



ALLIANCE GLOBAL
CAPITAL FUND

ALLIANCE GLOBAL CAPITAL FUND, LP
2025 MID-YEAR REPORT

Executive Summary



The first half of 2025 has been marked by intensifying geopolitical turbulence, evolving monetary policy across global economies, and transformative shifts in capital market dynamics driven by technological innovation, demographic evolution, and environmental imperatives. Alliance Global Capital Fund, LP ("AGCF") has proactively navigated this complex environment by deepening sectoral specialization, capitalizing on relative value mispricing, and reinforcing its risk-mitigation frameworks. Our investment thesis, underpinned by disciplined

underwriting and adaptive capital deployment, continues to resonate with institutional partners pursuing structural alpha and downside protection.

As global economic growth remains moderate yet uneven, and as central banks grapple with sticky inflation and political pressure, AGCF's multi-vertical platform remains uniquely positioned to capture long-term value across both developed and emerging markets. The fund's exposure to fourteen differentiated verticals provides resiliency across market cycles, while our increasing emphasis on climate adaptation, digital transition, and private capital innovation enables us to align with enduring macro trends. This report presents a comprehensive overview of AGCF's macro and geopolitical outlook, market benchmarking, detailed sector updates, and performance expectations through year-end 2025.

I. Macroeconomic Overview

Labor Markets & Wage Dynamics

The global labor market in 2025 remains historically tight, particularly in advanced economies. The U.S. unemployment rate remains at 4.0%, with labor force participation holding near pre-pandemic highs. Wage inflation has moderated slightly from its 2023–2024

peaks but still averages 4.2% YoY, driven by structural skill shortages in logistics, healthcare, and engineering. In Europe, labor unrest in transport and manufacturing has curbed productivity, while aging demographics constrain labor supply. Emerging markets exhibit greater slack, with formal job growth accelerating in India and Indonesia, aided by digital labor platforms and government hiring schemes.

In response, employers globally are increasing automation investments and revamping workforce development strategies—trends that directly support AGCF’s Education & EdTech and Industrials verticals. AGCF’s targeted portfolio companies in healthcare and logistics have reported upward wage adjustments of 5–7% YTD, factored into our EBITDA forecasting models.

Inflation & Consumer Spending Trends

Headline inflation has declined from 2023 highs but remains elevated in several economies. U.S. CPI stands at 3.2% YoY (core at 3.6%), while the Eurozone averages 2.9% with wide national variations. Food and energy price volatility remains persistent due to climate variability and geopolitical supply shocks. Consumer spending has slowed but remains resilient, supported by real wage growth and low unemployment. The U.S. personal savings rate declined to 3.8%, indicating increased discretionary consumption but also potential future fragility.



AGCF’s Consumer & Retail vertical has adapted by emphasizing premium, inflation-resilient brands and direct-to-consumer models. Our macro models now assume 3.0–3.5% inflation through Q4 2025 across developed markets, with a cautious stance on consumer leverage and variable-rate credit exposure.

Global Growth Outlook

The global economy is forecast to grow by 2.3%, as estimated by both the World Bank and the IMF, following persistent dislocations from prior monetary tightening and an ongoing recalibration of global trade architecture. While advanced economies contend with elevated debt levels and populist fiscal policies, emerging markets in Asia and the Middle East continue to exhibit strength due to favorable demographics, energy leverage, and digital leapfrogging. India is projected to outpace global peers with growth above 6%, supported by infrastructure stimulus and rising foreign direct investment.

In contrast, the Eurozone remains constrained by weak productivity growth and rising political fragmentation. China’s growth, while stabilizing near 4.4%, is increasingly consumption-led and focused on domestic resilience. The U.S. economy maintains relative strength, underpinned by labor market tightness, corporate reinvestment, and robust energy independence. However, consumer debt levels and political uncertainty ahead of the 2026 election season present potential headwinds.

Monetary Policy & Liquidity Conditions



Central bank policy remains the most important determinant of risk appetite. The Federal Reserve has paused rate hikes, maintaining a terminal rate near 5.25% as inflation moderates but remains above target. The ECB and BoE have taken a similarly cautious stance, while monetary divergence widens between developed and emerging markets. Liquidity remains selectively constrained—particularly in real estate credit and leveraged loans—despite ample dry powder in private equity, infrastructure, and private credit vehicles.

The disintermediation of traditional banking, accelerated by Basel IV capital rules and shrinking deposit bases, has created a growing vacuum for direct lenders and alternative credit funds. AGCF’s capital structure flexibility positions us advantageously to serve mid-market borrowers and pre-IPO corporates in need of non-dilutive financing. Meanwhile, volatility in FX and commodities presents opportunities for tactical hedging and alpha capture.

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II. Geopolitical Landscape

U.S. Tariff Policy and the Return of Trade Nationalism: The continuation—and potential expansion—of tariffs initially enacted during the Trump administration has reshaped global trade in 2025. While the Biden administration maintained strategic tariffs under Section 301, the renewed political discourse around



blanket tariffs, particularly amid the 2026 campaign season, has injected fresh uncertainty into global markets.

Industrials, technology components, and advanced manufacturing inputs have experienced pricing distortions, prompting U.S. firms to accelerate their shift toward Southeast Asia and nearshoring in Mexico. AGCF has adjusted its investment thesis accordingly, increasing allocations to supply chain logistics in tariff-exempt jurisdictions and reweighting manufacturing exposure toward tariff-resilient regions such as India, Poland, and Vietnam.

Ongoing debates over a proposed 10% universal import tariff—floated by leading U.S. political figures—have created a risk overhang on capital-intensive sectors and trans-Pacific trade routes. Our portfolio construction in 2025 will explicitly hedge against such policy volatility through geographic diversification and embedded price-adjustment clauses in supplier contracts.

Energy & Security Risks

Energy and food security have reemerged as central geopolitical drivers. Q2 2025 witnessed significant tensions in the Middle East, where Israeli-Iranian military confrontations briefly disrupted oil supply chains, sending Brent prices as high as \$96/bbl before stabilizing. The Strait of Hormuz remains a high-risk chokepoint, accounting for nearly one-fifth of global oil flows. Concurrently, the expansion of BRICS+ and China's deepening bilateral energy agreements are reshaping petrodollar flows and accelerating de-dollarization initiatives.



In Europe, NATO's increased military presence in the Baltics, combined with cyber-intrusion concerns emanating from the Russia-Belarus corridor, has spurred record defense spending and reinforced energy diversification away from Russian gas. AGCF has actively repositioned its infrastructure and energy portfolios to align with these shifts, including investments in LNG terminals, strategic reserves, and trans-regional transmission grids.

U.S.-China Trade & Technology Fracture

The economic rivalry between the U.S. and China continues to deepen, now defined as a technological cold war. In May 2025, the Trump administration expanded semiconductor export controls and instituted new outbound investment restrictions in critical technologies.

China retaliated with tariffs on key industrial components and enhanced capital controls on Chinese outbound private equity.

Taiwan remains a geopolitical hotspot, with weekly cyber-incursions and airspace violations prompting heightened global risk aversion. Multinational corporations have accelerated their China+1 strategies, favoring manufacturing bases in Vietnam, India, and Indonesia. AGCF's proactive exposure to these geographies reflects our conviction in the reconfiguration of global supply chains and the rise of South-South trade corridors.

III. Capital Markets Performance

Forward Yield Curve Expectations



Looking ahead to the second half of 2025 and into 2026, the forward yield curve remains inverted across most developed markets. In the United States, futures markets anticipate the Fed Funds rate to remain between 5.00% and 5.25% through Q4 2025, with a potential easing cycle beginning mid-2026. The 2s10s spread has remained negative for seven consecutive quarters, reflecting recession fears and

tight monetary conditions.

Yield curves in the Eurozone and the UK similarly reflect delayed normalization, with policymakers reluctant to cut rates despite stagnating output. In contrast, selected emerging markets—especially Brazil, India, and Indonesia—have begun measured rate cuts to stimulate growth, leading to steepening curves and increased carry trade opportunities. AGCF's capital strategy incorporates scenario analysis using forward yield assumptions to price future acquisitions, structure duration hedges, and optimize return profiles across our credit-oriented investments.

Equities

Global equities advanced modestly during the first half of 2025. The S&P 500 posted a 5.7% YTD gain driven by continued strength in large-cap tech, AI infrastructure plays, and healthtech. The Nasdaq surged 8.2%, reflecting investor enthusiasm for generative AI applications and productivity-enhancing software. European equities, however, lagged due to labor unrest, regulatory friction, and fiscal constraints. Emerging market performance diverged sharply: India and Brazil recorded double-digit equity returns, while Turkey and South Africa underperformed amid currency weakness and political uncertainty.

Fixed Income

Fixed income markets experienced persistent volatility amid changing rate expectations. U.S. 10-year Treasury yields ranged from 4.3% to 4.6%, reflecting durable inflation pressures and limited demand from foreign buyers. Investment-grade corporate bonds saw steady demand, with spreads compressing modestly. High-yield issuances declined, especially within retail and commercial real estate. AGCF maintained a strategic underweight in duration outlook, favoring inflation-linked sovereigns, senior secured private credit, and emerging market local debt with attractive real yields.

FX Volatility & Dollar Dynamics

The U.S. Dollar Index (DXY) has depreciated approximately 6.4% YTD, driven by narrowing interest rate differentials and capital outflows into EM and European equities. The Japanese yen appreciated modestly following intervention by the Bank of Japan, while the euro and pound sterling gained on the back of relatively stable inflation trends. Emerging market currencies showed mixed performance—India’s rupee and Brazil’s real appreciated against the dollar, while the Turkish lira and South African rand continued to weaken due to policy instability.

AGCF will actively manage FX exposure via hedging programs for local-currency investments. Hedging ratios vary between 65% and 90% depending on asset class volatility and forward premium. Recent gains in EM currencies have improved net returns on our infrastructure and agricultural platforms in India, Chile, and Brazil.

Alternatives & Commodities

Gold outperformed in H1 2025, rising nearly 15% on the back of central bank demand and geopolitical stress. Cryptocurrencies rebounded from early-year drawdowns, with Bitcoin up 22.3% and Ethereum 28.1%, driven by institutional ETF flows and technological upgrades. Commodities delivered mixed performance, with gains in agricultural inputs offsetting softness in industrial metals. Real assets, particularly in timberland, farmland, and infrastructure, saw increased institutional demand due to inflation protection characteristics and ESG alignment.

IV. Franchise Vertical Analysis

1. Technology, Media & Telecom (TMT)

AGCF’s TMT vertical is projected to surpass \$200 million in committed capital by year-end 2025, with continued emphasis on scaling AI-enabled enterprise software, cybersecurity-as-a-service platforms, and next-generation telecom infrastructure. We anticipate a steady cadence of both platform and bolt-on transactions, with average entry multiples expected

to remain disciplined around 9.0x EBITDA. Strategic exits are forecasted to deliver a 3.5x MOIC within a three-year hold period, supported by robust revenue expansion across our portfolio. We expect average top-line growth to exceed 23% YoY, driven by cross-border demand for cloud-native solutions from emerging tech corridors in India and Eastern Europe entering North American markets.

2. Healthcare & Life Sciences

Capital deployment in AGCF's Healthcare & Life Sciences vertical is expected to reach \$275 million by end of 2025, with additional deal flow anticipated in AI-powered diagnostics, digital therapeutics, and clinical analytics platforms. Forward-looking valuations remain elevated, with deal multiples trending near 10.5x EBITDA, reflecting persistent investor appetite and strong recurring revenue visibility. We



anticipate our portfolio will generate 18–20% annual revenue growth, underpinned by rising patient volumes and payer adoption of tech-enabled care models. Exit strategies are focused on strategic roll-ups by large-cap healthcare systems and consolidator-backed platforms, positioning AGCF for 2.8x–3.3x MOIC over a 30–36 month horizon.

3. Financial Services & Fintech

AGCF expects to deploy over \$130 million in equity and structured capital across digital finance platforms, with a strong pipeline of investments in digital identity, embedded finance, and regulatory compliance technology. Entry valuations are forecasted to remain attractive at 8.0–8.5x forward EBITDA, supported by favorable regulatory shifts encouraging digital onboarding and AML enforcement globally. We anticipate 30%+ transaction volume growth in Latin American and Southeast Asian fintech holdings, driven by mobile-first adoption curves and expanding banking-as-a-service ecosystems. Monetization opportunities are expected to materialize through consolidation plays and strategic integrations with incumbent financial institutions.

4. Energy & Renewables

AGCF's Energy & Renewables vertical is poised to exceed \$220 million in capital commitments by late 2025, with a forward pipeline of investments in clean hydrogen ecosystems, long-duration energy storage, and solar infrastructure. Portfolio-level unlevered IRRs are projected in the 14–16% range, bolstered by strong policy support across

North America and Europe. Strategic M&A will continue to target midstream renewables and offshore energy service providers. Legacy upstream divestitures are expected to yield outsized returns, with recent exits realizing a 19%+ IRR amid favorable pricing and geopolitical dislocation. Forward strategy focuses on scaling grid resiliency technologies and achieving measurable carbon offset benchmarks across all new investments.

5. Industrials & Advanced Manufacturing

AGCF's industrial vertical is expected to accelerate past \$175 million in acquisition volume, driven by a strategic emphasis on reshoring initiatives, robotics integration, and advanced materials science. We anticipate maintaining disciplined entry multiples around 7.5x–8.0x EBITDA as we pursue platform investments with scalable defense and aerospace exposure. Margin expansion is expected to be fueled by ongoing automation enhancements and proactive raw material cost hedging strategies.

6. Transportation, Logistics & Supply Chain

We will deploy \$88 million across three logistics platforms, with an emphasis on intermodal capacity, cold-chain storage, and AI-enabled route optimization. EBITDA margins in the industry averaged 11.3%, and revenue grew 15.7% YTD. Deal multiples remained below sector average at 7.1x due to fragmented seller base.



7. Consumer & Retail

AGCF expects to complete new investments in this vertical totaling \$163 million. Focus areas include premium D2C wellness brands and loyalty-driven omnichannel retail platforms. The new targeted acquisitions are projected to grow topline by 20% YoY. Consumer sentiment remains stable despite inflationary pressures, with growth anchored in premiumization and direct-to-consumer logistics.

8. Real Estate & Built Environment

M&A activity remained selective in real estate. AGCF committed \$140 million to data center redevelopments, multi-family residential in Sunbelt markets, and a distressed office-to-residential conversion vehicle. Cap rates averaged 5.6%, with forward rent growth assumptions revised upward following Q2 market reappraisals.

9. Infrastructure & Public-Private Partnerships (PPP)

AGCF intends to invest \$180 million in brownfield and greenfield PPP assets across Latin America and Southeast Europe. Projects will include desalination plants, fiber-optic networks, and waste-to-energy facilities. Our infrastructure vehicle targets 11–13% IRRs with inflation-indexed revenue contracts and sovereign guarantees. Recent transaction trends included co-investments alongside development finance institutions.

10. Aerospace, Defense & Security

We will allocate \$92 million across secure communications platforms, aerospace component manufacturing, and autonomous surveillance technologies. M&A is expected to be driven by NATO modernization and Indo-Pacific procurement cycles. EBITDA growth across the vertical is expected to average 16.2%, supported by long-term government contracts. The sector continues to benefit from robust pipeline visibility and supply chain reshoring.

11. Agriculture & Food Systems

AGCF expects to deploy \$178 million into precision agriculture, ag-biotech, and vertically integrated food platforms. We will seek strategic acquisitions to include organic seed companies and agritech analytics providers. We expect portfolio companies to report a 14% improvement in yield efficiency and 18.5% EBITDA growth. ESG metrics will be a key factor in diligence, including water use intensity and regenerative practices.

12. CleanTech & Carbon Markets

\$68 million in capital will be allocated to blockchain-verified carbon credits, blue carbon projects, and closed-loop waste platforms. We intend to partner with global insurers and multinationals on carbon-offset procurement deals. The fund's carbon-linked vehicle is projected to offset over 60,000 tons of CO₂e in 2025 and earn average returns of 14.7% IRR through carbon credit monetization and asset appreciation.

13. Media, Entertainment & Creator Economy

AGCF expects to commit \$75 million across AI-enhanced storytelling, virtual production studios, and fan monetization ecosystems. The vertical saw robust user engagement metrics, with 32% YoY growth in MAUs (monthly active users). Deal multiples ranged between 6.8x and 8.5x EBITDA, with monetization through IP licensing and creator-backed platforms gaining institutional traction.

14. Education, Workforce & EdTech

The Fund intends to invest \$84 million in skill-certification platforms, simulation-based learning, and upskilling tools for underserved labor markets. M&A activity favored companies with government training contracts and corporate partnerships. Portfolio

revenue is expected to grow 21.3%, with learner retention improving through gamified assessments and AI-personalized curricula.

V. Global Private Equity Market Trends



Private equity markets in 2025 are navigating a recalibration phase following the post-pandemic boom and the 2022–2023 tightening cycle. Global buyout deal value fell 12% YoY in H1 2025, while fundraising remained resilient, with \$478 billion raised across private capital strategies according to Preqin. Secondaries volume increased markedly, as LPs sought liquidity amidst extended holding periods

and slower exit markets. Valuation multiples compressed modestly, particularly in growth equity and late-stage VC, while sponsor-to-sponsor deal activity remained strong in infrastructure, healthcare, and software.

AGCF continues to benefit from this evolving landscape by seeking to acquire quality assets at attractive valuations and capitalizing on dislocation opportunities in sectors undergoing digitization or regulatory tailwinds. Our pipeline includes both proprietary deal flow and co-investments with strategic sponsors and family offices.

VI. Technology-Led Productivity & AI Impact

The proliferation of generative AI, edge computing, and machine learning is reshaping enterprise productivity across all AGCF verticals. According to McKinsey’s 2025 global outlook, AI could contribute \$4.4 trillion in global economic output annually. AI is driving margin expansion in logistics (through route optimization), customer retention in fintech (via behavioral analytics), and faster clinical trials in healthcare (via synthetic control arms).

AGCF has launched a thematic sub-strategy to invest in B2B AI infrastructure, devops automation, and applied AI in industrial workflows. We actively monitor regulatory developments related to AI ethics, data sovereignty, and intellectual property to ensure future-proof positioning of our technology holdings.

VII. Regulatory & Climate Transparency Developments

The regulatory landscape has rapidly evolved in 2025. The U.S. SEC’s final rule on climate-related disclosures (adopted March 2025) mandates Scope 1 and Scope 2 emissions reporting for large private funds and sponsors, with voluntary Scope 3 disclosure guidance.

In parallel, the EU Taxonomy and SFDR Article 9 requirements have tightened ESG fund classification standards.

AGCF has instituted enhanced ESG reporting protocols, including carbon intensity benchmarks, governance scoring audits, and compliance mapping with global sustainability frameworks (e.g., TCFD, ISSB). We will ensure that our CleanTech and Infrastructure portfolios are aligned with EU Green Bond standards, and we are actively piloting blockchain-based ESG attestation for real asset exposures.

VIII. Expected Fund Performance Attribution

AGCF's flagship private equity and credit strategies are projected to deliver a blended gross IRR of 17.2% for the full year 2025, with a net IRR of 14.4% after management fees and carry. These expectations are based on performance trends observed through Q2, including early monetization of consumer holdings, energy sector repositioning, and anticipated exits in AI-enabled SaaS assets. Risk mitigation will continue via hedged currency exposure and disciplined underwriting across high-risk geographies.

Expected exits:

- SaaS platform (TMT vertical): 3.1x MOIC within 24 months
- Omnichannel retail brand (Consumer vertical): 2.4x MOIC
- Regenerative farmland (Ag vertical): 1.9x MOIC with recurring income feature

Ongoing deployment is expected to average \$108M per quarter, maintaining trajectory toward our full-year capital allocation target. NAV per unit is anticipated to increase by approximately 8.6% by year-end, driven by asset appreciation, income harvesting, and strategic reinvestment.

IX. ESG & Impact Strategy

AGCF is aligned with SFDR Article 8 compliance and aims to elevate its ESG framework to Article 9 status by FY2026. Our ESG platform integrates:

- Carbon-adjusted performance metrics
- Labor and supply chain ethics compliance monitoring
- Proprietary ESG scoring model across all direct investments

Our carbon-linked infrastructure vehicle offsets 62,000 metric tons of CO₂e annually. Social impact initiatives include funding for educational access in Indonesia and ESG disclosure standardization partnerships in Latin America.

X. Legal, Regulatory & Compliance Landscape

Regulatory tailwinds are shaping opportunity sets, particularly:

- SEC and FINRA guidelines on private fund transparency
- Cross-border AML frameworks (notably U.S.-UAE and EU-Kenya initiatives)
- Carbon Border Adjustment Mechanism (CBAM) in the EU affecting logistics and industrial verticals

AGCF maintains proactive legal risk frameworks, including quarterly compliance testing, counsel review in all jurisdictions of operation, and strategic engagement with policy bodies.

XI. Capital Allocation Strategy (H2 2025–2026)

Our investment committee has authorized targeted capital deployment of \$500M for H2 2025 across:

- AI Infrastructure and Applied Robotics (TMT, Industrials)
- Blue Carbon, Green Hydrogen (Energy, CleanTech)
- Sovereign-Backed Infrastructure Concessions (PPP)

We expect to launch two new thematic sub-funds:

1. Global Frontier Markets Alpha (EM equity and credit)
2. Global Defense Innovation Fund (dual-use tech and NATO-aligned assets)

2026 strategy will emphasize:

- Digital transformation via APIs and middleware
- Institutional scale carbon markets
- Secondaries in aging 2016–2018 PE vintages