

ARC GROUP SECURITIES

Equity Capital Markets Update

October 2026

US Market Commentary

AI spending concerns drove the NASDAQ down (5.3%) in October, its worst month since March 2025, while the Dow rose 1.7%. The Fed held its target range at 3.75–4.00% after hiking in September, and Brent crude ended the month near $113 on renewed tensions with Iran.

TECH FALLS ON AI SPENDING CONCERNS

The NASDAQ fell (5.3%) in October and the S&P 500 slipped (0.9%), while the Dow rose 1.7% as investors moved into Defense and Energy stocks. Meta's first cash outflow in over a decade and Alphabet's record one-day drop set the tone. On October 30, Amazon's cash burn and Intel's weak outlook sent the NASDAQ down (2.9%), its worst day since June.

HIRING SLOWS AS INFLATION RISES

September payrolls rose 29,000 and unemployment rose to 4.2%, with July and August revised down 60,000. CPI rose 3.7% YoY on a 9.1% jump in gasoline, while core rose 0.3% MoM, a tenth above consensus. Q3 GDP grew 3.4%, while September PCE inflation reached 3.6%.

FED HOLDS AFTER SEPTEMBER HIKE

The FOMC held rates at 3.75–4.00% on October 28, with two dissents favoring a hike, and markets price a December hike at roughly 83%. October hike odds fell from ~50% in late September to below 10% by the meeting. The 10-year hit 5.35% on October 7, its highest since 2002, and ended October near 4.92%.

US Equities Overview

	October	YTD	LTM	2Y	5Y
SPX	▼ (0.9%)	▲ +10.7%	▲ +10.8%	▲ +32.9%	▲ +64.6%
DJIA	▲ +1.7%	▲ +7.7%	▲ +8.8%	▲ +24.0%	▲ +44.5%
NASDAQ	▼ (5.3%)	▲ +9.4%	▲ +7.2%	▲ +40.6%	▲ +64.1%
R2000	▲ +1.7%	▲ +12.8%	▲ +12.9%	▲ +27.4%	▲ +21.8%

3.75 - 4.00%
Fed Funds Target · Oct-26

5.67%
30-Yr Treasury Peak · Oct-26

~3.7%
CPI, YoY · Above 2% Target

4.2%
Unemployment Rate

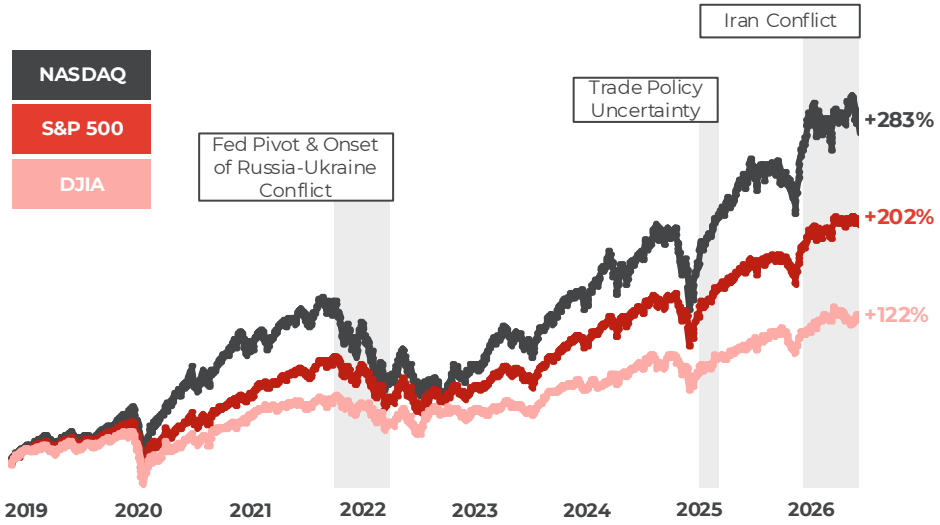
AI spending concerns drove the NASDAQ to its worst month since March 2025, even as Q3 earnings growth tracked near 30%. With Brent near $113 and a December hike largely priced in, investors continue to favor companies with current earnings over longer-duration growth stories.

Sources: Federal Reserve; BLS; BEA; US Treasury; S&P Dow Jones Indices; CME FedWatch; Reuters; CNBC. Index returns are price returns. LTM, 2Y and 5Y measured against 10/31/25, 10/31/24 and 10/29/21 closes. Market data as of 10/30/26.

EQUITY CAPITAL MARKETS UPDATE · OCTOBER 2026

Backdrop for Equity Capital Formation

Major US Equity Index Performance Since 2019

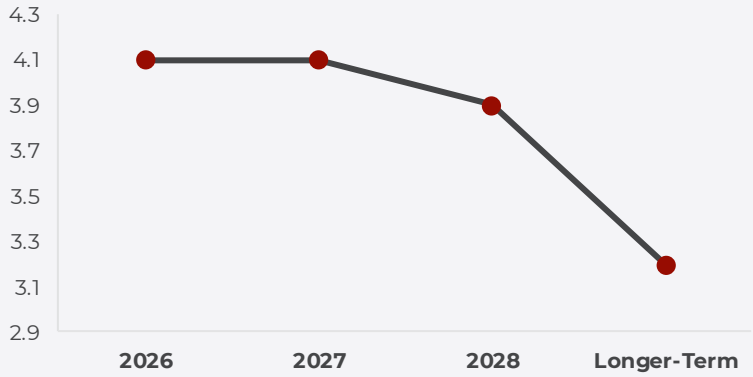


Framing the US Public Equity Capital Raising Landscape

- Long-end Treasury yields reached their highest levels since 2002 on October 7, before falling as investors rotated into fixed income during the late-October tech selloff
- Analysts estimate Q3 S&P 500 earnings growth of 29.5%, with 83% of companies reporting to date beating estimates
- Energy risk increased as Brent closed at $116.72 on October 23, its highest since April, following Houthi attacks on Saudi Arabia and reports of a possible US strike on Iran
- IPO activity remained concentrated in Biotech, with six IPOs raising about $850M in October, while Anthropic publicly filed its S-1 ahead of a potential November listing

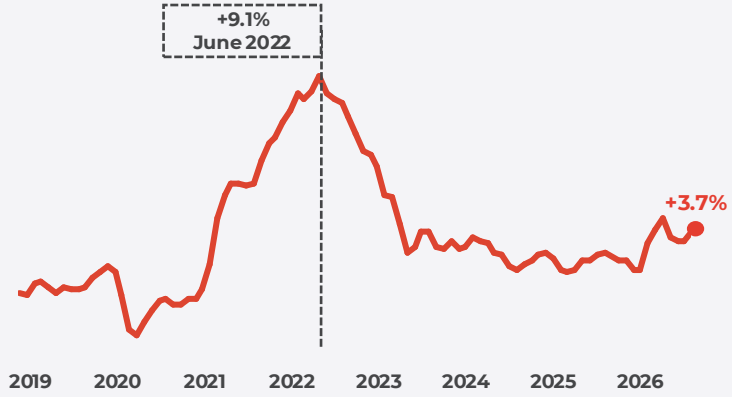
One More Hike Implied, No Easing Until 2028

October 2026 Median Fed Funds Rate Projections



Inflation Remains Elevated Above Target

YoY Change in Consumer Price Index Since 2019

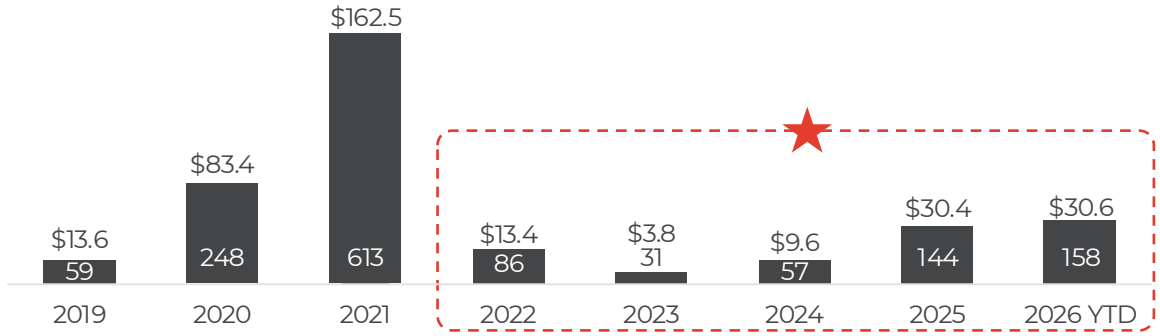


Sources: Bloomberg, Factset, and FOMC Projections as of September 2026 (released 9/16/26; next release 12/9/26). Market data as of 10/30/26.

US SPAC Market Activity

SPAC IPO Issuance Recovers from Post-2021 Freeze

($B / #)



158

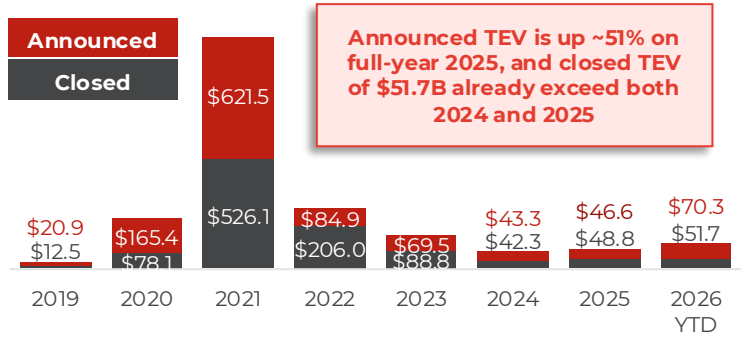
SPAC IPOs PRICED · 2026 YTD

2021 Peak: 613
2019 - 2025 Average Excl. 2020 and 2021: 75

★ ***A third straight year of growth: 2026 YTD is already the strongest year since 2021 on both count (158) and proceeds ($30.6B).***

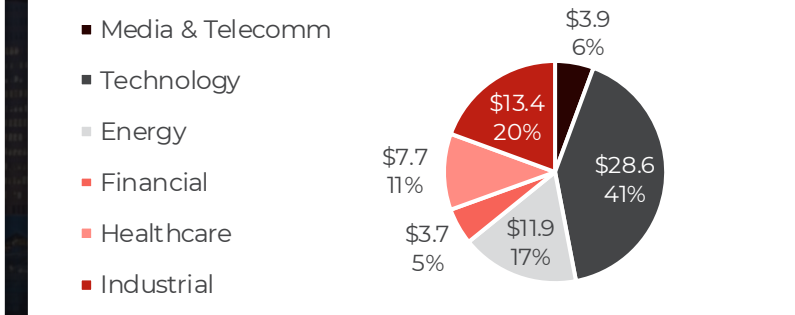
De-SPAC Activity Stabilizing to Pre-Pandemic Levels

($B TEV)



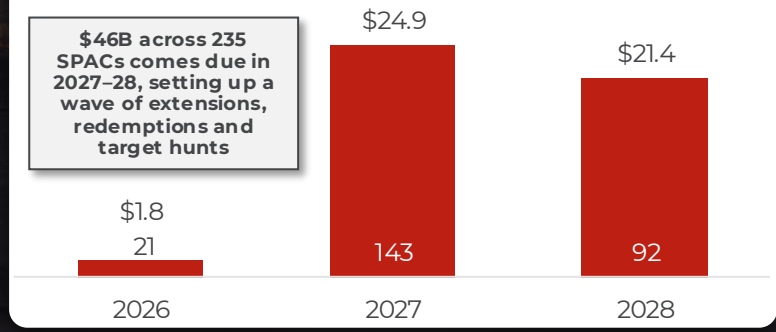
De-SPACs Are Occurring Across a Variety of Sectors

Breakdown of Announced Deals YTD ($B TEV / %)



While Billions in Fresh Capital Hunts for Transactions

SPAC Trust Capital Expiring by Year ($B / #)

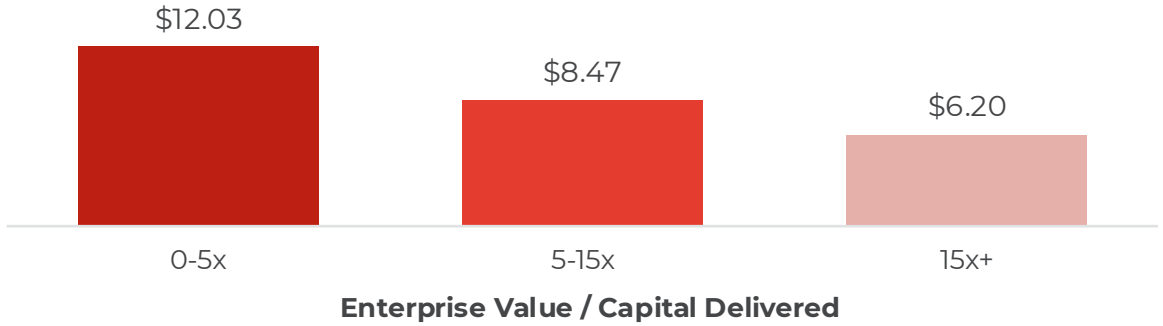


Source: FactSet and SPACResearch as of 10/30/26.

US SPAC Market Activity

Reasonable Valuation Supports Above-Issue Trading

2026 Closed De-SPACs[2]: 30-Day Post Close Median Share Price ($)



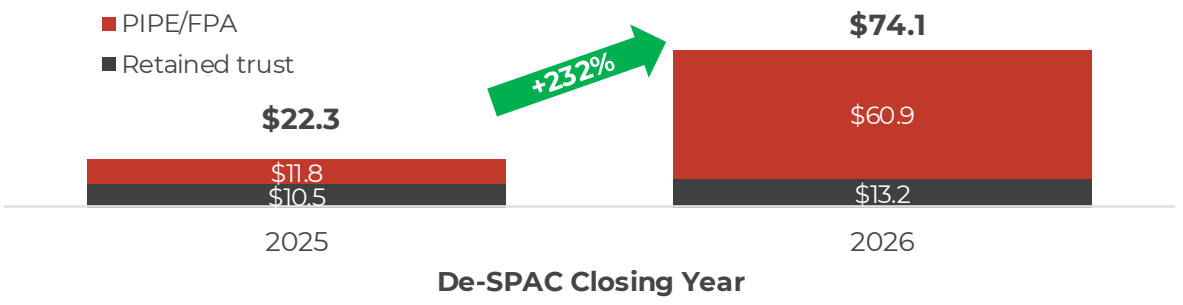
$12.03

MEDIAN SHARE PRICE WHEN EV / CAPITAL DELIVERED[1] IS BELOW 5x

2026 De-SPACs priced at less than 5x EV to capital delivered are the only cohort still trading above the $10.00 trust. At 15x and above, the median falls to $6.20, valuation discipline relative to incoming capital – not deal size or sector – separates the two.

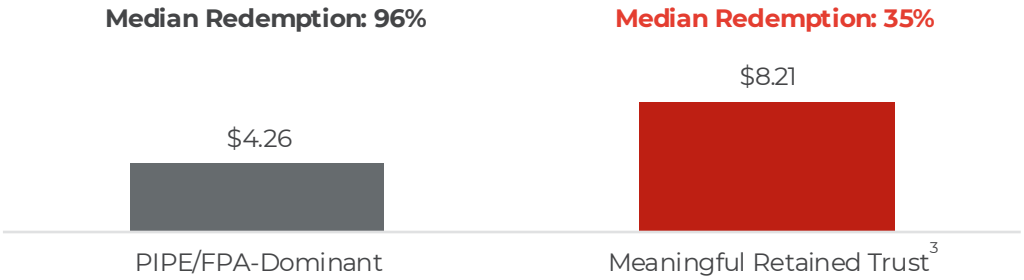
Recovery Is Driven by Committed Capital...

Dollars per $100 of Original IPO Proceeds



...while Retained Trust Remains the Stronger Signal

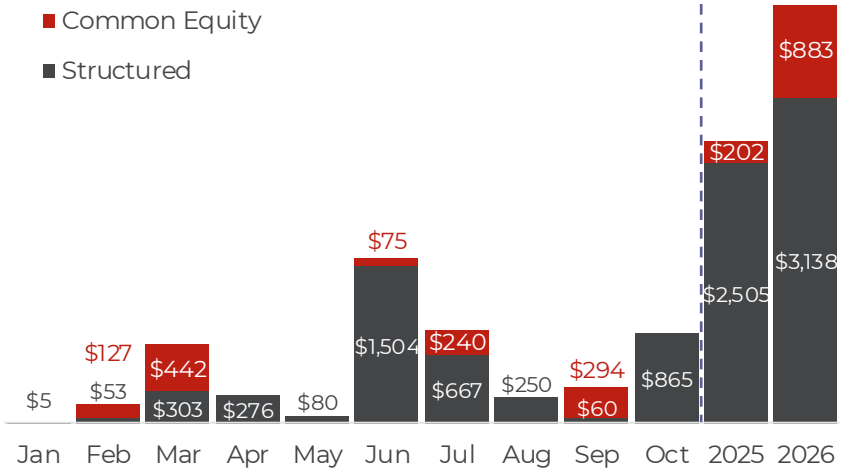
2026 Closed De-SPACs[2]: Median Current Share Price ($)



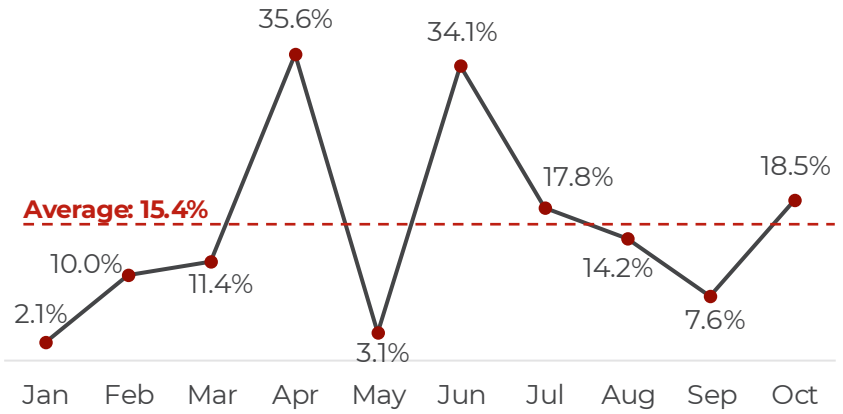
(1) Capital Delivered = PIPE + FPA + Remaining Trust.
(2) Includes closed 2026 De-SPACs with redemption disclosed and delivered capital ≥ 5% of EV.
(3) Meaningful retained trust = retained trust > 10% of delivered capital.
Source: FactSet and SPACResearch as of 10/30/26.

2026 SPAC PIPE Activity Shows Renewed Investor Support

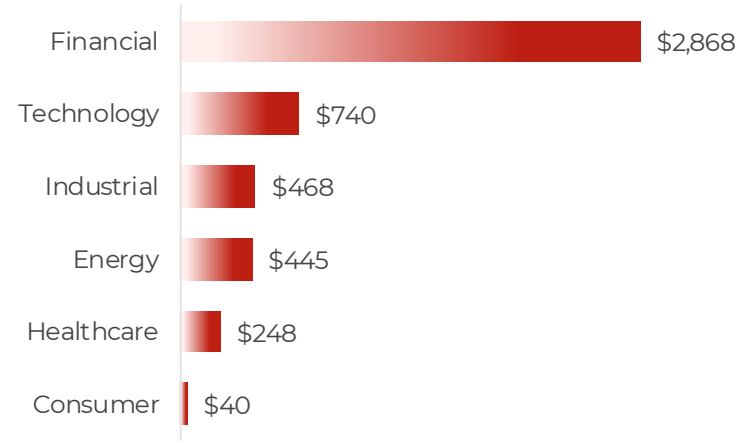
SPAC PIPE Financing Activity YTD
($M)



Monthly PIPE Size as % of Total Enterprise Value
(Average)



SPAC PIPE Financing Sector Breakdown YTD
($M)



Select Recent SPAC PIPE Participants

T.RowePrice · Ribbit Capital · Bessemer Venture Partners
EQT VENTURES · PANTERA · DRAGONFLY
galaxy · VanEck · SUSQUEHANNA

1. Includes closed De-SPACs 2026 YTD deals with PIPE financing.
Sources: SPACResearch as of 10/30/26.

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