LAST WEEK SUMMARY

Wall Street closed the week with a four-week losing streak, as investor sentiment remained pressured by trade war uncertainties and concerns about an economic slowdown. The latest inflation data

Lower-than-expected yields provided little relief, and market participants now turn their attention to the Federal Reserve's interest rate decision.

next week. The S&P 500 closed the week down -2.27%, while the Nasdaq fell -2.43 % and the Dow Jones Industrial Average fell -3.07%.

The week began with the biggest sell-off of 2025, driven by rising recession fears. The S&P 500 plunged nearly 3%, while the Nasdaq Composite fell 4% as risk-off sentiment dominated trading. Selling pressure intensified midweek as U.S. President Donald Trump's shifting stance on tariffs and his increasingly aggressive rhetoric with key trading partners increased volatility.

market. By Thursday, the S&P 500 entered correction territory for the first time since late 2023, underscoring growing investor uncertainty.

Amid the market turmoil, economic data offered a hint of stability.

February consumer and producer inflation reports were lower than expected, easing some concerns about lingering price pressures. The Consumer Price Index (CPI) rose a seasonally adjusted 0.2% for the month, bringing the annual inflation rate to 2.8%. Meanwhile, the Producer Price Index (PPI) was unchanged for the month, following an upwardly revised 0.6% increase in January.

However, the data failed to significantly change market sentiment, as investors remained focused on broader macroeconomic risks.

In corporate news, Intel saw a strong rally in its stock price during the quarter, rising from a 52-week low of $18.51 to close the week above $24, driven by several developments. The announcement of Lip-Bu Tan as the new CEO on March 18, 2025, generated renewed optimism due to his deep experience in the semiconductor industry.

Additionally, the launch of Intel's Xeon 6700P and 6500P processors on February 24, with

Enhanced artificial intelligence capabilities and performance further strengthened investor confidence .

Now, attention turns to the Federal Reserve's next monetary policy meeting. While the central bank is widely expected to keep its key interest rate steady, markets will closely monitor Chairman Jerome Powell's remarks for clues about the Fed's economic outlook and its stance on Trump's escalating tariff measures.

Source: Sentosa & Co

FLUCTUATIONS AND MACROECONOMIC DATA

KEY DATES OF THE WEEK PASS

March 12

Monthly CPI

Current 0.20% Vs. Survey 0.30%.

March 13 IPP

Intermonthly final demand

Current 0.00% Vs. Survey 0.30%.

Initial unemployment benefit claims

Current 220,000 Vs. Survey 225,000.

March 14th

Sentiment from the University of Michigan

Current 57.9 vs. Survey 63.5.

GLOBAL EQUITY INDICES	Last	5 Days		1 Month	YTD
MSCI WORLD	3,665.71	-2.00%	ÿ	-5.98%	-1.14%
MSCI EM	1,119.61	-0.79%	ÿ	-0.50%	4.10%
MSCI EM LATIN AMERICA	2,095.17	2.97%	ÿ	-1.17%	13.09%
MSCI AC ASIA x JAPAN	726.51	-1.40%	ÿ	-0.36%	3.18%
USA					
S&P 500 INDEX	5,638.94	-2.27%	ÿ	-7.78%	-4.13%
NASDAQ COMPOSITE	17,754.09	-2.43%	ÿ	-11.35%	-8.06%
DOW JONES INDUS. AVG	41,488.19	-3.07%	ÿ	-6.86%	-2.48%
RUSSELL 2000 INDEX	2,044.10	-1.51%	ÿ	-10.35%	-8.34%
EUROPE					
STXE 600 (EUR) Pr	546.60	-1.22%	ÿ	-1.05%	7.68%
Euro Stoxx 50 Pr	5,404.18	-1.17%	ÿ	-1.62%	10.38%
DAX INDEX	22,986.82	-0.10%	ÿ	2.10%	15.46%
CAC 40 INDEX	8,028.28	-1.14%	ÿ	-1.84%	8.77%
FTSE MIB INDEX	38,655.30	0.16%	ÿ	1.78%	13.07%
IBEX 35 INDEX	13,005.20	-1.90%	ÿ	0.38%	12.16%
SWISS MARKET INDEX	12,916.81	-1.22%	ÿ	0.60%	11.34%
FTSE 100 INDEX	8,632.33	-0.55%	ÿ	-1.15%	5.62%
ASIA					
NIKKEI 225	37,053.10	0.45%	ÿ	-5.41%	-7.12%
HANG SENG INDEX	23,959.98	-1.12%	ÿ	5.94%	19.44%
CSI 300 INDEX	4,006.56	1.59%	ÿ	1.50%	1.82%
SENSEX	73,828.91	-0.69%	ÿ	-2.85%	-5.52%
LATAM					
S&P/BMV IPC	52,484.29	-0.67%	ÿ	-2.95%	6.00%
BRAZIL IBOVESPA INDEX	128,957.09	3.14%	ÿ	0.58%	7.21%
MSCI COLCAP INDEX	1,620.36	0.61%	ÿ	4.40%	17.45%
S&P/CLX IPSA (CLP) TR	7,509.00	1.79%	ÿ	2.03%	11.91%

EQUITY SECTORS	Last	5 Days		1 Month	YTD
PHILA GOLD & SILVER INDX	169.38	4.82%	ÿ	5.09%	23.47%
MSCI WORLD/ENERGY	253.63	2.47%	ÿ	-0.61%	4.20%
MSCI WORLD/UTILITY	172.00	1.80%	ÿ	1.74%	5.02%
MSCI WORLD/MATERIAL	341.11	-1.00%	ÿ	-2.14%	6.16%
MSCI WORLD/INDUSTRY	421.19	-1.57%	ÿ	-1.30%	4.01%
MSCI WORLD BANK INDEX	135.02	-1.86%	ÿ	-4.93%	5.76%
MSCI WORLD/INF TECH	724.56	-2.04%	ÿ	-11.18%	-8.50%
MSCI WORLD/FINANCEVAL	143.98	-2.88%	ÿ	-4.91%	2.73%
MSCI WORLD/HLTH CARE	370.33	-3.07%	ÿ	-0.02%	4.96%
MSCI WRLD/COMM SVC	124.82	-3.18%	ÿ	-10.15%	-1.93%
MSCI WORLD/CONS DIS	424.00	-3.28%	ÿ	-12.26%	-9.42%
MSCI WORLD/CON STPL	289.03	-3.39%	ÿ	-1.00%	3.49%

US RATES	Last	5 Days Close		12M Close	
2Y	4.02	4.00	0.02	4.69	-0.68
5Y	4.09	4.09	0.00	4.29	-0.20
10Y	4.31	4.30	0.01	4.29	0.02

BONDS CREDIT SPREAD		5 Days Close		12M Close	
EM Bonds Spread	301.39	297.3	4.1	297.11	4.3
HY Bonds Spread	339.00	305.0	34.0	352.00	-13.0
BBB 10yr Spread	168.84	160.0	8.8	152.21	16.6
CoCos Spread	267.10	250.6	16.5	307.30	-40.2

FIXED INCOME		5 Days		1 Month	YTD
US High Yield	2,712.14	-0.67%	ÿ	-0.54%	1.08%
EM Bonds USD	1,275.83	-0.22%	ÿ	0.53%	2.22%
EM Local Currency	137.34	0.12%	ÿ	1.06%	4.66%
CoCos USD	137.25	-0.41%	ÿ	1.08%	3.33%
IG BBB 3-5yr USD	370.27	-0.24%	ÿ	0.33%	1.70%
IG AA Corp USD	273.31	-0.12%	ÿ	0.45%	1.64%

COMMODITIES	Last	5 Days		1 Months	YTD
CRB INDEX	302.67	-0.12%	ÿ	-3.02%	2.01%
WTI	67.18	0.21%	ÿ	-5.03%	-6.33%
Brent	71.61	-0.60%	ÿ	-4.52%	-3.37%
US Natural Gas	4.10	-6.71%	ÿ	10.17%	12.96%
S&P GSCI Precious Metal	3,919.58	3.83%	ÿ	4.37%	14.94%
Gold	2,984.16	2.58%	ÿ	3.53%	13.70%
Silver	33.80	3.88%	ÿ	5.28%	16.94%
Platinum	996.67	2.85%	ÿ	1.29%	9.82%
Palladium	967.46	1.75%	ÿ	-0.24%	6.01%
S&P GSCI Industrial Metal Index	473.13	0.66%	ÿ	3.07%	8.03%
Aluminum	2,703.00	0.22%	ÿ	3.82%	5.94%
Copper	9,751.09	0.03%	ÿ	3.35%	12.69%
Nickel	16,288.52	1.27%	ÿ	7.42%	7.79%
S&P GSCI Agriculture	380.54	-0.38%	ÿ	-7.87%	-0.62%

CURRENCIES	Last	5 Days		1 Month	YTD
CHF vs. USD	0.8851	-0.59%	ÿ	1.66%	2.52%
JPY vs. USD	148.6400	-0.40%	ÿ	2.47%	5.76%
CAD vs. USD	1.4366	0.04%	ÿ	-1.28%	0.13%
EUR vs. USD	1.0879	0.42%	ÿ	3.69%	5.07%
GBP vs. USD	1.2935	0.12%	ÿ	2.77%	3.35%
AUD vs. USD	0.6324	0.30%	ÿ	-0.44%	2.20%
BRL vs. USD	5.7421	0.83%	ÿ	-0.75%	7.58%
MXN vs. USD	19.9318	1.62%	ÿ	1.91%	4.49%
COP vs. USD	4,100.22	0.75%	ÿ	0.63%	7.45%
CNY vs. USD	7.2374	0.12%	ÿ	0.27%	0.86%
EUR vs. CHF	0.9630	-1.00%	ÿ	-1.99%	-2.38%
DOLLAR INDEX	103.7180	-0.12%	ÿ	-2.80%	-4.40%
BITCOIN	84,362.76	6.42%	ÿ	-13.64%	-9.98%

KEY DATES OF THE NEXT WEEK

March 17

Retail Sales Advance MoM

Survey 0.60%.

March 18th

Housing starts

Survey 1381K.

Monthly industrial production

Survey 0.20%.

March 19

FOMC Interest Rate Decision (Upper Bound)

Survey 4.50%.

March 20

Existing home sales

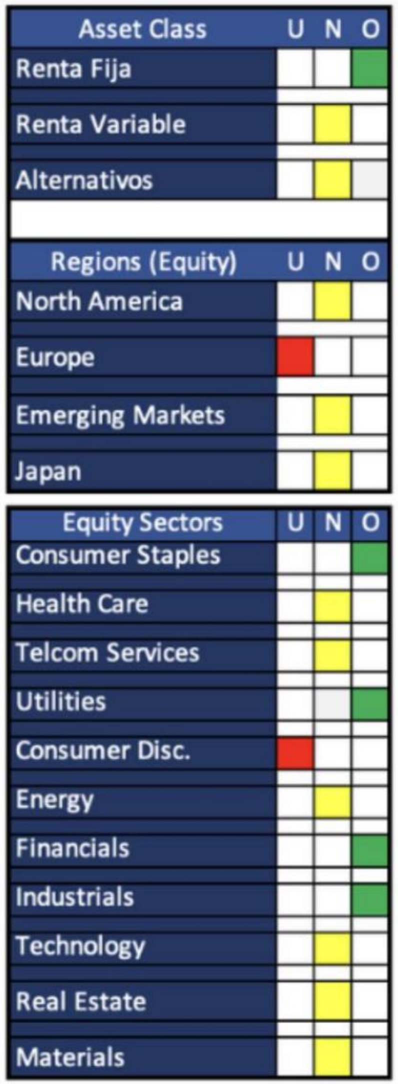
Survey 224K.

Initial **unemployment benefit claims**

Survey 224K.

Source: Sentosa & Co

VISION OF IN ON CAPITAL SA



The market is starting to get nervous, increasing the likelihood of future stagflation. As evidence of this, real rates and the dollar are falling on the one hand... while implied inflation is rising on the other. Investors remain uncertain about the implementation of Trump's tariffs and the Federal Reserve's ability to cut rates in the near future. Sentiment has been shifting, and a degree of risk aversion appears to be taking hold. Breadth indicators continue to deteriorate, and the number of companies above their 200-day moving average continues to diverge sharply from prices. We remain cautious in the near term.

Currently, there is some sector rotation away from technology companies, which is affecting the expensive US market more than the rest.
During March, we downgraded the US market to Neutral and the technology sector to Underweight.
We've also upgraded Europe to Neutral, as investors are rotating toward more defensive and cheaper markets.
Finally, we are now upgrading the healthcare sector to Overweight, as it is showing signs of relative outperformance.

Source: Sentosa & Co

THE TOPIC OF THE WEEK

The underperformance of the health sector has come to an end.

The healthcare sector underperformed the overall market in 2024, with a return of just +1.61% versus +19.22%, respectively (Chart 1). Labor shortages and rising costs, compounded by the lingering effects of the COVID-19 pandemic, significantly impacted the sector's financial health last year. Investor sentiment was also influenced by overall market dynamics, which favored high-growth sectors such as technology over more defensive ones, such as healthcare. Furthermore, concerns about policy changes and regulatory pressures, particularly in the pharmaceutical and biotechnology industries, contributed to the sector's underperformance. Despite these challenges, the sector remains undervalued and presents long-term investment opportunities. **Indeed, looking at their relative performance, companies in the Healthcare Sector are entering a relative recovery trend** (Chart 2).

During periods of stock market volatility, the healthcare sector establishes itself as a reliable haven for investors. This stability is due to the constant demand for healthcare services, which is unaffected by economic downturns or income uncertainty. The sector's resilience is further reinforced by stable structural demand and predictable regulatory frameworks. As economic conditions deteriorate or when growth stocks become overvalued, investors typically shift their attention to more stable sectors. As 2025 begins, these conditions are present, making it logical for investment flows to shift toward pharmaceutical, medical services, healthcare equipment, and biotechnology companies.

Chart 1: Sector rotation between 2024 and 2025

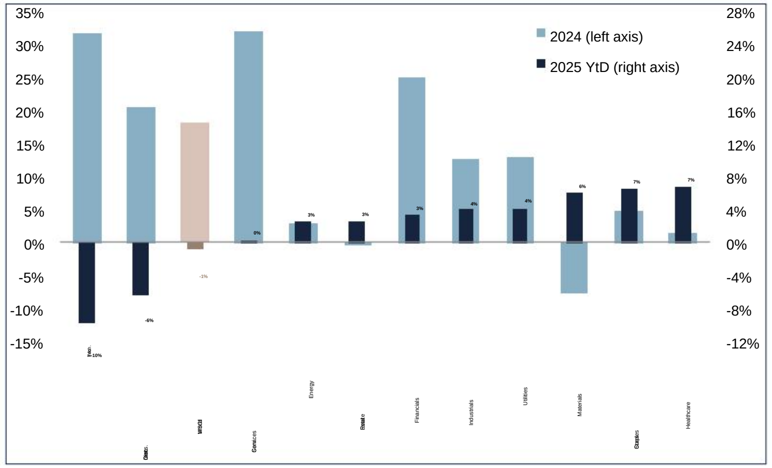
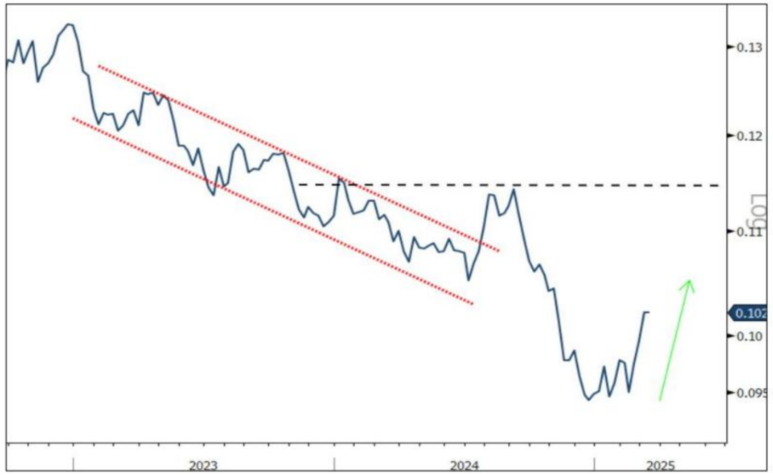


Chart 2: MSCI Health vs. MSCI World



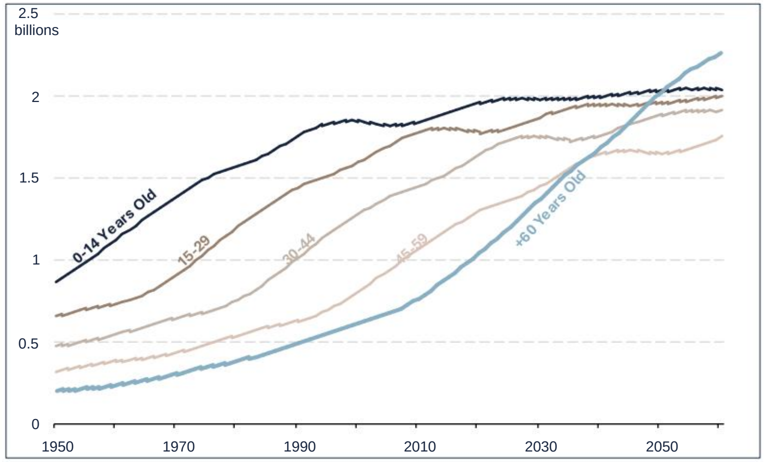
Source: Sentosa & Co, Altitude IS

THE TOPIC OF THE WEEK

In addition to the fact that healthcare companies are now recovering from their underperformance phase, the sector continues to benefit from important long-term factors. term. 1. **The aging of the world's population** (Figure 3) is leading to an increase in chronic diseases and the need for specialized care, particularly in the fields of oncology, cardiology, and neurodegenerative diseases. As per capita spending on health care increases automatically with age, demand for companies in the sector will continue to be strong. 2. **The growth of the middle class in emerging countries,** supported by the Urbanization and rising incomes are driving the implementation of modern health services. Greater access to health care is driving the sales of medicines, medical devices, and hospital services, offering new growth opportunities for companies in the sector.

In the United States, industry leaders are once again in high demand. Thanks to their diversified exposure to pharmaceuticals, medical devices, and consumer products, and despite an increasingly competitive environment, Johnson & Johnson is managing to generate solid cash flow. Specializing in oncology and immunotherapy, Bristol-Myers Squibb is benefiting from the development of new molecules to offset regulatory pressure on drug prices. medicines. Gilead Sciences, a specialist in antivirals and HIV treatment, maintains a solid position thanks to its recurring revenues and a strategy of diversification into oncology. Amgen, a key player in biotechnology, is benefiting from its ability to develop innovative drugs while It relies on established franchises, particularly in autoimmune diseases and oncology. Vertex Pharmaceuticals is a market leader in the treatment of fibrosis. AbbVie is investing heavily in gene editing and new targeted therapies. Following the success of Humira, AbbVie is investing in Rinvoq and Skyrizi. to maintain its dominance in the anti-inflammatory market, while strengthening its position in aesthetic medicine and neurology.

Chart 3: World population by age group



Source: Sentosa & Co, Altitude IS

THE TOPIC OF THE WEEK

The European panorama is marked by very different dynamics

The United States and Europe employ contrasting approaches to drug pricing within their respective healthcare systems. In the U.S., a predominantly private model, where pharmaceutical companies negotiate prices with insurers and pharmacy benefit managers (PBMs) in an environment market-driven. This system allows for greater pricing flexibility, as manufacturers can generally set initial list prices without direct government intervention. The U.S. system has historically resulted in higher drug prices compared to other developed nations. A A 2024 RAND study found that prescription drug prices in the U.S. are, on average, 2.78 times higher than in 33 other OECD countries. However, recent legislation, such as the Inflation Reduction Act, has introduced limited government price negotiations for certain high-cost drugs. Medicare spending, marking a shift in US focus. **With higher volumes and margins in the US, sales are growing accordingly** (Chart 4).

This dynamic growth in sales is making it possible to reinvest more in Research and Development, as well as generate higher profits, offering shareholders a more attractive return on their investment. In contrast, European countries typically use government-led pricing mechanisms and healthcare systems to determine drug costs. These nations typically require pharmaceutical companies to obtain reimbursement authorization before a medicine can be covered by the health system, effectively forcing manufacturers to accept lower prices. **The dichotomy between the two areas helps explain much of the US healthcare sector's outperformance compared to its European counterpart** (Chart 5).

Chart 4: Sales of American and European companies

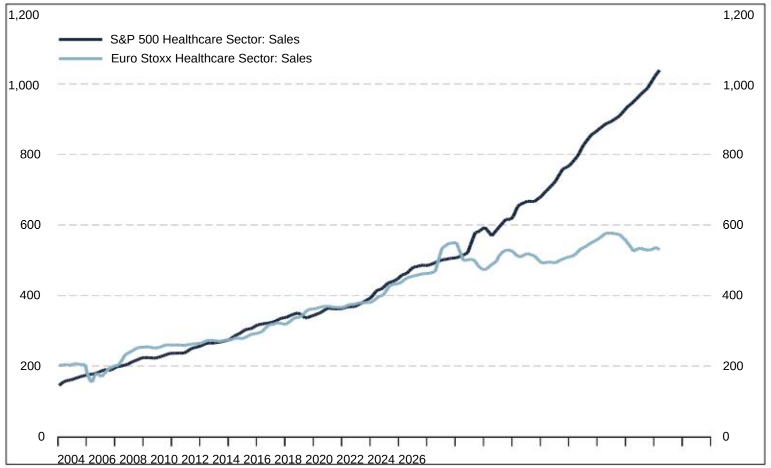
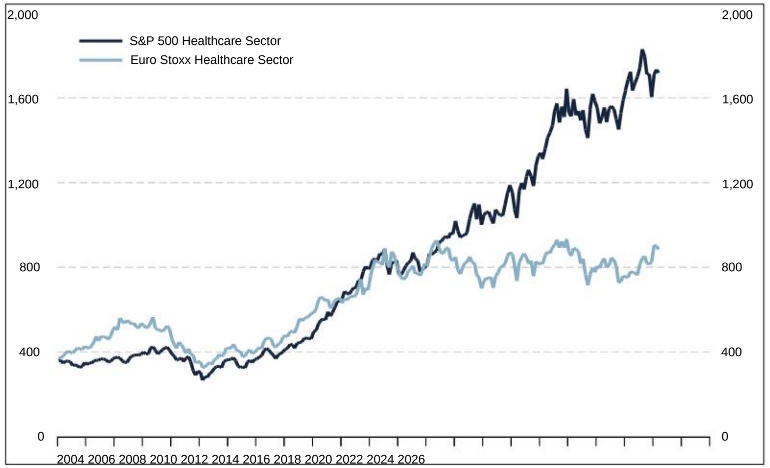


Chart 5: Performance of American and European companies



Source: Sentosa & Co, Altitude IS

THE TOPIC OF THE WEEK

Valuations are aligned with the long-term average

Despite having a competitive advantage and superior growth compared to other regions, US pharmaceutical stocks have been recently under pressure compared to European healthcare companies. **Since September last year, the Trump effect has raised concerns among investors, and the US sector has lost -10.7% compared to +4.24% for European companies** (Chart 6). This recent strong underperformance has closed the gap valuation that existed between the two regions. **Now both are trading at 16x, which is in line with long-term averages** (Chart 7).

Focusing more on Europe, pharmaceutical groups such as Roche, Sanofi and AstraZeneca continue to invest in R&D, particularly in biotherapies and artificial intelligence, to accelerate the discovery of new molecules. For their part, companies such as Novo Nordisk and BioNTech are taking advantage of the European Union's desire to relocate part of from the production of active ingredients within its borders. The challenge is to reduce dependence on imports, as the pandemic and tariff wars have put highlighting Europe's vulnerability to drug shortages.

Chart 6: Healthcare sector performance since 2024: Europe (+4.24%); US (-10.7%)

Chart 7: Current Healthcare Sector P/E: Europe (16x); US (16x)

Source: Sentosa & Co, Altitude IS

THE TOPIC OF THE WEEK

CONCLUSION

The healthcare sector has been suffering for the past two years, but the relative weakness appears to be coming to an end. With economic uncertainty on the rise and While valuations in growth sectors are still excessive, the healthcare sector appears to be an attractive sector. Moreover, with a P/E of 16x, considered in line with the long-term average and with strong long-term growth drivers, the healthcare sector presents itself as an opportunity.

Source: Sentosa & Co, Altitude IS

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