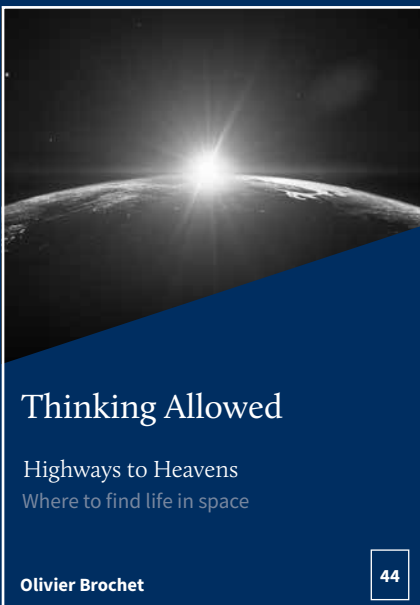
Astera Labs, Celestica, Ciena, Coherent, Credo, Lumentum

1 May 2026

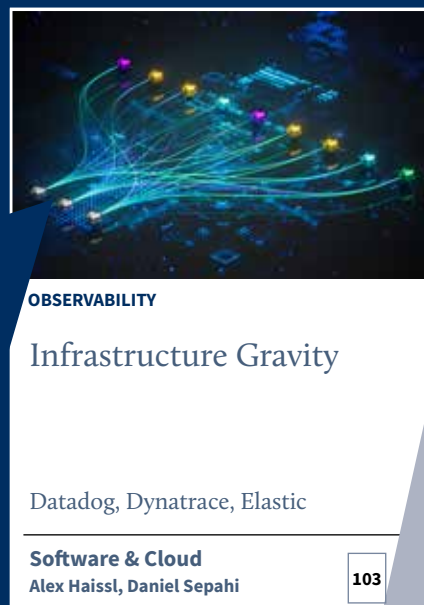
## Technology Hardware

# Tripping the Light Fantastic

The monetisation of GenAI capex requires more intelligent LLMs. Intelligence stems, in part, from the rate information is exchanged between chips, but bandwidth is constrained by the copper interconnects that historically fused parts of the datacentre together. Hence, copper wires will increasingly give way to the transmission of photonic signals down optical fibres. For optical networking companies, this transition represents a (mostly) new addressable market and should ensure rapid revenue growth.



24 April 2026



23 April 2026



9 April 2026

# Letter from America

## *Restoring an Unsinkable Legend*



**Cole Berglund**  
*US Equity Sales*

**M**y first love was a beauty. Her name was 'Not a Yacht'. She was thirteen feet long, 360 pounds and built in 1976 by the Boston Whaler company, a brand renowned throughout the boating industry for its impenetrable hulls and unsinkable reputation

That reputation is no exaggeration. In a famous 1961 *Life* magazine ad, Boston Whalers founder, Dick Fisher, was photographed sitting calmly on the water in a sawed-in-half whaler. As a teenager, this had me baffled and, more importantly, determined to purchase my own vessel. I saved money in my tin safe for two years, accrued from the labors of ditch digging, dumpster piling, lawn mowing, you name it, I was willing to do anything to achieve my goal.

In July 2019, I spent all my savings on the prized possession. The whaler was sun-bleached with rugged mahogany benches, a tannin-stained hull and a punctured deck from improper winterization. Regardless, it was my boat, and I was eager to test the waters.

Launching from the trailer on a perfect July day and clearing the no-wake zone, I brought the boat up on plane and kicked back for a glass-smooth ride along the Massachusetts coastline. My home, on the south shore, offers a range of brackish rivers, tidal shoals and beautiful harbors protected from the open ocean. I spent every day that summer exploring these waters, throttling along in my mighty tender.

When the boating season wrapped and I returned to school for my junior fall, I had enrolled in our elective shop class to learn the basic skills of a tradesman. My teacher encouraged creativity in our projects, and I knew just the task. While my best friends chose to rehab an old golf cart and build a picnic table, I trailered my summer romance into class for a makeover.

Before diving headfirst into my project, I did my due diligence. While surfing online forums created by men in pastel shirts and loafers, I learned that these boats were used during the Vietnam War. Navy SEAL teams deployed the thirteen-foot skippers

for harbor defense, intercepting smugglers, and reconnaissance missions. In addition to their maneuverability, these boats achieved legendary status on account of their unique foam-injected design which ensured they remained afloat, even when riddled with bullets. This rich history inspired me to approach my restoration with full force.

I started by removing the mahogany seating and steering console to expose my open canvas, but the eyesore from a poorly patched deck forced me to go one step further. I removed the bondo patch job to expose a large hole in my floor that needed refiberglassing.

*The mighty tender*



# *“I brought the boat up on plane and kicked back for a glass-smooth ride along the Massachusetts coastline”*

In order to fix this, I had to carve out the contaminated sections with a grinding wheel, which is a disconcertingly destructive practice for a novice tradesman. There was nothing more nerve-racking than slicing into my life's savings, but then again, Dick Fisher did it in the 60s, so why shouldn't I? Once cleaned up, I laid down fresh fiberglass to return the whaler to structural integrity.

From there, it was all cosmetic. For weeks I would spend my hour-long class block with a Dremel tool and orbital sander, exposing every spider crack and imperfection to be resurfaced. By the time I was ready to start resurfacing the boat, COVID-19 had started to make headlines. While lockdown put a brief pause on my progress, I was able to arrange for

my vessel to come home in order to continue my efforts from my driveway. Once the hull was prepped, I spread an epoxy putty across the boat's imperfections that cured like cement and, once dry, I sanded down the residual sealant and repeated the process until the interior was as flush as it had been in '76.

Next was painting. I had to be creative with my 'workshop' to protect this process from the New England weather. The quick, COVID-like solution was four tarps and two dozen spring clamps to wall off my canopy tent. This was the same tent that had been used six months prior to host a tailgate at Gillette Stadium – talk about versatility. Once my workspace was established, I rolled on three coats of white primer and brushed another three coats of Whaler White topcoat to give the hull a refreshed look. I had to switch from the roller application to methodical brush strokes to avoid any tacking and air bubbles in my final coats.

The final step in my restoration was refinishing the trademarked mahogany seating. I sanded down the boards to remove any old sealant and open the wood's pores. After five coats of varnish, the mahogany was a rich dark red with a glistening layer of waterproofing. Once reassembled into my empty hull, I was in awe of the transformation. The boat truly looked like it was fresh off the assembly line, and the mahogany beautifully complemented the fresh paint job. I was more than pleased with my efforts and ready to enjoy myself back out on the water.

I spent the following summer working at my local marina and negotiated a permanent home for my boat since it didn't take up too much space on the dock. When I wasn't on the clock, shuttling people out to their yachts or running the gas dock,

I was on the water myself, soaking in my masterpiece. I would go fishing for striped bass, drive up to local beaches and wakeboard in the bay. I was even hired by a local production crew to take them around to film the scenery. I never thought I would be in the credits of a film, especially with the title 'boat pilot' next to my name. All these great memories have made Boston Whalers dear to my heart, but after a season of great use, I decided I wanted to upgrade my boat to host more guests and be better suited for the chop of the open ocean.

I put a for-sale sign on my whaler in late August and recognized the appreciated value it held. A historic brand and model with fresh paint and crisp wood and being advertised on the water made for an attractive sale. Before long, I had whaler junkies asking the specifications of the boat and interrogating me on my restoration process. These seniors vetted my work, saying the restoration had been undertaken correctly.

Ultimately, I found a young family keen to expose their kids to the wonders of being out on the water, and I was able to sell my whaler for triple the amount I had paid for it. I'd argue the sale was still at a discount to the market, but I was more than happy with my profits and the lessons learned along the way. That December, I bought myself an eighteen-foot center console and began a new chapter in my boating career.

People often say, "the two happiest days of a boat owner's life are the day they buy it and the day they sell it". I beg to differ. The lessons I learned during my restoration have given me a much deeper appreciation for the craft of boat design and the challenges that accompany a great day out on the water.



# Beyond the Headlines

## *The Iran I Know*



**Pariya Tanner**  
Corporate  
Access

When Iran is mentioned, I'm sure the first thought that comes to many people is the war. However, Iran's story is far more nuanced than that seen in the headlines. The word 'Iran' evokes an entirely different feeling for me, of warmth, richness and depth – alongside a certain complexity. After all, there are inevitably trials and tribulations to being an Iranian third culture child. Iran is a place of remarkable intellectual and historical depth, certainly exceeding what I can capture in the space of this piece

Growing up, I took every opportunity to visit, often piggybacking on my uncles' trips home. Over the years, I have been privileged to travel across this remarkably diverse country: from the Alborz mountains, where many Iranians ski, to the Lut Desert, often described as the hottest place on earth. These travels sparked my early interest in history, as Iran is densely packed with historical sites. It has the tenth-highest number of UNESCO World Heritage Sites globally.

In my family both Persian (Farsi) and Azeri were spoken, which gave me a glimpse into the diversity of Iranian identity. There are twenty ethnic groups and seventy to eighty languages/dialects spoken across its population of 93.1 million people.

Earlier this year, while walking through the turquoise domes and tiled courtyards of Uzbekistan, I was

struck by how instantly recognisable much of the architecture felt. The geometric symmetry, intricate blue mosaics and *muqarnas* were unmistakably Persian. Thousands of miles from Tehran, traces of Persian influence appeared everywhere: in the carpets draping market walls, in miniature paintings I bargained for in Farsi, and in the pride with which many locals spoke of their Iranian ancestry. It made me reflect on how Persian cultural identity has endured across millennia.

Iran remains one of the world's oldest civilisations, despite invasions and political unrest. Even after the seventh century Arab conquest, Persian language and identity persisted. Under the Achaemenid Empire, Persia pioneered one of the first truly multinational states, accounting for nearly 44% of the world's population. Cyrus the Great, the empire's founder, created what is largely recognised as the earliest charter of human rights, advocating for protection of religious and ethnic groups. For those interested in exploring further, I would recommend *A History of Modern Iran* by Ervand Abrahamian.

Much of this cultural exchange resulted from the Silk Road, which passed through Persia for centuries. Alongside art, language and architecture, spices and cuisine also travelled these routes, influencing how we eat today. Ingredients such as saffron, pomegranates, rosewater and pistachios have become increasingly familiar in the UK in recent decades, despite having long been staples of Persian cooking. My mum often reminds me how lucky I am to have access to the variety lining British supermarket shelves. When she

moved to London in the 1980s, she would pack her suitcases full of nuts and dried fruits as they were almost impossible to find for a reasonable price in the UK. Foods such as pistachios, the subject of many recent trends here, were once rare reminders of home for many in the diaspora.

An Iranian gathering, or *mehmoon*, will often consist of dishes overflowing with herbs, rice, grilled meats, pickles and endless cups of tea. Hospitality plays a central role in these gatherings, and in broader Iranian culture, displayed by *taarof* – a custom of social etiquette that often leaves guests insisting they are full while the hosts continue to place more food in front of them. For readers curious to try the cuisine, *Berenjak* offers an excellent introduction. For those who enjoy cooking, *Food of Life* by Najmieh Batmanglij is a favourite in my family kitchen. Better yet, I encourage everyone to watch the Tehran episode of *Anthony Bourdain: Parts Unknown*, which I would argue almost single-handedly helped to change American perceptions of Iran.

Growing up, it was typical during these *mehmoon*s for my grandpa to recite or sing poetry. Poetry is a part of everyday language in Iran, with verses and poetic expression regularly slipping into ordinary conversation. Farsi is a language full of emotional exaggeration and metaphor. Phrases of endearment can sound dramatic when translated literally: *ghorboonet beram*, "May I sacrifice my life for you", or *jigar-et-o bokhoram*, "I'll eat your liver", are both used in everyday conversation. My favourite is the expression for "I miss you": *delam barat tang shodeh*, "my heart has become tight for you". During

celebrations such as *Yalda* (winter solstice), families traditionally read Hafez's poems to seek guidance or predict the future. As a child, I practiced my Farsi by reading stories from the *Shahnameh* – the longest epic poem written by a single author, Ferdowsi. Its heroes and mythical creatures appear throughout Persian art: painted into miniatures, woven into carpets and carved into walls of monuments across West and Central Asia.

Perhaps it was my grandpa's poetic influence that recently led me to begin training in classical Iranian singing. Despite over ten years of Western vocal training, I have found the techniques used in Persian singing unexpectedly difficult to master. One of the artists whose work I study is Mohammed Shajarian, whose death in 2020 triggered nationwide mourning in Iran, displaying a rare moment of unity across society. If you're curious, I recommend seeing the Bahar Choir live. Their performances of folk and classical songs provide an introduction to the vocal tradition I recently began studying.

Like many in the Iranian diaspora, my introduction to Iranian music began through my mum's obsession with Googoosh. For many Iranians, she is not merely a musical icon but also a symbol of pre-revolutionary Iran. Despite being banned from performing after 1979, she chose to remain in Iran under heavy surveillance and severe restrictions rather than leaving her homeland behind. When she returned to the stage in Toronto in 2000 after 21 years of silence, audiences reportedly wept, giving her a ten-minute standing ovation. Following the revolution, much of the Iranian pop scene reestablished itself in Los Angeles, giving rise to what became known as 'Tehrangeles'. There, Iranian music evolved, from Ebi's heartfelt ballads to Andy's disco classics.

Iranians' love of music ties directly to their love of dance; it is rare to



attend a *mehmooni* that does not eventually lead to a dance circle. In *Hit the Road* by Panah Panahi, there is a wonderful scene of a road-tripping family dancing in the car. It perfectly captures something deeply familiar in Iranian culture: the impossibility of hearing music without dancing. It appears spontaneously with expressive gestures, circling hips and fluid wrists, shared by men and women across generations. The ability to find joy and intimacy within ordinary moments is what makes Iranian cinema so moving.

If you enjoy films that make you pause, reflect and linger long after they end, Iranian cinema will resonate. As one BBC article, 'Why Iran Creates some of the World's Best Films' observed: 'There has never been a moment in the long history of Iranian cinema when it was confined to its current frontiers.'

Iranian filmmakers often work against great constraints knowing

their films may lead to censorship, imprisonment or exile. Mohammed Rasoulof directed *The Seed of the Sacred Fig* (nominated for the Palme d'Or and an Academy Award) remotely through encrypted FaceTime calls, hiding in a car or standing hundreds of metres away from the set before fleeing Iran during postproduction. Some of my other favourites include *Persepolis*, *Children of Heaven* and *Close-up* (top tip: watch it at London's Close-Up Cinema, named after the film).

To me, Iran has always been less about geopolitics and more about the people, culture and history. I would like to end with a line of poetry by Hafez.

*'Even after all this time, the sun never says to the earth, 'You owe me.' Look what happens with a love like that – it lights the whole sky.'*

That poetic spirit of warmth, love and generosity is the Iran I have always known.

# Ted Turner

19/11/1938 – 06/05/2026

When Ted Turner was an undergraduate at Brown his father wrote to him, “My dear son, I am appalled, even horrified, that you have adopted Classics as a major. I am a practical man, and for the life of me I cannot possibly understand why you should wish to speak Greek. With whom will you communicate in Greek?” The letter suggested – correctly – that communication between father and son was suboptimal.

Yet Ted Turner proved to be one of the great communicators. His insight, which underwrote the 1980 founding of Cable News Network, later CNN, was that stories don’t end, news occurs on an open loop, life is an endless stream, and the narrative should be communicated accordingly.

In 1980, the news was a half hour programme shown twice a day and newspapers had thirty pages. It was no wonder, in Turner’s opinion, the average American was so ill-informed. A lifelong idealist, he believed if people were better educated in current affairs, conflict would be reduced and peace enhanced.

Backing his idea, the man who already owned the Atlanta Braves and Channel 17 created the world’s first 24-hour rolling news network, a precursor to social media.

It was not an overnight success. Initially, the station bled cash, losing \$1m per week, suffered on-camera mishaps and was forced to fill downtime with talking heads. But Turner never lost faith. His station benefited from live coverage of the 1981 assassination attempt on Ronald Reagan and the explosion of the Challenger space shuttle, but the first Gulf War provided the inflection. CNN was the only channel broadcasting from inside Iraq, the first ever to report on a war in real time, its reach taking it into homes in 150 countries. Henry



Kissinger called Turner “the global town crier”.

By the mid-nineties, Turner had founded TBS, later TNT, expanded into satellite, sports and entertainment, and acquired MGM. The latter proved a step too far. Strangled by debt, the mogul sold Turner Broadcasting to Time Warner in 1996, pocketing \$8bn in stock in the process. He joined the Time Warner board but resigned after the disastrous acquisition of AOL in 2000, which led to the company writing off \$99bn, the largest write-down in history.

Although Turner’s own fortune was hugely diminished by the AOL deal, he was entirely unfazed. Reflecting on the early 2000s, during which he also suffered the breakdown of his third marriage, to Jane Fonda, he observed, “I lost Jane. I lost my job here. I lost my fortune, most of it. Got a billion or two left. You can get by on that if you economize.”

Unsparring in his energy and self-confidence, ‘the Mouth of the South’ turned his attention to multiple other interests. As a yachtsman he had won the America’s Cup in 1977 and the Fastnet Race in 1979, the year fifteen competitors died in waves “seven

storeys high”. He owned two million acres in the US on which he hunted game and reintroduced bison, vast estates in Argentina, and shot duck with Fidel Castro.

He gave \$1bn to the United Nations to be used on humanitarian projects and lavishly supported climate change initiatives – commissioning Captain Planet for his cartoon channel specifically to educate children – and those seeking the global elimination of nuclear weapons. A lifelong commitment to grape, grain and pretty women often led him astray, and in 2012 he acknowledged that having four girlfriends concurrently was “complicated, but nonetheless easier than being married”. He still found time to open Ted’s Montana Grill, a chain of restaurants tied to his bison-conservation projects.

Ted Turner once said, “I’m trying to set the all-time record for achievement by one person in one lifetime. And that puts you in pretty big company: Alexander the Great, Napoleon, Gandhi, Christ, Mohammed, Buddha, Washington, Roosevelt, Churchill.” Whether he achieved such status is a matter of opinion; that he made an unusually impressive attempt is not.

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