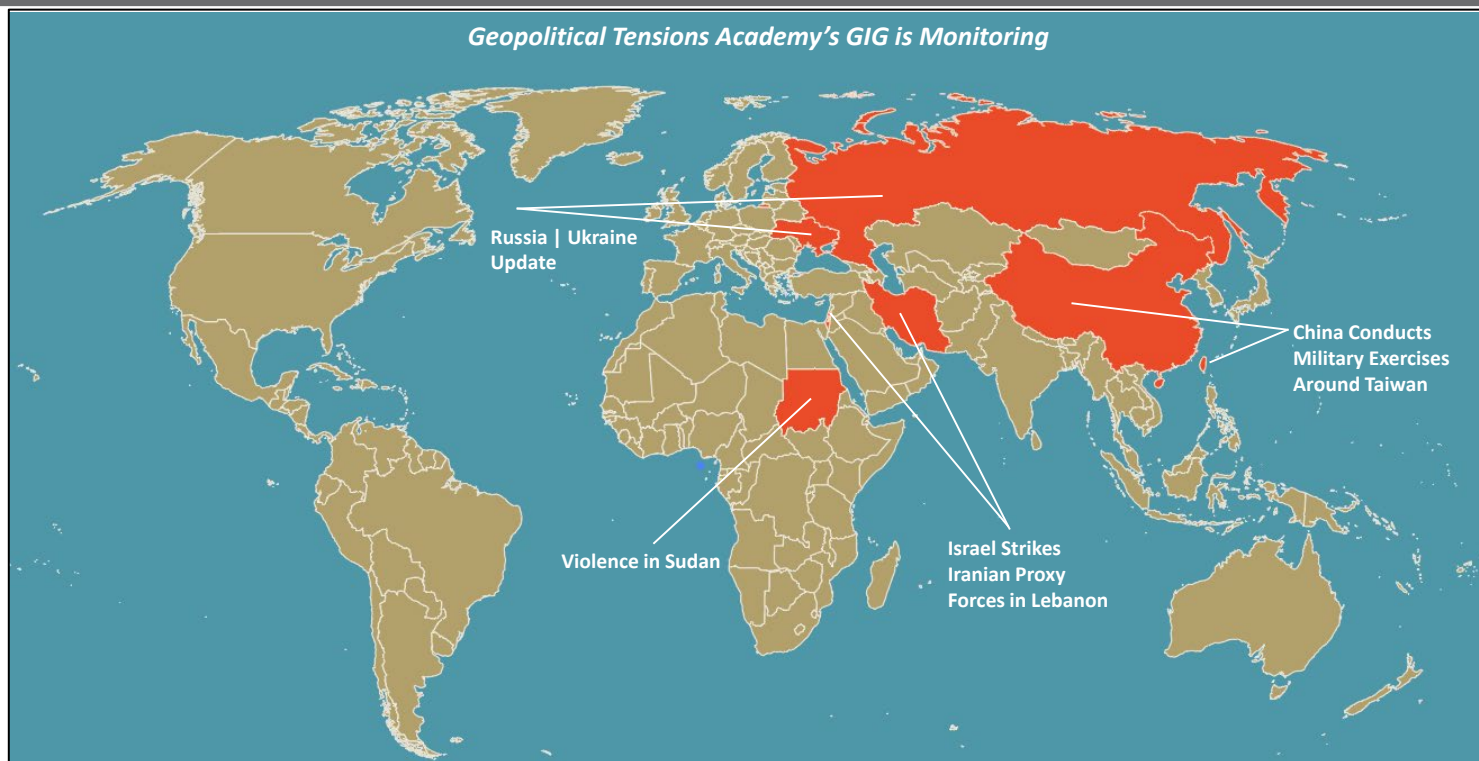


Around the World with Academy Securities

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:

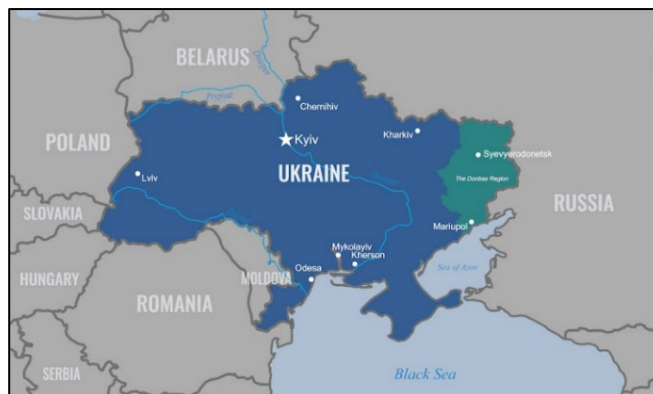
1. Russia | Ukraine Update
2. China Conducts Military Exercises Around Taiwan
3. Israel Strikes Iranian Proxy Forces in Lebanon
4. Violence in Sudan

We begin with an update on the war in Ukraine as Russian forces prepare for the anticipated spring offensive by Ukraine. While Ukraine will be armed with additional weapons from the West, its forces still do not have the ability to remove all Russian troops from the country or to take back Crimea. This fact will just prolong the stalemate and reinforces the concern that a protracted conflict benefits Russia (and not Ukraine). However, as the war continues, we could start seeing more pressure on Zelensky and Putin to consider what conditions would be necessary for a temporary cessation to the fighting and a more permanent peace agreement. Next, we address the Chinese military exercises around Taiwan following the meeting between Speaker McCarthy and Taiwan's President Tsai earlier this month. While not as large as the exercises last August that followed Speaker Pelosi's trip to Taiwan, it allowed China to further demonstrate its ability to execute a blockade of Taiwan in short order. In addition, we analyze the recent exchange of fire between Israel and Iranian proxy forces in Lebanon. As Iran continues down the path of building a nuclear weapon and reinforces its partnerships with China and Russia (and opens diplomatic relations with Saudi Arabia), Israel and the U.S. are becoming more isolated in the region. Finally, as the fighting in Sudan continues, we examine the geographic significance of the country and the need for the U.S. to take a leadership role in trying to mediate a ceasefire and an end to the violence. While the situation is complicated, China and Russia both have interests in the country and the U.S. must seize the opportunity to step in to help bring the parties to the table before the fighting spreads and creates more regional instability.

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 recent [SITREPs](#) we have continued to provide updates on the latest developments in the conflict in Ukraine. As the war enters its 15th month, the conflict is still effectively in a stalemate. Russian forces continue to struggle in taking Bakhmut, which is a city of little strategic value in the Donbas. However, while Russia has made some progress in taking this city, it has highlighted Putin's desperation and his rift with the Wagner Group mercenaries fighting on Russia's behalf in the country. While the battle here continues, many of Russia's other forces have dug in and are prepared for Ukraine's spring offensive which will include new Western weapons such as MiGs, Leopard tanks, and U.S. Bradley fighting vehicles. However, we have reached a point where without more advanced weaponry, there is no chance that Ukrainian forces will be able to remove all Russian forces from its territory. This reality will likely prolong the stalemate into later this year. While the U.S. and the West will continue to provide Ukraine with the replenishments necessary to keep up the fight, both Putin and Xi will be watching closely for any signs that the West could inch closer to sending more sophisticated weaponry. If longer-range weapons would be provided to Ukraine and were to be used to launch a "significant" attack inside of Russia (or were used in a concerted effort to re-take Crimea), these kinds of events could lead China to move forward with a covert program to provide Putin with the lethal support that he has requested. On the other hand, if the West started to lean towards training Ukrainian pilots on how to fly F-15/16s or providing longer-range rocket systems, there is the possibility that moves like these could accelerate the desire for peace discussions. Russia could use these discussions as the off ramp it needs, and Ukraine would have the leverage it seeks to negotiate the best possible terms. We are not anywhere near this scenario, but our GIG will continue to monitor the situation.



"Russia's offensive has all but culminated and indications are that the Russians are resetting their forces to be on the defensive after their failed attempt to break the battlefield stalemate. Ukraine's military (after being in defensive positions all winter and spring) is readying for their counteroffensive. They have grown and trained their force and have received additional weapons. President Zelensky is saying that this push could end the war. It is a "raison d'être" to receive more arms/support from the U.S. and NATO countries. The U.S. and NATO have limited their supply of the higher-end weapons needed to make a real difference. The Ukrainian military will gain territory even without the higher-end capabilities like tanks, long-range missiles, and fighter aircraft that they are seeking. However, it is likely that the counteroffensive will run out of steam and will not drastically change what has become the manifestation of a stalemate.

With all the hype in the Western press regarding the counteroffensive, it is likely that we will begin to see the fragile support for the war (both in Europe and in the U.S.) begin to crack if the counteroffensive fails to make significant gains. Many now believe that this is a war that Ukraine cannot win due to Zelensky's maximalist objective of ejecting the Russians from the country. They also believe that this is a war that Putin cannot lose. This leads to an end favorable to the Russians and will result in pressure from both sides to seek a negotiated settlement. The West will start to pressure Zelensky similar to how Xi (behind the scenes) will pressure Putin. The stakes are high for the U.S. with the worst-case situation being China stepping in as the peacemaker." – General Robert Walsh

"The stalemate will continue in the run-up to the U.S. presidential election. I just don't believe that Ukraine will have enough ammunition to do more than jockey for the Donbas (or part of it). They do not have enough tanks and fighting vehicles to achieve victory in both the Donbas and Crimea. Nations like Hungary making energy deals with Russia is also a bad omen. In a long war of attrition without a steady supply of troops, vehicles, and ammo the Russians have the advantage. While the Ukrainians have political and national will, they have no revenue, food, and

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are losing infrastructure. Hope doesn't win a long war. Need to think about what a negotiated temporary end state looks like. It will be a U.S. election issue." – **General Frank Kearney**

"President Zelensky is this generation's Churchill. He is confident, unwavering, defiant, and is galvanizing the military and political support from NATO to deny Putin his strategic objective. However, like Churchill, Zelensky may win the war (at least this phase of a long war) but not the peace. His maximalist (and to date non-negotiable) objectives of removing Russian forces from Ukrainian soil are militarily unattainable. Ukraine is a generation away from recharging its economy and rebuilding its infrastructure. Ukraine must understand that its model of military creativity and political will are insufficient to incentivize Putin to depart. The Ukrainian military will achieve some tactical successes now to improve its negotiating position going forward. The last thing Zelensky wants to hear from the Biden administration is that "the U.S. will support Ukraine for as long as it takes." Ukraine does not have "as long as it takes." It has until the end of this year." – **General Spider Marks**

"Military victory is not achievable by either side. However, time is on Russia's side from a resource standpoint. Ukraine doesn't possess the military ability to remove Russian forces from all of eastern Ukraine nor does Russia have the capacity to move far beyond the current line of contact. The spring offensive is unlikely to be decisive and Russian forces are pressing Putin to prepare their defenses. Russia and Ukraine have both seen a significant depletion in their forces and equipment (including some of their most trained forces). The variable that remains problematic for Ukraine's maximalist goal of a "full restoration of its borders" is the concept of a pyrrhic victory. At what point does the level of destruction reach a point that it outweighs any effort to attempt to outlast Russia militarily and diplomatically? As Putin is pressed to sustain existing terrain with diminished possibilities of advancing, I anticipate increased levels of urban destruction by Russia to bring the West to press Ukraine to seek a resolution. The critical factors in such a resolution will be the guarantees that the West/NATO will have to make. With respect to Russia and the eastern provinces/Crimea, Putin remains postured for a future round of conflict (should he survive the peace). Putin is under no pressure (yet) to seek an end to the conflict. Sanctions have had a minimal impact in the lives of Russian citizens. The recruiting efforts have been the largest risk to Putin, but those remain manageable. Putin remains content to outlast the West for now." – **General Robert Ashley**

"Cyberattacks by the Russian government (Frozenbarents/Sandworm) and state sponsored criminal hackers who act as proxies will continue. These attacks will likely spillover into NATO countries in Europe and affect commercial industries (like we saw with the NotPetya attack in 2017). That attack against Ukraine by Russia spread into the commercial world causing over \$10 billion in damage. Russian government backed hackers (particularly groups in Belarus) will continue to attack NATO countries for both economic and political reasons. For example, there has been a 300% increase in malicious phishing campaigns against NATO countries since the start of the war (a trend that is likely to continue). The attacks don't need to be sophisticated to be effective. There has also been an estimated 40% drop in ransomware payments in the last few years and it is suspected that Russian cyber criminals will change their tactics, techniques, and procedures to improve their chances of significant payouts. We have also seen an uptick in the use of AI in Russian cyber and IO activities, including the use of ChatGPT and Open AI.

On another note, Russia has been observed using "spy" ships in the waters off of their northern coast, which could be an attempt to gain intelligence for planning an attack on or disrupting the services of undersea cables used by NATO nations. This would cause severe disruption to internet service. Both Norway and Sweden have reported seeing an unusual number of Russian ships employing underwater surveillance equipment in international waters and around critical undersea cable areas. This is seen by many as a response to Finland recently joining NATO and Sweden showing desire to do the same." – **Admiral Danelle Barrett**

*Around the World with Academy Securities***China Conducts Military Exercises Around Taiwan**

Following the meeting between Speaker McCarthy and Taiwan's President Tsai, China conducted exercises around Taiwan similar to (but smaller than) the exercises following Speaker Pelosi's visit last August. While more measured in the scope, China did employ new platforms in this latest series of wargames including the use of their aircraft carrier to launch sorties into Taiwan's ADIZ from the east. China also used these exercises to simulate a blockade of Taiwan once again. While we do not believe that China will be in a position to initiate military action against Taiwan in the near-term, that does not mean China isn't preparing for it one day. Xi and his military leaders are aware of the support that the U.S. is continuing to provide Taiwan. Xi is also concerned about additional U.S. submarines in the region following the AUKUS deal (however, the Virginia class subs will not be in place until the early 2030s). Finally, Xi is wary of the regional alliances that the U.S. is forming/reaffirming such as the QUAD partnership (U.S., Japan, Australia, India), enhanced engagement with the Philippines, and the sale of offensive weapons to Japan. All of these actions are designed to deter China from military action against Taiwan.



However, while the U.S. has made significant progress, China has been spending time forging partnerships of their own beyond Asia in the Middle East, Africa, and Central/South America (see link to upcoming Academy [webinar](#)). China's success in pushing Iran closer to Saudi Arabia could be a problem for U.S. policy with respect to Iran, as well as for the Abraham Accords. In Africa, as we will discuss in the section on Sudan later in this report, China historically has had a lending relationship there and has been responsible for significant infrastructure investment in the country (and in others on the continent). China also helped encourage Honduras to switch its alliance from Taiwan to China and has begun to discuss a collaboration with Brazil on semi-conductor manufacturing. Meanwhile, China is likely trying to use its strong economic relationship with certain countries in Europe to its advantage. Recently President Macron of France met with Xi and expressed concerns about following the "American rhythm" regarding its stance on supporting Taiwan. However, during Germany's Foreign Minister Annalena Baerbock's trip to China shortly after Macron's visit, she stressed Germany's alliance with the U.S. regarding Taiwan. Strong partnerships with Europe as well as with countries in Asia will be critical in projecting the message of deterrence that is meant to force China to think twice about the strategic ramifications of any military move on Taiwan.

"China's military response to Taiwan's President Tsai's visit with House Speaker McCarthy was less than the reaction to Speaker Pelosi's visit to Taipei. However, a Chinese aircraft carrier did deploy to the east side of Taiwan and flew simulated strikes towards Taiwan for the first time. Meanwhile, the internal rhetoric towards the Chinese people by the CCP was meant to show strength in the face of 'Western provocation.' While the trajectory of U.S./China risk remains escalatory, China has subtly changed its military/coercive approach so that Xi can be seen as a peacemaker by the world. His first step was the detent agreement signed by Saudi Arabia and Iran in Beijing. He then put his toe in the water with the release of his 12-point peace plan for Ukraine. He also met with French President Macron and achieved a significant endorsement when Macron weakened U.S. and European attempts to deter China's aggression by saying that Europe should not get in between China and the U.S. over Taiwan. He further attempted to damage U.S. prestige by saying that Europe should become less reliant on the U.S. dollar. This visit was followed by Brazilian President Lula's visit to Beijing after he had inked a trade agreement with Beijing the week before. The two countries agreed to carry out trade and financial transactions in their own currencies vice converting them to U.S. dollars. Xi's moves to be a global leader and peacemaker require a deliberate strategy by the Biden administration that counters China's attempt to push the U.S. aside." – General Robert Walsh

"You can expect a continued set of activities militarily by China in the Taiwan area. China over time will continue a pattern of exercises which creates a norm of heightened naval and air activities. Once this becomes the routine, they

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*have a better chance of achieving strategic surprise without telegraphing their intent. I see them also infiltrating Chinese unification leaning leaders into government positions and businesses in Taiwan. If/when they do isolate Taiwan through a blockade and a no-fly zone, it will be easier to put a new regime in place. China knows the steaming time for U.S. carrier battle groups, and they monitor our refuelers/strategic air assets. They know how much time a U.S. response will take. They will hone their actions and timing for it to be complete in that window. The relationship with Brazil is a natural extension of their economic policy and our relationships in South and Central America are not strong enough to do much about it.” – **General Frank Kearney***

*“China will continue provocative military “maneuvers” in the vicinity of Taiwan. These actions are intelligence gathering operations allowing China to adjust its war plans. China would love to have one of its fighters shot down during its “routine exercises” by the Taiwanese. It would shift the balance of global support towards China painting Taiwan as the aggressor. Patiently, China still hopes to reclaim Taiwan without military force. A coordinated information campaign and market forces will, in China’s estimation, provide Taiwan with no alternative but to accept a Hong Kong-like solution.” – **General Spider Marks***

*“We need to demonstrate the difference between “influencing and pressuring” to the region. For deterrence to work, you have to demonstrate strength. I expect to see that the increased size and scope of multilateral exercises in the region will build multilateral partnerships (especially with our treaty ally countries in the first island chain - Japan, Philippines, and the Republic of Korea). We need to be ready as not being prepared can lead to an unintended crisis or conflict. Peace through strength is the only viable strategy (we saw what happened in Hong Kong with soft power).” – **General K.K. Chinn***

*“China has remained Brazil’s top international trading partner to the tune of \$92 billion in exports to China last year (much of that in minerals for manufacturing). While Brazil’s Foreign Minister sought to reassure the United States that these closer ties with China do not impact their relationship, lawmakers and the White House remain concerned. For example, during their meetings, China committed to investing in Ceitec, Brazil’s state-sponsored semiconductor research and development organization, and to help with Brazil’s semiconductor manufacturing. This could cause tension between the U.S. and Brazil if China uses Brazil to go around U.S. restrictions on providing semi-conductors to Chinese companies.” – **Admiral Danelle Barrett***

Israel Strikes Iranian Proxy Forces in Lebanon

While the recent exchange of fire between Israel and Hamas/Hezbollah forces in Lebanon did not result in a broader conflict (similar to the 2006 war), it is a stark reminder that Iran’s support of these elements financially and through the supply of rockets/weapons is creating the conditions for a larger conflict to occur. Thirty-four rockets were fired from southern Lebanon earlier this month and 25 were intercepted by Israel’s Iron Dome air defense system. Israeli leadership blamed Lebanon-based Hamas forces for the attacks and they would not have been carried out without Hezbollah’s approval. In addition to these attacks, since January 2021, Iranian proxy forces have attacked U.S. troops in Iraq and Syria 78 times using drones and rockets. These actions are coinciding with Iran’s growing influence in the region at a time when Western economic sanctions have heavily damaged their economy. In search of new support to offset these sanctions, Iran has gotten closer to Russia and China. Iran’s economic partnership with China was highly concerning when it was announced in 2021, and China’s influence was evident in Iran’s recent normalization of relations with Saudi Arabia. While this may help end the conflict with the Houthi rebels in Yemen, it comes at a time when Iran is dangerously close to acquiring the material required and building a nuclear weapon.

The Chairman of the JCS General Milley said last month that Iran could, “produce enough fissile material for a nuclear weapon in less than two weeks” and create a nuclear weapon “within several months thereafter.” As the



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time is quickly approaching for potential action against Iran to stop this, Netanyahu has recently called on the U.S. for more support. The bottom line is that Iran (via its partnerships with China and Russia) is becoming better positioned in the region at a time when they are approaching a “nuclear weapon” breakout period. These partnerships were clearly structured to try to isolate Israel and the U.S. in the region. While this plan could end up backfiring on Iran, there is a chance that it motivates the U.S./EU countries involved in the nuclear discussions to come to the table and discuss a short-term/more limited in scope nuclear deal that would (on paper) try to roll back Iran’s nuclear program. This (albeit unlikely) scenario would not be viewed favorably by Netanyahu and could bring Israel closer to having to initiate military action.

“China’s recently brokered detente between Iran and Saudi Arabia in Beijing is concerning to Israel and the U.S. The agreement highlights the rise of China’s influence in the Middle East and across the globe as the U.S. shifts its focus and resources to the Indo-Pacific region. China’s rising influence in the Middle East in both Saudi Arabia and Iran is a result of China’s increasing economic power and a more aligned view on human rights issues and governance styles. At the heart of the issue is U.S. relations with Israel and Iran. The failed nuclear negotiations between the U.S. and Iran have resulted in Saudi Arabia looking out for their own interests by improving relations with Iran. It’s clear that the U.S. diplomacy gap is being filled by China. Israel may be the loser in the future as the Arab countries become less focused on improving relations with Israel and more focused on the new agreement with Iran. This will put more emphasis on the Palestinian problem (the conservative Netanyahu government would like to avoid this). The U.S. diplomatic challenge is to maintain leverage with Saudi Arabia while not letting violence increase in the West Bank and Gaza.” – General Robert Walsh

“The old phrase “the enemy of my enemy is my friend” undergirds the Abraham Accords. If the Chinese brokered Iran and KSA detente holds, it doesn’t bode well for Israel. GCC Arab nations may follow KSA. Without a reason to ally with Israel against Iran, Arab communities have every reason to be more supportive of the Palestinians and against Israel’s very conservative government actions. Israel may also be seen as politically weak which drives Netanyahu to be more aggressive to spur nationalism. The expected stability of Iran-KSA may result in Israel vs Arab (as well as Iranian backed) nations and groups.” – General Frank Kearney

“Israel remains our anchor partner, but its increasing bellicosity coupled with declining U.S. influence in the region incentivizes Arab states to minimize past hostilities. China has stepped in to be the broker. The re-establishment of Iranian and Saudi relations is a good thing, but U.S. interests are absent from the agreement. U.S. national security imperatives are embedded in the Middle East. China’s ascendant regional influence demands that the U.S. should remain relevant.” – General Spider Marks

“China is getting more credit than it is due regarding the KSA/Iranian deal. Dialogue between KSA and Iran has been ongoing for the last couple of years. China is just exploiting the timing and opportunity (they were not instrumental in this deal). KSA and Iran are happy to support this narrative as a message to the U.S. that they are not the only power in the region. KSA is looking to reduce the threat to their infrastructure (ARAMCO), but it doesn’t expect that this will lead to complete normalization of relations with Iran in the near-term. The exchange is a modest starting point to open diplomatic missions. KSA still prefers the U.S. as its lead partner, but firmly believes that the “transactional relationship” has to be balanced through other partners. The Iranian nuclear program remains problematic, and Israel will act unilaterally if they detect that Iran is attempting a breakout to pursue a nuclear weapon.” – General Robert Ashley

*Around the World with Academy Securities***Violence in Sudan**

Heavy fighting began in Sudan on April 8th in the capitol of Khartoum and in neighboring Obdurman. While two ceasefires were agreed upon by the parties involved, the fighting has continued. The conflict in Sudan is between the Sudanese Armed Forces, led by General Abdel Fattah al-Burhan and the Rapid Support Forces (RSF) paramilitary group, led by General Mohamed Hamdan Dagalo. The leaders of these two groups used to be allies and they worked together in 2019 to overthrow Sudan's dictator Omar al-Bashir, who ruled Sudan for three decades. However, fighting broke out between the army and the RSF following negotiations that were designed to combine the two groups in advance of the restoration of civilian rule. The two sides disagreed over which general would ultimately be in charge and the mechanics of how the RSF would be incorporated into the Sudanese military. Sudan's geographical location is strategically important. It borders the Red Sea, the Sahel region, and the Horn of Africa. The country's energy, gold, and agriculture have attracted the attention of countries such as Russia and China. There have also been fears that Russia could even establish a military base in Sudan on the Red Sea (and the Wagner Group has spent time in the country mining gold and is rumored to be supplying weapons to the RSF). China has been a significant historical lender to Sudan via its Belt and Road Initiative (though it has reduced its dependence on Sudanese oil, as well as its investments in the country over the past few years). Saudi Arabia and the United Arab Emirates partnered with the RSF when they requested thousands of fighters to support the war in Yemen. Concerned about the deteriorating security situation, the U.S. positioned forces in Djibouti and evacuated U.S. Embassy personnel in Khartoum this past weekend. The real risk is that this civil war spreads to neighboring countries and brings others (including Egypt, Libya, and Ethiopia) into the fight.



"The ongoing fighting in Sudan mainly around Khartoum between the evenly matched Sudanese military and the paramilitary Rapid Support Forces (RSF) is not expected to slow in the near-term. The fighting surrounds the transition to civilian rule after the chaos of the two military coups in 2019 and 2021. The U.S., UK, and EU have been involved in negotiations while Egypt, Saudi Arabia, and the UAE have economic interests in wanting to keep the country stable. The thousands of American citizens in Sudan are another problem." – **General Robert Walsh**

"Sudan is in civil war. The military and paramilitary factions will fight it out causing destabilization. I don't see a civil government returning for some time. This area is raked with diverse challenges. The U.S. may see an opportunity vs China in seeking a truce and peace talks. The absence of effort on our part provides China with another diplomatic opportunity." – **General Frank Kearney**

"When has Sudan not been a major humanitarian problem? If this situation can bring the U.S., Russia, and China to agree on a solution, that would be good. Maybe some elements of trust can result. If a cessation of hostilities cannot be achieved, the fallout from Sudan's civil war must be fenced in." – **General Spider Marks**

"I am not sure if the Wagner Group is currently active on the ground, but it may be funneling weapons to parties in Sudan (they are present in Libya). Beyond the significant humanitarian disasters that have plagued Sudan for decades, why does this situation matter to the U.S.? The answer is that Sudan borders the Red Sea. Allowing China/Russia to have a substantial presence or permanent port base along the Red Sea is a threat to U.S. interests and global maritime trade." – **General Robert Ashley**

"We have constantly spurred/ignored opportunities to influence/shape Sudan's future for all the wrong reasons and now we are paying the price. We have historically seen everything else in the region as more important than Sudan (Darfur, Joseph Kony, Egypt, Yemen, etc.)." – **General Mastin Robeson**

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