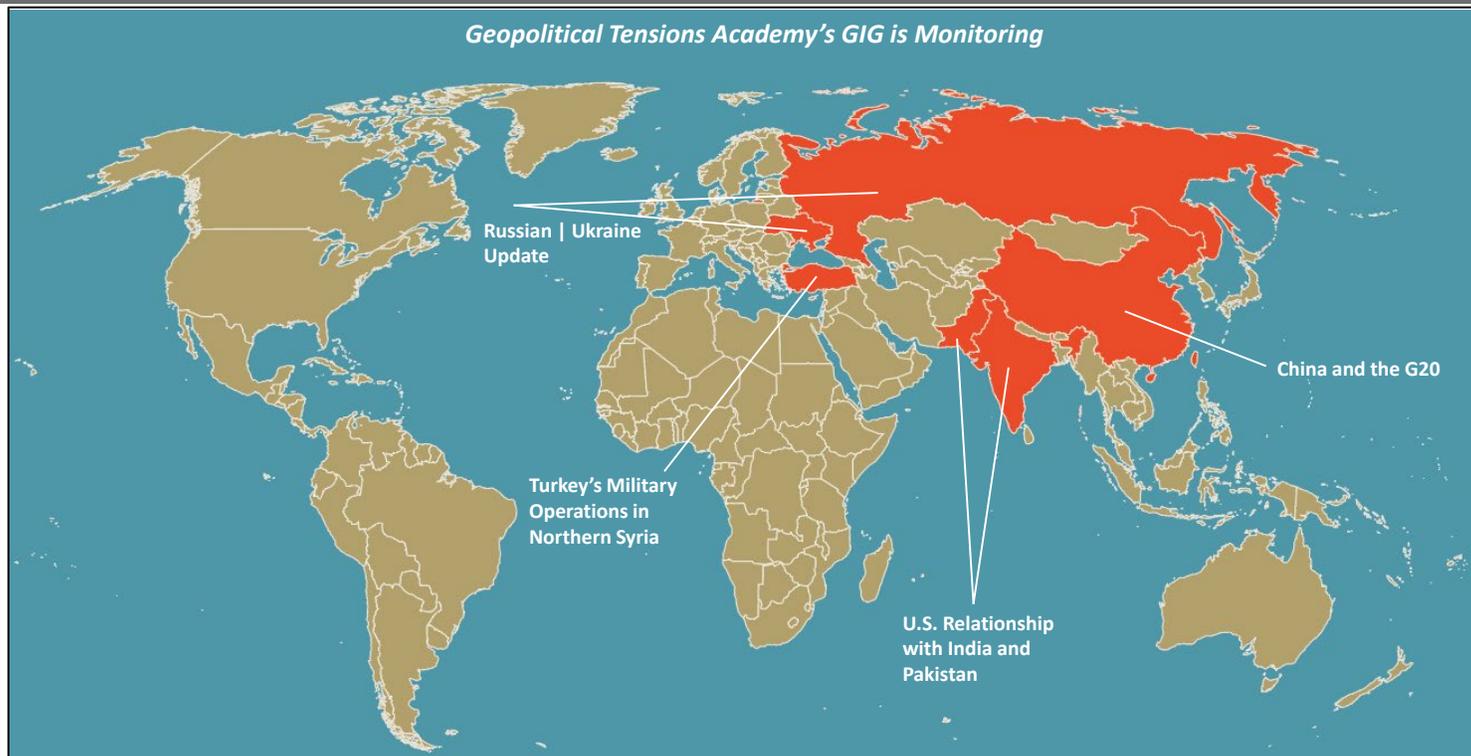


Around the World with Academy Securities

In this month's edition of *Around the World with Academy Securities*, our [Geopolitical Intelligence Group](#) (GIG) focuses on the following geopolitical tensions that we are monitoring:

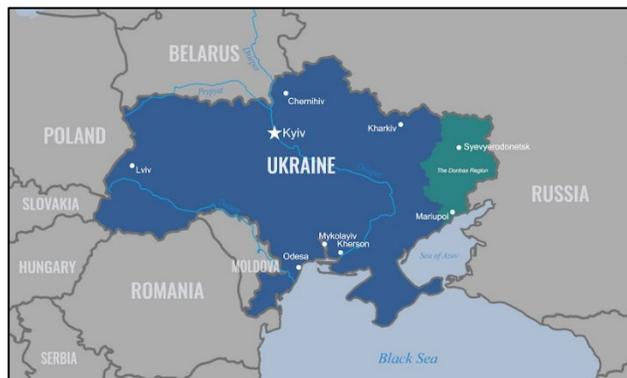
1. Russia | Ukraine Update
2. Turkey's Military Operations in Northern Syria
3. China and the G20
4. U.S. Relationship with India and Pakistan

We begin with an update on the war in Ukraine as it enters its 10th month. Ukrainian victories such as the liberation of Kherson have continued to rally the people of Ukraine to keep fighting. However, the threat of power shortages is intensifying due to the sustained Russian missile attacks on Ukraine's energy infrastructure. Putin will continue to use these strikes as psychological warfare intended to grind down the will of the Ukrainian people to fight as we enter the winter months. Next, we address the terrorist attack in Istanbul in mid-November and the Turkish response that included airstrikes in northern Syria and Iraq targeting Kurdish militants. If these attacks evolve into a ground operation, the possibility of Turkey taking a leading role in any peace negotiations between Russia and Ukraine could be reduced in the near-term. We also review the G20 meeting between President Biden and President Xi in Bali earlier this month. The goal was likely to calm the tensions between the two nations and focus on "competition, not conflict." However, as Vice President Harris visited the Philippines a week later, her message was that the U.S. will continue to counter China's influence in the region. Finally, we revisit the U.S. relationship with India and Pakistan and the potential for increased engagement with Pakistan on several fronts, including weapons sales. India is still a long-term strategic partner of the U.S. in the region, but its stance on the war in Ukraine and its economic ties with Russia have caused the U.S. to seek a more balanced relationship with both India and Pakistan for the first time in years.

Please reach out to your Academy coverage officer with any questions and we would be happy to engage.

*Around the World with Academy Securities***Front and Center: Russia | Ukraine Update**

In our previous [ATWs](#) and our recent [SITREP](#), we have continued to provide updates on the latest developments in the conflict in Ukraine. While the missiles that landed in Poland on November 15 turned out to be Russian made S-300 air defense missiles that were fired by Ukraine in an effort to defend itself from the ~100 cruise missiles that Russia fired into the country that day, it could have easily escalated the conflict to a very dangerous level. This cruise missile attack primarily targeted Ukrainian energy transmission infrastructure, which could lead to mass evacuations from major Ukrainian cities due to lack of power. As Ukraine continues to have significant success on the battlefield (including recapturing the city of Kherson) the Russian military will lash out with strikes that are designed to dampen the will of the Ukrainian people to continue fighting. However, even as Ukraine has taken back 55% of the territory that Russia has occupied since the war began in February, 20% of Ukraine is still under Russian control. From here, the advances into Russian held areas will be difficult as these Russian positions are more fortified. The real question is when will there be an end to the conflict and which parties will try to mediate a truce?



As we will discuss in the next section, Turkey continues to push for peace talks between Russia and Ukraine. They have a relationship with both sides and while they have not taken part in the sanctions on Russia, they have condemned the war and are supplying drones to Ukraine. However, as Ukraine continues the fight into the winter, it is clear that neither side is open to speaking and external pressure (possibly from China and/or other nations) will likely be needed to bring the parties to the table.

"Russia's pulling out of Kherson is a significant victory for Ukraine's military. However, it is in line with Putin's long war view. The Russian military pulled back to more defensible lines on their side of the Dnieper River using it as a natural obstacle for Ukraine's military to cross. Russia's continued use of long-range rockets and missiles targeting Ukraine's energy generating infrastructure is Putin's way of brutalizing and demoralizing the Ukrainian people into negotiating a peace deal in his favor. The Russian military understands the success Ukraine's military has had in taking back Russian occupied terrain. However, the Ukrainian military is not as successful at stopping Russia's relentless bombardment of their infrastructure. Putin clearly sees his advantage in this area and is exploiting it. His strategy is to weaken the morale of the Ukrainian people as well as the support from the U.S., NATO, and the European Union. Many in the U.S. and Europe are asking how long can this go on? Putin wants to demonstrate that he can sustain it for a long time. Already we see support weakening in the extreme wings of both U.S. political parties. Ukraine's eastern European allies are facing tough choices on continuing to provide Ukraine with arms as their own stockpiles are strained and they fear that they could be targeted next." - General Robert Walsh

"Ukrainian forces are establishing the conditions for a negotiated settlement certainly preceded by a cease fire. In financial terms, Ukraine must "lock in the rate" now. Conditions might change to meet President Zelensky's maximalist objective of removing Russian forces beyond their pre-2014 borders, but that is not assured. It seems more likely that NATO might lose interest in supporting Ukraine without a clear end state. Zelensky must consider a victory defined by maintaining Ukraine's sovereignty, even while Russia remains on Ukrainian soil." - General Spider Marks

"We have seen ramped up efforts by Russia to destroy Ukraine's critical infrastructure through a sustained barrage of missile/kinetic attacks ahead of winter to create more chaos in Ukraine. In parallel, there have been increased activities from Russian cyber-actors to attack Ukraine's critical infrastructure including their power grid. In October

Around the World with Academy Securities

2022, the Ukrainian government warned about Russian plans for “massive cyber-attacks against critical infrastructure facilities, especially in the energy sector.” These attacks are meant to augment the missile strikes taking place almost daily against Ukraine’s power grid especially in the southern and eastern regions. Russia’s state sponsored cyber-forces have already conducted over 200 cyber-attacks (with 40 having destructive impacts) on critical infrastructure since the start of the conflict. As traditional Russian efforts continue to be thwarted by the Ukrainian forces, Russia will engage with both kinetic (missiles) and non-kinetic (cyber and influence operations) to destroy Ukraine’s critical infrastructure.

Ukraine’s Ministry of Defense also noted that it believes Russian cyber-actors will increase their efforts using distributed denial of service (DDoS) attacks against the critical infrastructure of Ukrainian allies and neighboring countries (specifically Latvia, Lithuania, Estonia, and Poland). For example, Russia conducted a DDoS attack on Lithuania’s state-owned energy provider in July. While offensive cyber operations against these NATO nations could be perceived as an act of war and trigger an Article 5 collective security response, it is informally accepted that the non-destructive/more disruptive nature of such attacks would cause interruption and inconvenience, but would not rise to the level of war. Because cyber “acts of war” and red lines are not recognized internationally, this remains a gray area and one that could result in an unintended spillover and escalation of the war outside of Ukraine. For companies doing business with those nations and others in NATO, they could see adverse impacts to their operations.” – Admiral Danelle Barrett

Turkey’s Military Operations in Northern Syria

On November 13, there was a bombing in Istanbul that killed six people and injured over 81 others. This was the first such attack in Turkey in years and the blame was immediately placed on the Kurdistan Worker’s Party (PKK) and the People’s Defense Units (YPG). These groups have denied any involvement in the bombings. The tension between these groups and Turkey has been simmering for years and as recently as this past summer, Turkey threatened to conduct military operations into Northern Syria to target these organizations once again.

As we have discussed in previous [ATWs](#), the situation in the region is very complicated. Turkey and Russia support opposite sides in the Syrian civil war. In addition, the U.S. supports the YPG and the Syrian Democratic Forces, which have both been key allies in defeating ISIS. While Russia had asked Turkey to show some restraint, Erdogan launched airstrikes on November 20 that hit 89 targets in northern Iraq and Syria (all military infrastructure related to the PKK). In response, Kurdish militants in Syria fired rockets into a border town in Turkey which killed two people. Following this strike, Erdogan said that he was contemplating a ground operation into northern Syria, which would dramatically escalate the tensions in the region. This action comes at a time when Turkey was one of the nations calling for peace talks between Ukraine and Russia. We will continue to monitor these events closely, but with the potential for a larger military operation in Syria, the likelihood of near-term Turkish led Russia/Ukraine peace talks might be reduced.

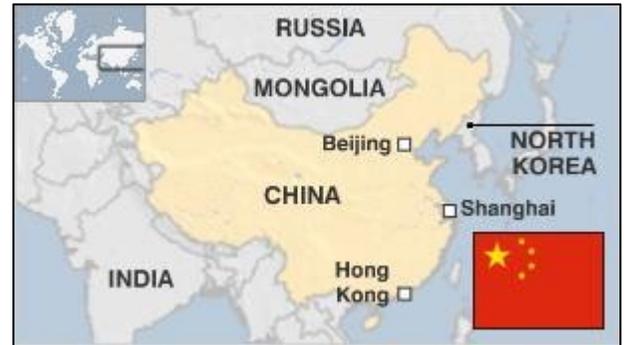
“The U.S. finds itself stuck between a rock and a hard place as Turkey plans another military ground attack into Syria in retribution for its claim that the recent terrorist attack in Istanbul was conducted by Kurdish separatists. U.S. special operations troops in Syria tracking ISIS are allied with the Kurdish Syrian Democratic Forces and are wary of the Kurds becoming focused on fighting the Turkish military instead of helping to keep ISIS at bay. Meanwhile, the U.S. needs President Erdogan’s acceptance of Sweden’s and Finland’s NATO accession. The higher NATO objective could cause the U.S. to stand aside as the Turks attack the Kurds in Syria.” – General Robert Walsh



Around the World with Academy Securities

China and the G20

On November 14, right before the G20 Summit was scheduled to begin in Bali, Indonesia, President Biden met with President Xi in their first in person meeting since Biden took office last year. Both leaders appeared to be open to maintaining lines of communication and reducing the tensions that have been building, especially on the heels of Speaker Pelosi's visit to Taiwan in August. Some issues discussed were trade related such as the recent ban of certain advanced technology semiconductor sales to China. Humanitarian issues were also discussed as well as the joint desire to resume climate talks. However, as expected, Taiwan was one of the most contentious issues. While President Biden said that he "does not think there's any imminent attempt on the part of China to invade Taiwan", a spokesperson for China said after the meeting, "Taiwan is at the very core of China's core interests, the bedrock of the political foundation of China-U.S. relations, and the first red line that must not be crossed."



North Korea was another topic discussed at the meeting and President Biden warned Xi that unless China would try to "rein in" North Korea's weapons ambitions, the U.S. would have to continue to increase its military presence in the region. Following a recent ballistic missile test this month, the U.S. and its allies tried to impose restrictions in the UN to limit North Korea's long-range missile and nuclear programs. However, Russia and China opposed any new pressure or sanctions on North Korea. It is unclear how much influence China really has over North Korea. As we addressed in our previous [ATW](#), our GIG believes that a 7th nuclear test by North Korea is not only possible, but likely in the coming months.

With respect to the Russian war in Ukraine, the U.S. has asked China to take a stronger role in condemning the conflict. Biden and Xi did agree that "a nuclear war should never be fought and can never be won and underscored their opposition to the use or threat of use of nuclear weapons in Ukraine." Behind the scenes, we believe that China could also be encouraging Putin to seek an end to the conflict sooner rather than later because it has gone on much longer than anticipated and it is getting harder for China to remain neutral, especially in light of its partnership with Russia on several fronts.

"The bi-lateral meeting between Presidents Biden and Xi at the G20 summit was the first in-person meeting between the two superpower leaders since President Biden took office. President Biden had been talking tough on China, but took a far more conciliatory approach here, even promising that there would be no new Cold War with China. It can be argued that the U.S. Departments of Defense, State, and Commerce along with the FBI have already entered a Cold War footing and have taken a new confrontational approach to containing China's aggressive behavior. Biden tried to find common ground with Xi in areas such as climate change and opposition to Russia's use of nuclear weapons in Ukraine. Taiwan remained an area of friction as did human rights and China's obligation to dissuade North Korea's use of nuclear weapons. While the tone was positive, U.S.-China relations continue to deteriorate as the competition increases and tensions rise with China's aggressive military actions in the South China Sea and around Taiwan. Neither side wants a war, but both remain at odds on most issues.

Xi talked in a conciliatory way at the summit while doing the opposite at the 20th Party Congress. Xi said that he would take Taiwan by force, if necessary, at the Congress. U.S. Secretary of State Blinken has also continued to state that China is moving the timeline "to the left" regarding the use of military force. Meanwhile the U.S. Strategic Command's commander said that the U.S. is behind China in our nuclear weapons capability. Biden's Taiwan discussion did not go far enough in saying that China's actions are causing the U.S. to "up gun" Taiwan's military

Around the World with Academy Securities

*ability to defend itself and to build military and political alliances in the region that oppose China. Biden needs to be clear that if Xi invades Taiwan he forces Biden's hand to use the U.S. military. The U.S. must emphasize that China is slowly changing the equation on the U.S. position of strategic ambiguity. I expect that China's growing nuclear weapons arsenal will be used as a threat to split apart U.S. allies and partners in the region." - **General Robert Walsh***

*"The best outcome from the G20 in Bali was the photo op of the meeting between Xi and Biden. Nothing was decided but "talk" is preferred to "war." China will continue to be militarily provocative against Taiwan to distract international attention away from its internal economic challenges and recent and rather unprecedented "zero-Covid" protests. Protests like this have not been seen in China since Tiananmen Square in 1989. China realizes that military action against Taiwan is a non-starter. It will not happen, at least not now." - **General Spider Marks***

"While not a main topic of conversation during the most recent summit between the Presidents of China and the U.S., the threat of increasingly sophisticated offensive cyber capabilities from Chinese state sponsored actors is an undercurrent threat that continues to grow. In a recent report to Congress this month by the U.S.-China Economic and Security Review Commission in their annual submission, China's desire to become a "cyber-superpower" was highlighted. China use of asymmetric cyber-warfare and their propensity to flaunt international norms of acceptable cyber-activity (then deny the activity) were noted with concern. The report cited that China's cyber-warfare actions (and use of cyber to spy on, control, and conduct influence operations on their own population as well as on other nations) pose a serious threat to the U.S. government, global critical infrastructure, and businesses worldwide.

*The report also said that, "The country has achieved this transformation by reorganizing its cyber policymaking institutions, developing sophisticated offensive cyber capabilities, and perpetrating cyber-espionage to steal foreign intellectual property at an industrial scale." The report noted that China's cyber-related legislation "weaponizes the country's cybersecurity industry and research by requiring companies and researchers to submit all discovered software and hardware vulnerabilities to the government before providing them to the vendors that can patch them." As many information technology products and services originate from China, this poses a serious threat to the trustworthiness of critical supply chains for U.S. companies." - **Admiral Danelle Barrett***

"China would like the U.S. to have multiple dilemmas to keep us occupied so they can do as they wish in the region and as long as the Russia/Ukraine war is ongoing, the media cannot focus on the challenges China is having. I don't expect any help from China to end the war in Ukraine or to keep North Korea in check right now. We need to continue conducting military training exercises/operations in the region to demonstrate our will to defend our allies.

*The Philippines will act in their own vital national interest, leveraging both China and the U.S. to their advantage. The U.S. has a mutual defense treaty with the Philippines, but we need to understand that it is difficult for the Philippines to just welcome the U.S. back and allow us to build a forward presence when the Philippines is now within China's SAM/anti-ship missile range after China built seven artificial islands in the South China Sea. The Philippines also has challenges with China's "debt trap" diplomacy and trade balance effects so we must continue to build our relationship with them and offer them alternatives." - **General K.K. Chinn***

*Around the World with Academy Securities***U.S. Relationship with India and Pakistan**

As we reported in our previous [ATWs](#), the U.S. relationship with India and Pakistan remains very complex. After many years of supporting India over Pakistan, it appears that the U.S. will now try to maintain a more balanced approach. Over the past 10 years, Pakistan's support of the Taliban and its ties to China have soured relations with the U.S. Conversely, India's membership in the Quad (Australia, India, Japan, and the U.S.) and their importance in acting as a counterweight to China became a big part of the U.S. strategy in the region. However, India continues to buy Russian weapons and oil/coal and has refused to condemn the invasion of Ukraine. India's oil imports from Russia are up 30x from 2021, and coal purchases have quadrupled. India also continues to buy sophisticated Russian weapons even at the risk of incurring U.S. sanctions. As a result, the U.S. has refocused on its relationship with Pakistan and authorized the sale of a \$450mm weapons package to support the Pakistani F-16 program. The U.S. has also delivered aid to help Pakistan deal with the catastrophic flooding that occurred this year. While Pakistan may still be beholden to China regarding its \$30b in outstanding debt, anything the U.S. can do to pressure India to move away from its reliance on Russia and potentially impede Pakistan's relationship with China from growing is ultimately beneficial to the U.S.



*"The U.S. finds itself in a tough position as it deals with India and Pakistan. India is now strategically more important to the U.S. than Pakistan. However, as the U.S. tries to bring India closer into its sphere of influence it sees India reverting to old norms in its relations with Russia. The U.S. had influenced India to join the Quad partnership and reduce its reliance on Russian arms imports. Meanwhile, the U.S. had cut off arms sales to Pakistan due to Pakistan's support of the Taliban. The U.S. and India found common ground in their opposition to a rising and more aggressive China. However, the U.S. cannot build instant trust with India and expect it to wean itself off of Russian arms after many years of the U.S. favoring Pakistan over India both diplomatically and militarily. The U.S. is using possible F-16 sales to Pakistan as revenge for India's continued purchase of Russian arms, refusal to condemn Russia's invasion of Ukraine, and shoring up the Russian economy through oil and coal purchases. In the end, India is far more important to the U.S. than Pakistan in its "Great Power Competition with China." We can expect the U.S. to look past India's ties to Russia in favor of strengthening its partnership with India and countering China." - **General Robert Walsh***

*"Both India and Pakistan will act in their own vital national interests. China is India's main strategic competitor and is steadily increasing its economic and military footprint in the Indian Ocean. We need to continue to emphasize that it is in India's interest to support a "Free and Open Indo-Pacific" region as it provides economic opportunities for India's future growth while China is competing for influence. We need a strong anchor point in the Indian Ocean to help with our "distance challenges" in a crisis. This past week, we demonstrated our commitment to India with a Brigade from our 11th Airborne Division conducting training with their Army about 62 miles from the disputed border area with China." - **General K.K. Chinn***

Around the World with Academy Securities

Disclaimer

This document and its contents are confidential to the person(s) to whom it is delivered and should not be copied or distributed, in whole or in part, or its contents disclosed by such person(s) to any other person. Any party receiving and/or reviewing this material, in consideration therefore, agrees not to circumvent the business proposals explicitly or implicitly contained herein in any manner, directly or indirectly. Further, any recipient hereof agrees to maintain all information received in the strictest confidence and shall not disclose to any third parties any information material to the opportunity contained herein and, upon review hereof, agrees that any unauthorized disclosure by any party will result in irreparable damage for which monetary damages would be difficult or impossible to accurately determine. Recipients recognize, and hereby agree, that the proprietary information disclosed herein represents confidential and valuable proprietary information and, therefore, will not, without express prior written consent, disclose such information to any person, company, entity or other third party, unless so doing would contravene governing law or regulations.

This document is an outline of matters for discussion only. This document does not constitute and should not be interpreted as advice, including legal, tax or accounting advice. This presentation includes statements that represent opinions, estimates and forecasts, which may not be realized. We believe the information provided herein is reliable, as of the date hereof, but do not warrant accuracy or completeness. In preparing these materials, we have relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources.

Nothing in this document contains a commitment from Academy to underwrite, subscribe or agent any securities or transaction; to invest in any way in any transaction or to advise related thereto or as described herein. Nothing herein imposes any obligation on Academy.

Academy is a member of FINRA, SIPC and MSRB. Academy is a Certified Disabled Veteran Business Enterprise and Minority Business Enterprise, and is a Service Disabled Veteran Owned Small Business as per the U.S. SBA. Investment Banking transactions may be executed through affiliates or other broker dealers, either under industry standard agreements or by the registration of certain principals.