

# Equity Capital Markets Update

September 2025



## Key U.S. Macro Themes

### Economic Growth & GDP

- U.S. real GDP growth is forecasted to come in between a subdued 1.4 – 1.7% per latest FOMC economic projections released in September 2025
- U.S. tariff policy uncertainty remains elevated, and much of the actual and potential impacts have yet to be realized

### Monetary Policy, Labor Market, and Inflation

- Federal Reserve lowered the federal funds rate range by 25bps to 4.00 – 4.25% at the September meeting, marking the first cut since December 2024
- Market is pricing an 88% probability of a 25bp cut in October and 69% probability of a 25bp cut in December
- Fed continues to prioritize the maximum employment aspect of its dual mandate, while YoY inflation continues to run above their stated 2% target during a period of historically low unemployment
- U.S. labor market shows signs of cooling; 22k nonfarm payrolls were added in August and the unemployment rate increased to 4.2%, which is the highest since November 2021
- CPI was up +2.9% YoY in August, up from +2.7% in July, and Core CPI (excl. food and energy) was up +3.1% in August

## U.S. Equities Overview

### Public Equity Markets

- U.S. equities extended their upward trend in September on the back of rate cuts and a dovish outlook, with the S&P 500, Dow, and NASDAQ all reaching new all-time highs
  - Finished the month up **+2.2%**, **+0.9%**, and **+4.3%**, respectively
  - YTD performance is **+12.3%**, **+8.0%**, and **+15.9%**, respectively

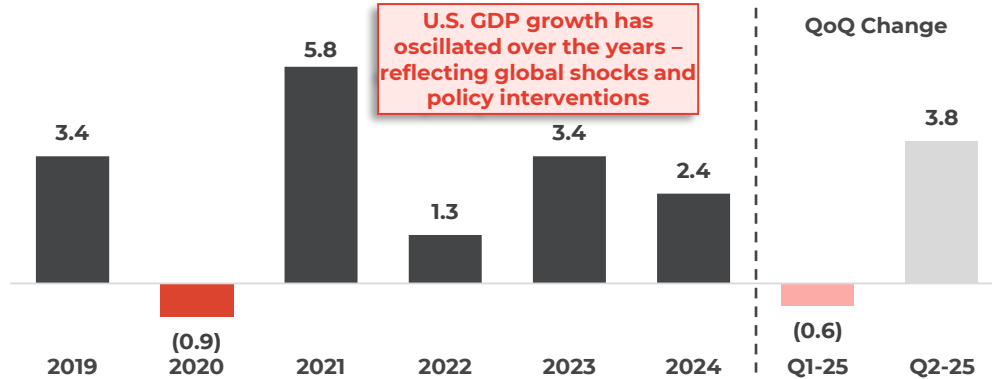
### Equity Capital Markets

- U.S. equity capital markets issuance levels continue to make a recovery, with 17 IPOs representing ~\$7bn and 34 follow-ons representing ~\$8bn of paper pricing in September
- >75% of IPO volume was from issuers in the high-growth sectors and notable transactions include:
  - Netskope – \$1.0bn IPO – **+19.5%** offer-to-current
  - Gemini – \$446mm IPO – **(10.2%)** offer-to-current
  - Figure Tech. Solutions – \$905mm IPO – **+61.3%** offer-to-current
  - Klarna – \$1.6bn IPO – **+3.8%** offer-to-current
- Remainder of the deal calendar is expected to be active across regular-way IPOs, follow-ons, and SPAC activity

# U.S. Macroeconomic Backdrop

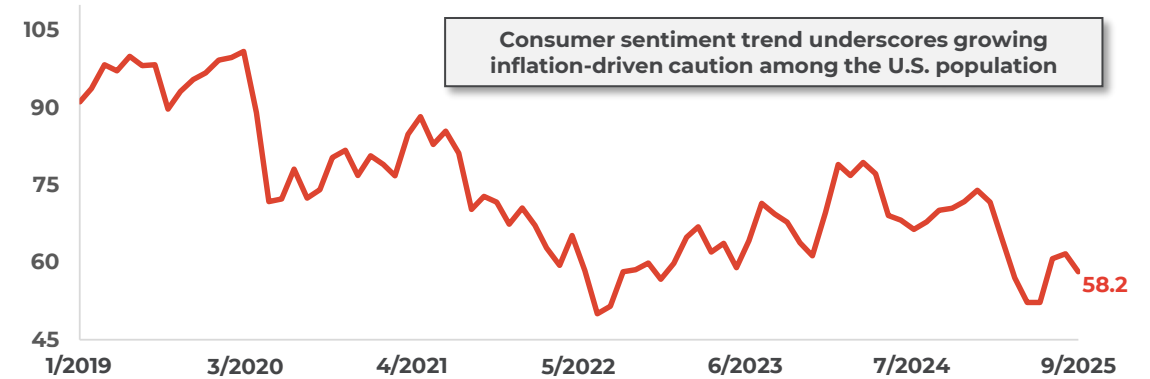
## U.S. GDP Growth Moderating from Post-Pandemic Levels...

YoY and QoQ Change in Real U.S. GDP on a Percentage Basis



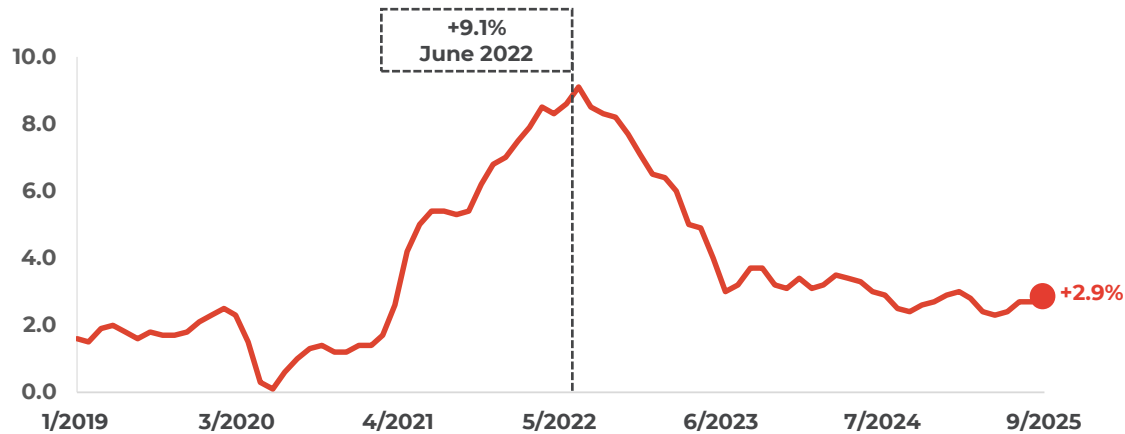
## ...and U.S. Consumer Sentiment Lags Pre-Pandemic Highs

University of Michigan Consumer Sentiment Index Since 2019



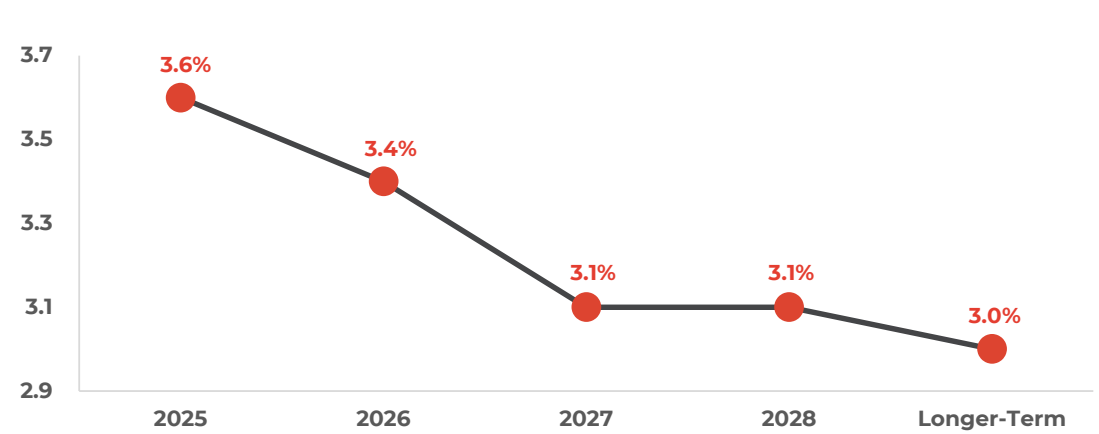
## Inflation Remains Elevated Above Fed's 2% Target...

YoY Change in Consumer Price Index Since 2019



## ...Fed Outlook Indicates Future Cuts to Benchmark Rates

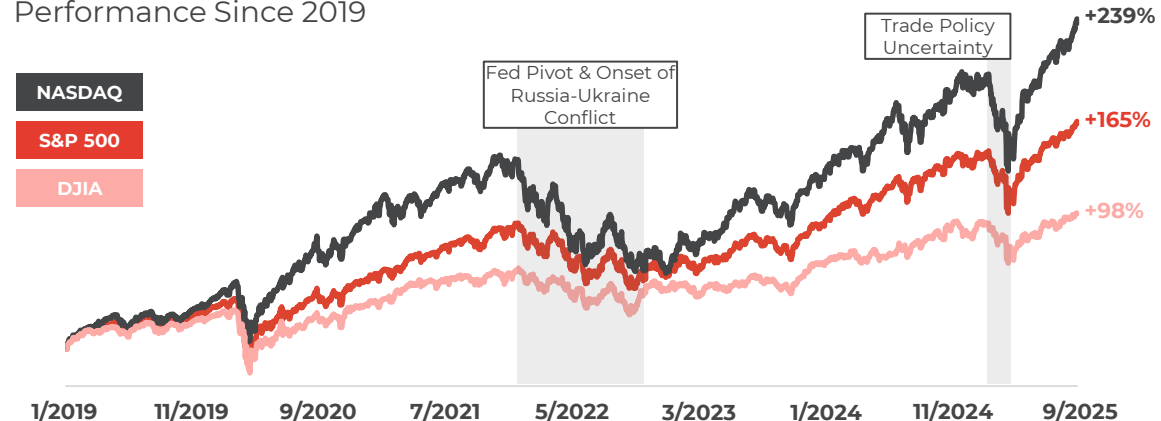
Median Federal Funds Rate Projections as of September 2025



# U.S. Equity Capital Markets Activity

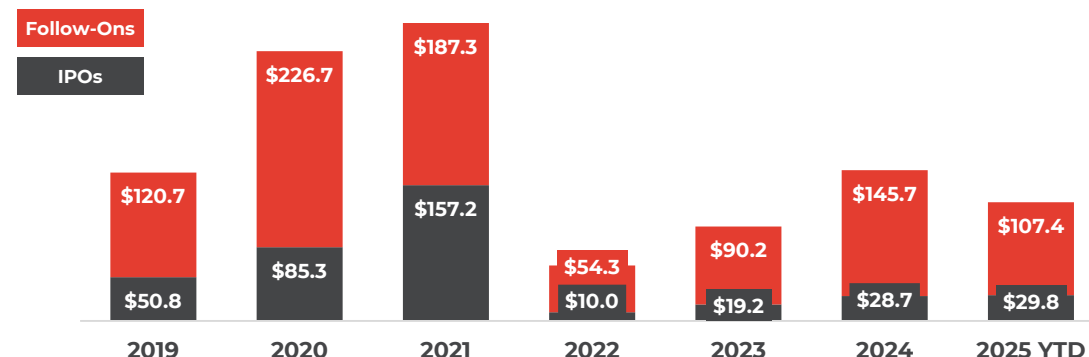
## U.S. Equities Continue to Outperform...

Performance Since 2019



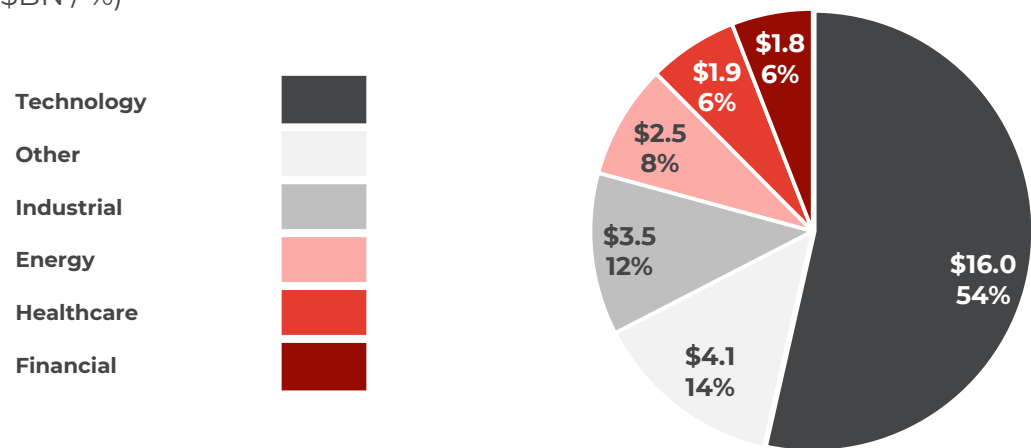
## ...as Primary Equity Issuance Begins to Rebound from Lows

(\$BN)



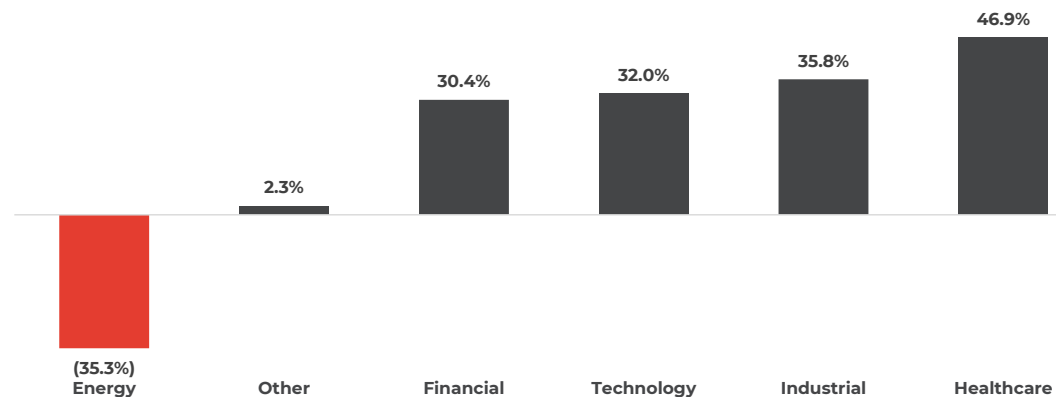
## Growth Sectors Are Majority of IPO Volume YTD...

(\$BN / %)



## ...and Most Sectors Are Trading Above Offer Price

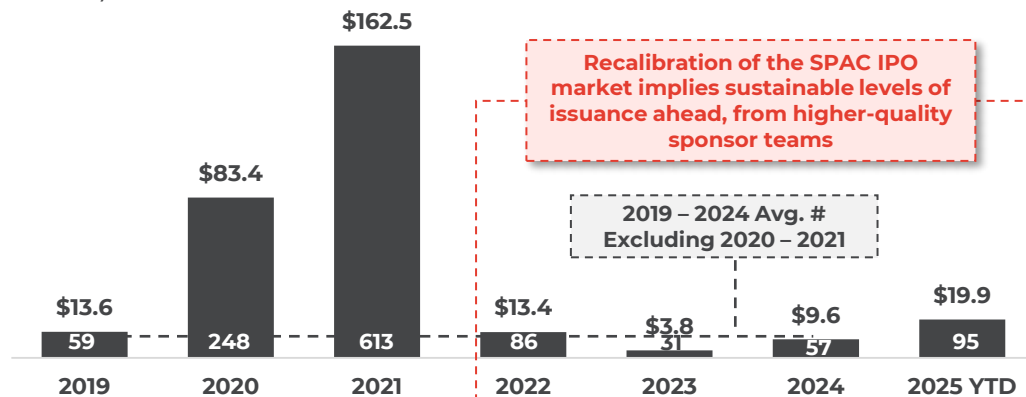
2025 YTD Average IPO Offer-to-Current Performance by Sector



# U.S. SPAC Market Activity

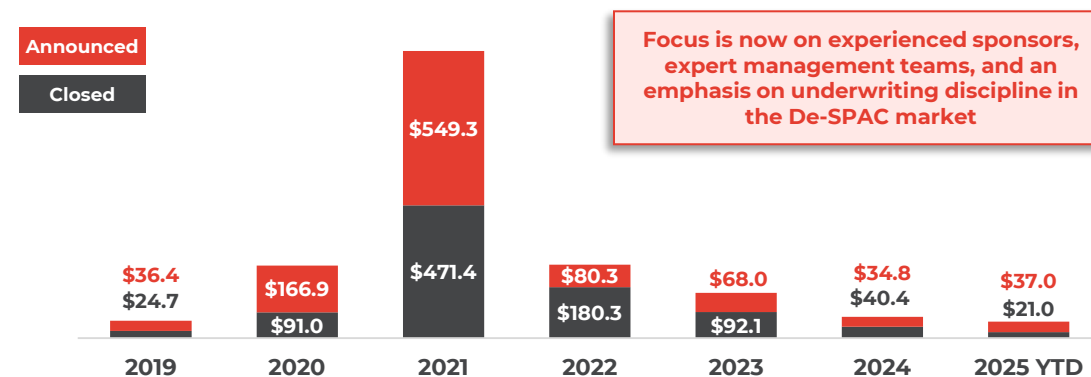
## SPAC IPO Issuance Recovers from Post-2021 Freeze...

(\$BN / #)



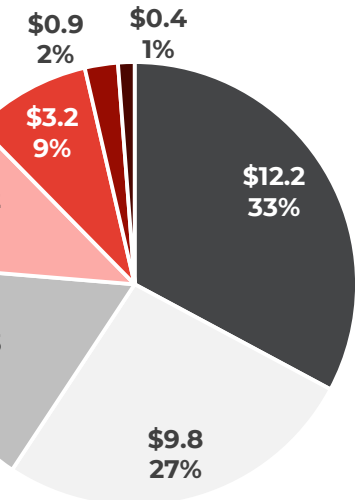
## ...and De-SPAC Activity Stabilizing to Pre-Pandemic Levels

(\$BN TEV)



## De-SPACs Are Occurring Across a Variety of Sectors...

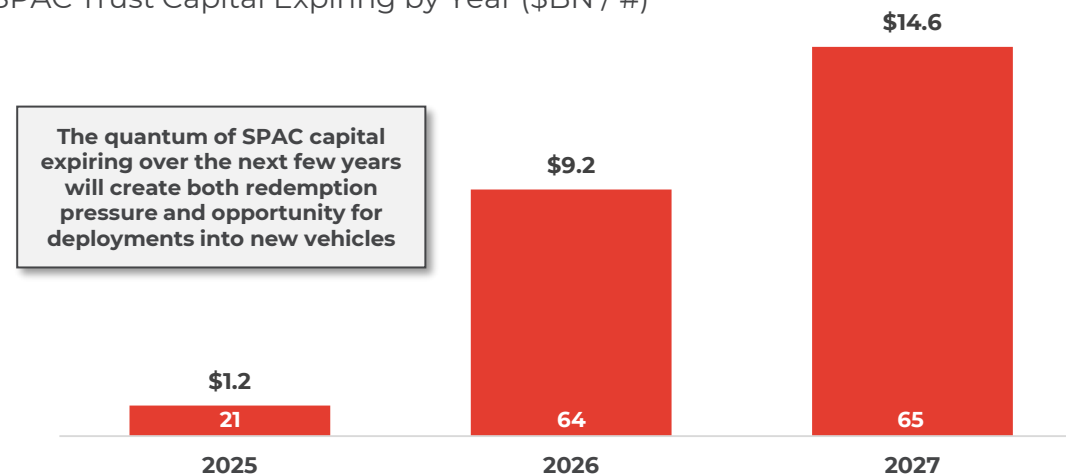
Breakdown of Announced Deals YTD (\$BN / %)



- Financial
- Industrial
- Technology
- Energy
- Healthcare
- Media & Telecomm
- Consumer

## ...While Billions in Fresh Capital Hunts for Transactions

SPAC Trust Capital Expiring by Year (\$BN / #)



# ARC Securities' Experienced Capital Markets Team



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- Roger Salazar, Jr. is a Managing Director and Head of Global Capital Markets at ARC Securities
- Roger has proven expertise in cultivating strong relationships with financial sponsors, boards, and corporations spanning various sectors, with a primary focus on growth equity, particularly in the technology and healthcare industries
- Most recently, Roger was a Senior Managing Director and Head of SPACs at SVB
- Prior to that he held roles at Citigroup, RBC, and Societe Generale
- He's raised over 125 (\$55bn+) SPACs and completed over 60 (\$180bn+ EV) mergers along with over 100 bookrun equity transitions, raising over \$50bn in proceed
- B.Sc. in Finance and Economics from NYU Stern



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- He began his career at Citigroup, where he was a key member of the Healthcare and SPAC Equity Capital Markets teams
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## Senior Execution Leadership



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- Ian Hanna is a Partner and Chief Executive Officer of ARC Securities
- Previously, he served as the CEO at Giga Carbon Neutrality, leading a business that delivered zero emissions transportation solutions to the Chinese market
- Before Giga Carbon Neutrality, Ian served General Motors for 15+ years in an engineering leadership capacity, where he drove large, global teams to multiple successful vehicle launches
- B.S. in Mechanical Engineering and M.S. in Automotive & Manufacturing Engineering from University of Michigan



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